

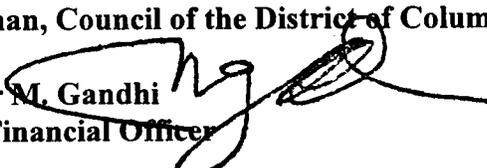
**Government of the District of Columbia
Office of the Chief Financial Officer**



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: FEB -6 2006

SUBJECT: Fiscal Impact Statement: "New Columbia Community Land Trust 22nd
and Channing Streets, N.E. Tax Exemption Act of 2006"

REFERENCE: Bill Number 16-558 as Introduced

Conclusion

The proposed legislation will be subject to inclusion in an approved budget and financial plan. Funds have not been appropriated and allocated for the purposes of implementing the provisions of the proposed legislation. The proposed legislation would result in unbudgeted reductions in local General Fund revenue of approximately \$163,000 beginning in FY 2006 and \$200,000 in FY 2006 through FY 2010. The Office of Tax and Revenue estimates that implementation costs would be approximately \$15,000 in FY 2006 and approximately \$58,000 in FY 2006 through FY 2009.

Background

The proposed legislation would require that all unpaid real property taxes, interest, penalties, fees and other related charges assessed against real property located at Lots 803, 804, 805, 806, 807 and 808 in Square 4110 shall be forgiven. However, the sum of all such unpaid real property tax and penalties and all real property taxes accruing thereafter, plus 5 percent interest, shall be paid to the District of Columbia should the property be used or sold for purposes other than affordable housing.

The proposed legislation requires the fiscal effects of this initiative be included in revenue

projections that are the subject of provisions of §§1042 of the FY 2006 Budget Support Act of 2005.¹ This bill amends the approved priorities of §§1042 to include this initiative.

Financial Plan Impact

Funds have not been appropriated for the purposes of implementing the bill's provisions. The proposed legislation requires the fiscal effects of this initiative to be included in revenue projections addressed by §§1042 of the Budget Support Act as a priority matter. The referenced provisions require that if the District Chief Financial Officer revises the quarterly revenue estimate for FY 2006 indicating that local funds exceed the annual revenue estimates incorporated in the approved FY 2006 budget and financial plan, funds shall be allocated from these additional revenues for particular tax relief.

The proposed legislation will result in revenue reductions based on the assessment of eight particular squares and lots. The approximate revenue reductions would be \$11,400 in FY 2006 and approximately \$48,000 in FY 2006 through FY 2009. In addition, the proposed legislation forgives taxation and other amounts owed from 1997 through 2005. These provisions would result in reductions in FY 2006 collections of approximately \$152,000.

The Office of Tax and Revenue would be required to monitor the provisions of the proposed legislation which will require the attention of a portion of one full-time equivalent staff member at approximately \$13,000 to \$14,000 annually. In addition, systems will need to be improved at a cost of \$2,000.

The table in Figure 1 presents the fiscal effects of this bill as they would impact the financial plan.

Figure 1.

Estimated Impact to the Financial Plan					
<i>(S in 000s)</i>					
Item	FY 2006	FY 2007	FY 2008	FY 2009	4 - Year Total
RPTx Reductions	(\$11.4)	(\$11.8)	(\$12.3)	(\$12.7)	(\$47.8)
RPTx Refunds	(151.5)	0.0	0.0	0.0	(151.5)
Unbudgeted Expenditures	(15.2)	(13.7)	(14.2)	(14.7)	(57.8)
Net Annual Impact	(\$178.1)	(\$25.5)	(\$26.5)	(\$27.4)	(\$257.5)

1. Bill 16-200, Act 16-166, Law 16-033, "The Fiscal Year 2006 Budget Support Act of 2005"; Enacted July 26, 2005; Effective October 20, 2005