

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 12, 2018

SUBJECT: Fiscal Impact Statement - Foreign Government Owned Vacant and
Blighted Building Amendment Act of 2018

REFERENCE: Bill 22-465, Committee Print provided to the Office of Revenue
Analysis on October 30, 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 will cost \$82,000 in fiscal year 2019 and \$568,000 over the four-year financial plan.

Background

Foreign government owned buildings are not currently included on the vacant property list maintained by the Department of Consumer and Regulatory Affairs (DCRA).¹ The bill requires DCRA to publish semiannually a list of all vacant or blighted vacant buildings that are also authorized by the United States Department of State's Office of Foreign Missions ("OFM") as exempt from real estate taxes on the basis of the building's use for diplomatic or consular purposes, or for the official business of an international organization.

The bill also establishes a Foreign Government Owned Real Property Task Force ("Task Force") to address matters relating to real property owned by foreign governments or their instrumentalities. The bill requires the Task Force to meet quarterly and review tax status, condition, and compliance of such properties. The bill sets the membership of the Task Force to include three advisory neighborhood commissioners, representatives from multiple agencies, OFM, and the Council. The Task Force is required to issue an annual report on its findings.

¹ Per exclusions in D.C. Official Code § 42-3131.06(b)(2), registration of vacant buildings.

The Honorable Phil Mendelson

FIS: "Foreign Government Owned Vacant and Blighted Building Amendment Act of 2018," Bill 22-465, Committee Print provided to the Office of Revenue Analysis on October 30, 2018.

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 Department of Consumer and Regulatory Affairs requires an inspector to respond to complaints associated with foreign owned properties to determine if such properties should be placed on the list of vacant or blighted vacant properties required by the bill. The agency also will require some contracted services funding (equivalent to one half of a position) to provide legal services assistance for communicating with affected buildings and the Office of Foreign Missions.

Fiscal Impact of Bill 22-465, Foreign Government Owned Vacant and Blighted Building Amendment Act of 2018					
Fiscal Year 2019 - Fiscal Year 2022					
(\$ thousands)					
	FY 2019^(a)	FY 2020	FY 2021	FY 2022	Total
Personal Services and Contracted Services costs for inspector and attorney services	\$64	\$133	\$137	\$141	\$476
Equipment, fleet, and IT costs	\$17	\$25	\$25	\$25	\$87
TOTAL COST	\$82	\$158	\$162	\$166	\$568

(a) Assumes six months of costs for fiscal year 2019.