

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



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** March 26, 2013

**SUBJECT:** Fiscal Impact Statement – “Transfer of Real Property Located at 441 4<sup>th</sup> Street, N.W. to the District of Columbia Transfer Tax Exemption Emergency Act of 2013”

**REFERENCE:** Draft legislation, shared with the Office of Revenue Analysis on March 26, 2013

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**Conclusion**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

**Background**

The bill exempts the transfer of the real property known as Lot 20 in Square 532, and located at 441 4<sup>th</sup> Street, N.W., to the District of Columbia from the District’s transfer tax. This property transfer is being made pursuant to the terms of a lease purchase agreement (the “Lease”) between the District and American Security Bank signed on January 1, 1993.

Under current law, the American Security Bank is liable for the recordation taxes for this transfer. However, the Lease states that the District will be responsible for paying any taxes resulting from the property transfer.<sup>1</sup> Thus, under the terms of the Lease, the District would have to reimburse American Security Bank for any transfer tax it would pay.

**Financial Plan Impact**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

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<sup>1</sup> The transfer will take place with no consideration. The assessed value of the property is approximately \$211 million, which should result in a transfer tax of approximately \$3.1 million.

The Honorable Phil Mendelson

FIS: "Transfer of Real Property Located at 441 4<sup>th</sup> Street N.W. to the District of Columbia Transfer Tax Exemption Emergency Act of 2013," Draft legislation shared with the Office of Revenue Analysis on March 26, 2013

Under the terms of the Lease, the District is already holding the American Security Bank harmless for any tax obligations resulting from the property transfer. The bill allows the District to simply waive the payment requirement rather than appropriating funds to pay the transfer tax to itself.