


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



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: November 27, 2018

SUBJECT: Fiscal Impact Statement – Disabled Veterans Homestead Exemption Act of 2018

REFERENCE: Committee Print of Bill 22-121 as shared with the Office of Revenue Analysis on November 25, 2018

Conclusion

Funds are not sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill, which is subject to appropriations, reduces real property tax revenue by \$7.6 million in fiscal year 2019 and \$32 million over the four-year financial plan.

Background

The bill allows veterans certified as having a total and permanent disability to deduct \$500,000 from the assessed value of their homestead property, reducing the tax obligation for that property. A real property receiving this deduction would no longer be eligible for two existing credits: the reduction in tax liability for persons over age 65 and for those with disabilities¹ and the owner-occupied residential tax credit (the homestead deduction)².

Financial Plan Impact

Funds are not sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill reduces real property tax revenue by \$7.6 million in fiscal year 2019 and \$32 million over the four-year financial plan. The bill will reduce the real property taxes owed by an estimated 4,300 homeowners by an average of \$1,770 annually.

¹ D.C. Official Code § 47-863.

² D.C. Official Code § 47-864.

The Honorable Phil Mendelson

FIS: Bill 22-121, "Disabled Veterans Homestead Exemption Act of 2018," Draft Committee Print as shared with the Office of Revenue Analysis on November 25, 2018.

Fiscal Impact of Bill 22-121 Disabled Veterans Homestead Exemption Act of 2018 Fiscal Year 2019 – Fiscal Year 2022 (\$ thousands)					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Decreased real property tax revenue	\$7,601	\$7,875	\$8,135	\$8,388	\$32,010