

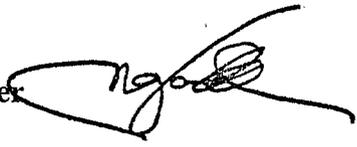
Government of the District of Columbia
Office of the Chief Financial Officer



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: December 14, 2009

SUBJECT: Fiscal Impact Statement: "High Technology Commercial Real Estate Database and Service Providers Tax Abatement Act of 2009"

REFERENCE: Bill 18-476, Revised

Conclusion

Funds are sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the proposed legislation. The legislation would result in an annual revenue loss of \$700,000 beginning in FY 2011 with a total impact of \$2.1 million in the FY 2010 through FY 2013 financial plan period and \$7 million over a ten-year period. This revenue loss will be offset in FY 2011 through FY 2013 by the transfer of \$700,000 each year from the Office of the Deputy Mayor for Planning and Economic Development's ("DMPED") Industrial Revenue Bond Special Purpose Revenue Fund.

Background

The proposed legislation would allow for an abatement of real property taxes with respect to real property leased and occupied for a high technology commercial real estate database and service provider ("Provider"). The annual abatement allowed by the legislation would not exceed \$700,000. No exemption under this act may be granted before October 1, 2010.

The exemption will remain in place for ten years as long as:

1. The real property is located in an enterprise zone or a low and moderate income area, is occupied by December 31, 2010 and continues to be occupied by the Provider;

2. The lease for the real property is for a period of at least five years;
3. The tenant is certified by the Mayor;
4. The tenant employs a minimum of 250 employees in the District;
5. The tenant enters into an agreement with the Department of Small and Local Business Development; and
6. The real property owner passes the abatement through to the Provider.

Because the proposed legislation does not grant an exemption prior to October 1, 2010, there is no fiscal impact in FY 2010. The tax abatement would result in a revenue loss of \$700,000 in FY 2011, with an impact of \$2.1 million during the financial plan period, and a total cost of \$7 million during the ten-year abatement period. DMPED would need to transfer \$700,000 from the Industrial Revenue Bond Special Purpose Revenue Fund to local funds in FY 2011 and again in FY 2012 and FY 2013 to offset the revenue reduction.

Financial Plan Impact

Funds are sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the proposed legislation. There is no fiscal impact on the FY 2010 budget. In FY 2011, FY 2012 and FY 2013, the cost of the proposed legislation would be covered by an annual transfer of \$700,000 from the Industrial Revenue Bond Special Purpose Revenue Fund to local funds.