

**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: October 29, 2009

SUBJECT: Fiscal Impact Statement – “Cooperative Housing Association
Economic Interest Recordation Tax Emergency Amendment Act of
2009”

REFERENCE: Draft legislation – No Bill Number Available

Conclusion

Funds are sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed legislation. The fiscal impact of this legislation is already incorporated into the FY 2010 through FY 2013 budget and financial plan.

Background

The proposed legislation would amend the District of Columbia Deed Recordation Tax Act of 1962¹ to no longer exempt from recordation taxes on deeds a deed that conveys an economic interest in improved residential real property that is owned by a cooperative housing association; to impose a recordation tax rate of 2.2% on the transfer of an economic interest in a cooperative housing association that is in connection with a grant, transfer or assignment of a proprietary leasehold or other proprietary interest where the consideration allocable to the real property is less than \$400,000; to make the cooperative housing association jointly liable with the parties to the deed for the payment of the recordation taxes; to exempt from recordation taxes a security interest instrument pertaining to a cooperative housing association, and a deed of economic interest pertaining to a limited-equity cooperative; and to add language regarding the transfer of an interest in a cooperative housing association to the definition of transfer of economic interest.

¹ Approved March 2, 1962 (76 Stat. 11; D.C. Official Code § 42-1101, *et seq.*).

The proposed legislation is needed in order to clarify the language regarding recordation taxes on deeds for cooperatives in B18-443 “Fiscal Year 2010 Budget Support Second Emergency Act of 2009.”²

Financial Plan Impact

Funds are sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed legislation. By expanding the economic interest tax base to include the sale of co-op units, implementation of the proposed legislation is estimated to generate approximately \$5.1 million in FY 2010 and \$22.9 million over the FY 2010 through FY 2013 budget and financial plan period. This fiscal impact is already incorporated into the budget and financial plan.

² See Subtitle (VII)(G) – Economic Interests in Real Property Clarification Second Emergency Amendment Act of 2009.