

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer

**DATE:** May 27, 2003

**SUBJECT:** Fiscal Impact Statement: "Veterans of Foreign Wars Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 2003"

**REFERENCE:** Bill 15-126 as Introduced

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**Conclusion**

Funds are not sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. **The proposed legislation will result in tax refunds and foregone real property tax, thus reducing the local General Fund. The proposed legislation will result in unbudgeted costs of approximately \$3,200 from real property tax refunds in FY 2003 and \$7,600 in refunds and foregone revenue in FY 2003 through FY 2007.**

**Background**

The proposed legislation approves a real property tax exemption for property located in Square 5167, Lot 0040 located at 1601 Kenilworth Avenue, N.E. The property is used, owned and occupied by the Department of the District of Columbia Veterans of Foreign Wars. In addition, the proposed legislation foregoes all real property taxation, fees, interest and penalties on the subject property for a period beginning May 1, 2002. The occupants would be entitled to a refund of all amounts paid for real property taxes assessed during the period of May 1, 2002 to present.

### **Financial Plan Impact**

Funds are not sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council. The Department of the District of Columbia Veterans of Foreign Wars has never petitioned for real property tax exemption with the Office of Tax and Revenue. Under D.C. Official Code § 47-1002 a veteran group or a club would not qualify for an exemption.

The Department of the District of Columbia Veterans of Foreign Wars paid \$800 in FY 2002 and \$2,405 in FY 2003 which will need to be refunded by the provisions of the proposed legislation. The property is currently assessed at \$130,000 and would result in annual real property taxation of \$1,024. The following table represents the approximate foregone revenue, refunds and exempted taxation as a result of implementing the proposed legislation.

<b>Revenue Impact to the Financial Plan</b>					
(\$ in 000s)					
<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>TOTAL</b>
(\$3.2)	(\$1.0)	(\$1.1)	(\$1.1)	(\$1.2)	<b>(\$7.6)</b>

As the property is owned by the Department of the District of Columbia Veterans of Foreign Wars, Deed Recordation and Deed Transfer taxes are not impacted by the proposed legislation.

*The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4<sup>th</sup> Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.*