

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: OCT 30 2007

SUBJECT: Fiscal Impact Statement: "Property Tax Exemption Clarification Act of 2007"

REFERENCE: Bill Number 17-374 as Introduced

Conclusion

Funds are not sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation.

Background

The proposed legislation would amend D.C. Official Code § 47-1002 to add certain properties to the list of real property exempt from taxation in the District. Specifically, the proposed legislation would exempt from taxation property used predominantly as transitional or long-term housing for "extremely low-income" persons or persons with "special needs."¹ The proposed legislation would require that the property owner makes available a "significant level of continuous supportive services" to the residents of the property.² Further, the proposed exemption would apply only to property not owned and operated for private gain. Finally, the proposed exemption would apply to any qualifying property for which an application was filed on or after June 1, 2005.

¹ "Extremely low-income" is defined as below 30% of the area median income. "Special needs" includes persons with mental or physical disabilities, homeless or formerly homeless persons, the elderly, persons with HIV/AIDS, or persons recovering from alcohol or drug addictions.

² This requirement is not defined in the legislation.

Financial Plan Impact

Funds are not sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The proposed legislation would likely have a negative fiscal impact because it is intended to grant new tax exemptions to entities meeting the requirements specified in the legislation. However, as drafted, we are unable to estimate the number of entities that may qualify for the exemption or the total extent of the tax exemption.