

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: July 7, 2003

SUBJECT: Fiscal Impact Statement: “National Guard Association of the United States Real Property Tax Exemption Reconfirmation and Modification Act of 2003”

REFERENCE: Bill 15-311 as Introduced

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 a reduction in real property tax revenue of \$0.69 million in FY 2003 and \$3.86 million in FY 2003 through FY 2007.**

Background

The proposed legislation would exempt property described as Lot 60 in Square 625 and occupied by the National Guard Association. The National Guard Association is a non-profit corporation in the District of Columbia. Conditions of the proposed exemption require that the property not be used for commercial purposes. In addition, the proposed legislation exempts the property from deed transfer and deed recordation taxes only when the parcel is transferred to the National Guard Association.

On March 19, 2003, the Chief Assessor's Office responded to representatives of the National Guard Association concerning the matter of real property taxation and the qualifications under the law for exemption. The purpose was to respond to a request for tax-exemption and assist in exploring options. The Office of Tax and Revenue determined at that time that the property was not eligible for a real property tax exemption.

Financial Plan Impact

Funds are not sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan. The proposed legislation will result in a reduction in real property tax revenue. In the event of a proposed transfer of title to the National Guard Association, the legislation exempts deed transfer taxes of approximately \$10,101 and deed recordation taxes of \$10,101 estimated for FY 2003. It will also exempt the property from real property taxes estimated at \$673,400 for FY 2003 and \$754,800 in FY 2004. The table in Figure 1 present the reduction in property tax revenue impacting the financial plan.

Figure 1.

Expenditure Impact to the Financial Plan					
(\$ in millions)					
FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	5-Year Total
\$0.69	\$0.75	\$0.78	\$0.80	\$0.84	\$3.86

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 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.