

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:** June 21, 2010

**SUBJECT:** Fiscal Impact Statement – “Southwest Church of Christ Real Property Tax Relief and Exemption Act of 2010”

**REFERENCE:** Bill Number 18-776, As Introduced

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**Conclusion**

Funds are not sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the proposed legislation. The proposed legislation would reduce property tax collections by \$453,429 in FY 2011; there would be no additional impact on the budget and financial plan period. Implementation of the proposed legislation is subject to the inclusion of its fiscal effect in an approved budget and financial plan.

**Background**

The proposed legislation would amend Chapter 46 of Title 47 of the District of Columbia Official Code to exempt the real property located at Square 5969, Lots 169 through 187, from all taxation as long as it is owned by the Southwest Church of Christ (“Church”) and the Church retains its tax exempt status. It also would forgive all unpaid real property taxes, interest, penalties, fees, and other related charges assessed against the real property since June 1, 2007<sup>1</sup>, through the first day of the month following the effective date of this act, and require that any payment already made for this period be refunded.

Currently all of the specified lots are vacant. However, the Church plans to build a church on the property once the proposed bill is enacted and the Church no longer owes property taxes.<sup>2</sup>

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<sup>1</sup> The sale of these lots to the Church was finalized in July 2007.

<sup>2</sup> The Church has worked with a developer and has detailed plans regarding the construction. It is believed that building the church would take 12 to 18 months.

**Financial Plan Impact**

Funds are not sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the proposed legislation. The proposed legislation would reduce property tax collections by \$453,429 in FY 2011; there would be no additional impact in the budget and financial plan period.

<b>Estimated Negative Fiscal Impact FY 2011 through FY 2014</b>					
	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>Four Year Total</b>
June 2007- FY 2010 Property Taxes	\$433,094	\$0	\$0	\$0	\$433,094
First Half of FY 2011	\$20,335	\$0	\$0	\$0	\$20,335
<b>Total Reduction in Property Tax Collections</b>	<b>\$453,429</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$453,429</b>

This estimate assumes that the legislation would not go into effect until FY 2011. It also assumes that the Church would get its building permits from the Department of Consumer and Regulatory Affairs, would file for a property tax exemption with the Office of Tax and Revenue,<sup>3</sup> and would be granted a property tax exemption by March 31, 2011. If there were any delays in the process, the negative fiscal impact would grow by approximately \$3,500 per month.

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<sup>3</sup> An owner can apply for an exemption from real property tax if they have building permits to prepare a property for an exempt use. The Church would be eligible for a property tax exemption given its non-profit status and the religious use of the property.