

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: APR 14 2008

SUBJECT: Fiscal Impact Statement: "So Others Might Eat Property Tax Exemption Act of 2008"

REFERENCE: Bill Number 17-374, Committee Print¹

Conclusion

Funds are not sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. Implementing the real property tax exemptions enumerated in the proposed legislation would result in revenue loss of \$216,746 in FY 2008 and a total loss of \$824,932 in the FY 2008 through FY 2011 budget and financial plan period. The proposed legislation would not apply until its fiscal effects were included in an approved budget and financial plan.

Background

The proposed legislation would amend Chapter 10 of Title 47 of the D.C. Official Code to add certain properties to the list of real property exempt from property taxation in the District. Specifically, the proposed legislation would exempt from taxation 11 properties owned by So Others Might Eat, Inc. (SOME), Affordable Housing Opportunities, Inc. (AHO), or by an entity controlled by SOME or AHO. The properties would remain exempt from taxation so long as the properties are used in accordance with exemption requirements and are owned by SOME, AHO, or an entity controlled by SOME or AHO. The effective dates of the proposed exemptions vary by property, ranging from 2005 through 2007.

¹ Committee Print dated February 13, 2008. Received in ORA March 14, 2008.

SOME and AHO are non-profit organizations located in the District that provide an array of services to low-income or special needs populations, including food, clothing, social services, medical care, and transitional and permanent housing. The properties for which the exemptions are proposed are primarily multi-unit residential housing for low-income singles and families.

Financial Plan Impact

Funds are not sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. Implementing the real property tax exemptions enumerated in the proposed legislation would result in revenue loss of \$216,746 in FY 2008 and a total loss of \$824,932 in the FY 2008 through FY 2011 budget and financial plan period. The proposed legislation would not apply until its fiscal effects were included in an approved budget and financial plan.

Estimated Impact to the Financial Plan of B17-374					
So Others Might Eat Property Tax Exemption Act of 2008					
<i>(S in 000s)</i>					
Item	FY 2008	FY 2009	FY 2010	FY 2011	4 – Year Total
Reduced Revenue Collections	\$217	\$195	\$203	\$211	\$826

Note: The estimated revenue loss in FY 2008 reflects the direct loss for FY 2008 in addition to the cost of the retroactivity of the proposed legislation, which totals \$29,408.