

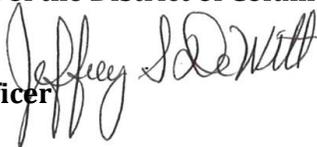
Government of the District of Columbia
Office of the Chief Financial Officer



Jeff DeWitt
Chief Financial Officer

MEMORANDUM

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

FROM: Jeff DeWitt
Chief Financial Officer 

DATE: June 6, 2014

SUBJECT: Fiscal Impact Statement – “DC Business Improvement District Amendment Act of 2014”

REFERENCE: Bill 20-203, Committee Print provided to the Office of Revenue Analysis on April 21, 2014

Conclusion

Funds are sufficient in the proposed FY 2014 supplemental budget and proposed FY 2015 through FY 2018 budget and financial plan to implement the resolution.

Background

The District has nine official Business Improvement Districts (BIDs),¹ which are non-profit corporations established to promote business development in specific geographical areas of the city. BIDs have the power to tax properties within their respective boundaries to pay for services they choose to provide. The bill makes several changes to the laws governing the BIDs, many of which are technical.² These are the first set of broad revisions to the BID law considered since 1996.

First, the bill permits owners of adjacent properties to petition a BID directly for membership. The BID must vote to approve the petition, and the Mayor has 30 days to review the proposed addition and reject it if required criteria are not met. Under current law, Council must approve legislation to add any property to a BID.

¹ D.C. Official Code § 2-1215.01 *et seq.*

² For example, the bill corrects the title for the Deputy Mayor for Planning and Economic Development, and replaces the term “non-exempt” property with “taxable,” to clarify that property subject to a possessory interest tax may be taxed by BIDs.

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Second, the bill permits BIDs to treat condominium associations as single taxpayers for BID assessment billing. Instead of individual condominium owners receiving BID tax bills, a BID may decide to bill the condominium as a whole, reducing the administrative burden of mailing to individual condominium owners. Individual condominium owners, however, would still ultimately be responsible for their portion of the association's BID tax bill.

Third, the bill allows BIDs to post their notices electronically. BIDS would also have to publish their annual reports online.

Fourth, the bill allows BIDs to expand their membership to include types of taxable real property not originally part of a BID's charter. For example, if residential real property is not part of a BID's original charter, but a new condominium building wants to be a member of a BID to receive benefits and contribute to the BID's operations, the bill permits the BID to consider inclusion of that property, subject to District government review. Under current law, BIDs are not allowed to expand their membership in this fashion without changing their charter.

Financial Plan Impact

Funds are sufficient in the proposed FY 2014 supplemental budget and proposed FY 2015 through FY 2018 budget and financial plan to implement the resolution.

The proposed changes to the laws governing the BIDs do not have an impact on the District's budget and financial plan. While increasing the number of taxable properties in a BID could increase tax collections for the BID slightly, the bill is not proposing specific expansions.

Additionally, billing condominium associations instead of individual condominium owners will simplify the administration of BID taxes for both the Office of Tax and Revenue and the BIDs.