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

Jeffrey S. Dewitt
Chief Financial Officer

<u>MEMORANDUM</u>

TO:	**The Honorable Phil Mendelson** **Chairman, Council of the District of Columbia**
FROM:	**Jeffrey S. Dewitt** **Chief Financial Officer**
DATE:	**November 28, 2018**
SUBJECT:	**Fiscal Impact Statement – Performing Arts Promotion Amendment Act of 2018**
REFERENCE:	**Bill 22-577, Committee Print provided to the Office of Revenue Analysis on November 20, 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 reduce real property tax revenue by $375,000 in fiscal year 2019 and $1.5 million over the four-year financial plan.

Background

The bill creates a real property tax rebate for businesses that lease property and host live performing artists. Qualifying businesses can receive up to $15,000 in rebate for their pro rata share of real estate taxes paid on a lease. To qualify a business must host live performances by artists for a minimum of 48 hours per month and have seating capacity under 300 seats. The business must apply for rebate by September 15 and provide required documentation including a copy of the lease and proof of payment.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2018 budget through fiscal year 2021 budget and financial plan to implement the bill. It is estimated that 25 venues will meet the bill's criteria for the $15,000 real estate property rebate, reducing gross receipts revenues by $375,000 per year, beginning in fiscal year 2020.

Fiscal Impact of Bill 22-577 Performing Arts Promotion Amendment Act of 2018 Fiscal Year 2019 – Fiscal Year 2022					
	FY 2019	**FY 2020**	**FY 2021**	**FY 2022**	**Total**
Reduction in real property tax revenue	$375,000	$375,000	$375,000	$375,000	$1,500,000