

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: May 29, 2018

SUBJECT: Fiscal Impact Statement – Golden Triangle Business Improvement
District Amendment Act of 2018

REFERENCE: Bill 22-761, Draft Committee Print provided to the Office of Revenue
Analysis on May 16, 2018

Conclusion

Funds are sufficient in the fiscal year 2018 budget and the proposed fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill.

Background

The bill authorizes the levy of a Golden Triangle Business Improvement District (BID) tax on non-exempt residential properties within the Golden Triangle BID, raises the existing tax rates within the BID starting in tax year 2019, and expands the geographical area of the BID. The subtitle authorizes up to three percent annual increases to Golden Triangle BID taxes beginning in tax year 2020. The BID must approve any increases.

The chart below outlines the proposed Golden Triangle BID tax changes:

Property Type	Current Tax	Proposed Tax
Commercial and vacant property, excluding hotels ¹	\$0.145 per net rentable square foot ²	\$0.17 per net rentable square foot
Hotels	\$0.115 per net rentable	\$0.14 per net rentable square foot

¹ For improved Class 2 and Class 3 Properties, excluding hotels

² Net rentable square footage is defined in the bill as the net rentable square feet reported to the Office of Tax and Revenue. If net rentable square feet is not on record with OTR, then the tax shall be on 90 percent of the gross building area.

The Honorable Phil Mendelson

FIS: Bill 22-761, "Golden Triangle Business Improvement District Amendment Act of 2018," Draft Committee Print as shared with the Office of Revenue Analysis on May 16, 2018

	square foot	
Non-Exempt Residential Properties	Residential BID tax not currently authorized	\$120 per unit annually. If housing unit is part of an affordable housing program, the fee is reduced according to the percentage of area mean income required to be eligible for the unit. (For example if a unit is required to be occupied by resident earning 50 percent of area mean income, the fee would be reduced by 50 percent.)

Financial Plan Impact

Funds are sufficient in the fiscal year 2018 budget and the proposed fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The Office of Tax and Revenue (OTR) collects BID taxes on behalf of business improvement districts, but BID taxes are separate from District tax collections and are not included in the budget and financial plan. There is no impact on the District associated with these BID tax rate changes and OTR can process the changes. This analysis assumes the BID will provide required documentation to OTR at the beginning of July in time to update bills for the September 2018 billing cycle.