


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



Jeff 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 15, 2017

SUBJECT: Fiscal Impact Statement – Africare Real Property Tax Relief Act of 2017

REFERENCE: Bill 22-147, Committee Print provided to the Office of Revenue
Analysis on November 13, 2017

Conclusion

Funds are not sufficient in the fiscal year 2018 budget through fiscal year 2021 budget and financial plan to implement the bill. The bill will cost \$503,241 in fiscal year 2018 and \$817,241 in the four-year financial plan.

Background

The bill exempts real property located at 440 R Street, N.W., 430 R Street, N.W., 428 R Street, N.W., 426 R Street, N.W., and 424 R Street, N.W.¹ from real property and recordation taxation, so long as the property is owned by Africare or a subsidiary, and is used for the purposes and activities of Africare. Africare is a nonprofit corporation dedicated to addressing African development and policy.² The exempted properties must not be used for commercial purposes. The bill also forgives all taxes, interest and fees owed or paid on the properties since October 1, 2013.

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. The bill will cost \$503,241 in fiscal year 2018 and \$817,241 in the four-year financial plan. The costs include forgiveness of real property taxes, interest and penalties owed since October 1, 2013, and future revenue loss from the real property tax exemption.

¹ Known for tax and assessment purposes the properties include Lots 805, 817, 816, 808 and 806 in Square 509.

² See the Tax Abatement Financial Analysis issued on July 20, 2017 by the Office of Economic Development and Finance for more detail on the financial position of Africare.

The Honorable Phil Mendelson

FIS: Bill 22-147, Africare Real Property Tax Relief Act of 2017, Committee Print provided to the Office of Revenue Analysis on November 13, 2017.

Fiscal Impact of Africare Real Property Tax Relief Act of 2017 FY 2018 - FY 2021					
	FY 2018	FY 2019	FY 2020	FY 2021	Four-Year Total
Real property tax, interest and penalty forgiveness beginning October 1, 2013	\$401,793	\$0	\$0	\$0	\$401,793
Real property tax abatement	\$101,448	\$103,000	\$105,000	\$106,000	\$415,448
TOTAL COST	\$503,241	\$103,000	\$105,000	\$106,000	\$817,241