

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: November 9, 2010

SUBJECT: Fiscal Impact Statement – “Residential Housing Tax Abatement Clarification Amendment Act of 2010”

REFERENCE: Bill Number 18-897 – As Introduced

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 Chapter 8 of Title 47 of the D.C. Official Code to require the Mayor to:

- Provide a property owner that has a tax abatement for a new residential development, as provided under the Housing Act of 2002¹ (“Housing Act”) or the NoMA Residential Development Tax Abatement Act of 2009² (“NoMa Act”), with written notice of the District’s intent to impose a penalty for a violation of the terms of the tax abatement or disallow the tax abatement; and
- Give the owner no less than 30 days after the date of the notice to file an appeal and request a hearing before the Office of Administrative Hearings (OAH).

These new requirements would be retroactive and would apply as of October 1, 2004 for those receiving or that had received a tax abatement under the Housing Act and as of July 7, 2009 for those with an abatement under the NoMA Act.

¹ Effective April 19, 2002 (D.C. Law 14-114, D.C. Official Code §. 47-857.01 *et seq.*).

² Effective July 7, 2009 (D.C. Law 18-10, D.C. Code § 47-859.01 *et seq.*).

Currently, the Deputy Mayor for Planning and Economic Development (DMPED) is responsible for the imposition of any penalty or disallowance of tax abatements under these programs.³ To date, DMPED has not found any property owner currently receiving the tax abatements to be in violation of the terms of the programs.⁴

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. The proposed legislation does not have an impact on the District's budget and financial plan. To date, DMPED has not found any property owner currently receiving tax abatements under either program to be in violation.

Furthermore, current law stipulates that a taxpayer must submit a claim for a real property tax refund within three years of the date the taxpayer paid the tax. The Office of Tax and Revenue testified that the legislation, as currently written, does not affect the District's three-year statute of limitation on issuing real property tax refunds.⁵ Therefore, while the proposed legislation is retroactive to October 1, 2004, property owners seeking any real property tax refund for taxes paid more than three years ago would not be eligible to receive it.

³ 10 DCMR sec. 5903.17

⁴ As of October 2010, DMPED had approved three properties for the NoMA residential tax abatement program.

⁵ D.C. Official Code §47-811.02.