

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: January 23, 2003

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

REFERENCE: Bill Number 14-996

Conclusion

Funds are not sufficient in the FY 2003 through FY 2006 budget and financial plan because the proposed legislation will result in unbudgeted reductions in real property tax revenue. **The proposed legislation will result in a \$2,588 reduction in local General Fund revenue in FY 2003 and a combined total negative fiscal impact for FY 2003 through 2006 of \$11,397.**

Background

The proposed legislation exempts from taxation property owned and occupied by the District of Columbia Veterans of Foreign Wars at 1601 Kenilworth Avenue, NE for so long as the property in question continues to be owned and occupied by the Veterans of Foreign Wars and used for non-commercial purposes. The bill also forgives all real property taxes, interest, penalties, fees and other related charges assessed against the property from May 1, 2002 until the act's effective date. The Veterans of Foreign Wars took ownership of the property per deed recorded on May 9, 2002. The District of Columbia has no specific categorical exemption for veterans' organizations.

Financial Plan Impact

Funds are not sufficient in the FY 2003 through FY 2006 budget and financial plan because the proposed legislation will result in unbudgeted reductions in real property tax revenue. Based on projections of percent changes in real property tax revenue over the next several years, the proposed property tax exemption will have a negative fiscal impact of \$11,397 for FY 2003 through FY 2006.

Unbudgeted reductions in real property tax revenue:

FY 2003	FY 2004	FY 2005	FY 2006	TOTAL
\$2,588	\$ 2,784	\$ 2,949	\$ 3,076	\$ 11,397