


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: October 22, 2019

SUBJECT: Fiscal Impact Statement – Charter School Property Tax Clarification
Amendment Act of 2019

REFERENCE: Bill 23-256, Committee Print provided to the Office of Revenue
Analysis on October 10, 2019

Conclusion

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill.

Background

The bill exempts four properties¹ currently operating as charter schools from real property, possessory interest, and deed recordation and transfer taxes for the period that the properties are occupied by public charter schools and other select purposes.² The exemptions apply retroactively beginning from the time each of the current occupants acquired ownership or leasehold interest in its respective property.

¹ The four properties are: Shaed School, located at 200 Douglas Street, N.E., known as Lot 816, Square 3552 for tax and assessment purposes; 5601 East Capitol School, located at 5601 East Capitol Street, S.E., known as Lot 153, Square 5283 for tax and assessment purposes; St. Paul School, located at 3015 4th Street, N.E. and known as Lots 1068 and 1069, Square 3648 for tax and assessment purposes; and Maime D. Lee School, 5101 Fort Totten Drive, N.E., (also known as 100 Gallatin Street, N.E.), and known as Lots 136 and 160, Parcel 124 for tax and assessment purposes.

² The bill permits the exemption for 5601 East Capitol Street, S.E. if the property continues to be used as a charter school, or by the University of the District of Columbia, or the Capital Area Food Bank. The bill permits the exemption for 3015 4th Street N.E., if the property continues to be used as charter school, or by one or more educational or faith based not-for-profit entities. The bill permits the exemption for 5101 Fort Totten Drive, N.E., if the property continues to be used as a charter school, or by Mary's Center for Maternal and Child Care, Inc.

The Honorable Phil Mendelson

FIS: "Charter School Property Tax Clarification Amendment Act of 2019," Bill 23-256 Committee Print provided to the Office of Revenue Analysis on October 10, 2019.

Three of the schools operate under the umbrella of Building Pathways, a non-profit entity also known as the Charter School Incubator Initiative. Building Pathways established Shaed School in 2014, 5601 East Capitol in 2015, and St. Paul on Fourth Street in 2016 as stand-alone entities. The schools make rent payments to Building Pathways. Building Hope, the parent company of Building Pathways, established the fourth entity, Mamie D. Lee, to serve a similar purpose. Despite the fact the properties operate as schools, the ownership structure of the properties would likely make them subject to taxation without the bill.

Financial Plan Impact

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. A one-time allotment of \$348,000 was funded in the fiscal year 2020 budget to refund taxes already paid on the St. Paul on Fourth Street property. Charter school activity and the bill's other allowed nonprofit uses do not contribute to the property tax revenue included in the District's financial plan, so the bill's exemptions do not have a fiscal impact.