

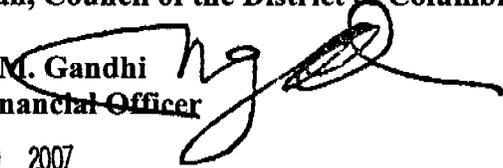
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

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

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: JUL -9 2007

SUBJECT: Fiscal Impact Statement: "Golden Rule Plaza, Inc. Real Property Tax Exemption and Real Property Tax Relief Act of 2007"

REFERENCE: Bill Number 17-246 as Introduced

Conclusion

Funds are not sufficient in the FY 2007 budget and the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The proposed legislation would result in a negative fiscal impact on the local General Fund of \$352,000 in FY 2008 and an overall impact of \$1.1 million for FY 2008 through FY 2011.

Background

The proposed legislation would amend Chapter 10 of Title 47 of D.C. Official Code to exempt from taxation for an indefinite period of time the properties known as the Golden Rule Plaza, Inc., described as Lots 837, 841, and 842 in Square 525 (located on 4th Street, NW) and Lot 840 in Square 526.

The legislation stipulates that the property would remain exempt from taxation as long as the properties continue to be owned by Golden Rule Plaza, Inc., a not-for-profit corporation, and not used for general commercial purposes. The Golden Rule Plaza is an affordable housing residence located on New Jersey Avenue, NW. The first phase of the residence opened in 2003. The exemptions in the proposed legislation are for real property on which the next phases of the Golden Rule Plaza will be developed.

In addition, the proposed legislation would forgive and refund any real property taxes, interest, penalties, fees, and other related charges assessed against the real property located at Lots 837 and 842 in Square 525 and Lot 840 in Square 526 for the period from December 1, 2005 and for the property located at Lot 841 in Square 525 for the period from October 1, 2006 through the effective date of the proposed act.

Financial Plan Impact

Funds are not sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. It is estimated that the proposed property tax exemption would reduce property tax collections by \$352,000 in FY 2008 and \$1.1 million in the FY 2008 through FY 2011 period. Because the legislation specifies that all payments of real property taxes, interest, penalties, fees, and other related charges against the property would be forgiven from October 1, 2006 through the effective date of the legislation, the Office of Tax and Revenue (OTR) would be required to issue a refund of approximately \$143,000 in the first year of implementation. The figure for FY 2008 in the table below reflects both the reduced revenue (\$209,000) for FY 2008 and the amount of previously collected payments (\$143,000).

**Estimated Impact to the Financial Plan of the
Golden Rule Plaza, Inc. Real Property Tax Exemption and
Real Property Tax Relief Act of 2007**
(*\$ in 000s*)

Item	FY 2008	FY 2009	FY 2010	FY 2011	4 - Year Total
Reduced Revenue Collections	\$352	\$225	\$242	\$257	\$1,076

Note: Total for FY 2008 includes the amount paid in FY 2007 that would have to be refunded - \$143,000.