

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



2007 JUN 13 PM 5:02

Natwar M. Gandhi
Chief Financial Officer

CHAIRMAN GRAY

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chair, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: JUN 13 2007

SUBJECT: Fiscal Impact Statement: "Nuisance Properties Abatement Reform and Real Property Classification Amendment Act of 2007"

REFERENCE: Bill Number 17-086

Conclusion

Funds are sufficient in Council's approved FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed legislation. The proposed legislation may have a small but unquantifiable positive fiscal impact for the District.

Background

The proposed legislation would make permanent the Nuisance Properties Abatement Reform and Real Property Classification Emergency Amendment Act of 2006 (D.C. Act 16-586). The proposed legislation would amend current law to change the processes surrounding vacant property and Class 3 Property tax classification.

The proposed legislation would consolidate some of the overlapping responsibilities of the Office of Tax and Revenue (OTR) and the D.C. Department of Consumer and Regulatory Affairs (DCRA) so that DCRA is the sole agency that decides whether an improved property is vacant and therefore is to be taxed as Class 3 Property. The proposed legislation consolidates and reduces the overall number of OTR and DCRA vacancy criteria for improved property under the jurisdiction of DCRA so that the two agencies work from the same criteria. In addition, the legislation authorizes the Board of

Real Property Assessment and Appeals (BRPAA) to hear appeals from a notice of final determination of vacancy in lieu of the Office of Administrative Hearings (OAH).

The proposed legislation also restricts the cumulative time period for Class 3 property tax exceptions to three (3) years. Before the enactment of the emergency version of this bill, there was no time period restriction for exceptions from Class 3 property tax. The three year restriction, as proposed in this legislation, does not apply to property owned by the US Government or a foreign government, or property that has been excepted by the Mayor via administrative discretion.

Lastly, the proposed legislation would amend D.C. Official Code § 42-3131.10 so that if an owner of a vacant building files any false or misleading registration-related information, said owner would be subject to the penalties set forth in this section.

Financial Plan Impact

Funds are sufficient in Council's approved FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed legislation.

The proposed legislation should result in a small but unquantifiable positive fiscal impact for the District. Over time, the District may incur a marginal increase in revenues since the proposed legislation would restrict the amount of time that improved property can be excepted from Class 3 property tax to three (3) years. The District may also incur a small but unquantifiable positive fiscal impact by imposing fines on an owner of a vacant building for filing false or misleading registration-related information. On balance, these amounts would most likely exceed the increase in costs for additional hearings to be held by BRPAA.