

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



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: April 18, 2011

SUBJECT: Fiscal Impact Statement – “Real Property Transfer Tax Exemption Act of 2011”

REFERENCE: Bill 19-30, Draft Committee Print Shared with OCFO on April 13, 2011

Conclusion

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation.

Background

The proposed legislation would amend the D.C. Official Code¹ to exempt the following transfers from the transfer tax on real property²: 1) the transfer of Lot 0804 in Square 3581 from the Potomac Electric Power Company (Pepco) to the District by special warranty deed, dated July 18, 2008³; and 2) all future transfers of real property to the District that are effected without consideration, made at the request of the District, and conveyed as *bona fide* gifts.

Financial Plan Impact

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation. While exempting the Pepco transfer would result in a cost of \$47,850 (the amount of the transfer tax associated with this transaction), the Council has identified

¹ Section § 47-902. Enumeration of transfers exempt from tax

² The transfer tax on real property is based upon the consideration paid for the transfer. Where there is no consideration, the tax is based upon the fair market value of the property conveyed. The rate is 1.1 percent of the consideration or fair market value for residential property transfers under \$400,000 and 1.45 percent of the consideration or fair market value on the entire amount for transfers over \$400,000.

³ Pepco donated this land in order for the District to complete a portion of the Metropolitan Branch Pedestrian and Bicycle Trail, an 8-mile trail that runs from Union Station in D.C. to Silver Spring in Maryland.

The Honorable Kwame R. Brown

FIS: Bill 19-30, "Real Property Transfer Tax Exemption Act of 2011," Draft Committee Print Shared with OCFO on April 13, 2011

funds in the Project SA311C- WMATA Fund Subsidy to cover this amount. There would be no cost to exempting future transfers of property given as gifts because such transfers are extremely rare according to the Office of the Attorney General and the Department of Real Estates Services. In fact, they believe that the Pepco transfer is the only such transfer that has occurred in at least the last four years.