

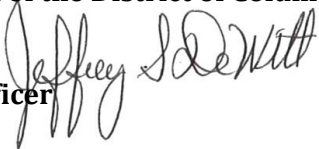
Government of the District of Columbia  
Office of the Chief Financial Officer



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:** June 23, 2015

**SUBJECT:** Fiscal Impact Statement – Naval Lodge Building, Inc. Real Property Tax Relief Act of 2015

**REFERENCE:** Bill 21-86, Committee Print shared with the Office of Revenue Analysis on June 23, 2015

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**Conclusion**

Funds are not sufficient in the fiscal year 2015 budget and the fiscal years 2016 through 2019 proposed budget and financial plan to implement the bill. The bill will reduce real property tax collections by approximately \$174,000 in fiscal year 2015 and by \$612,000 over the financial plan period. The bill is subject to its inclusion in an approved budget and financial plan.

**Background**

The Naval Lodge is a private fraternity and the oldest continually operating masonic lodge in the District of Columbia. Approximately half of the historic Naval Lodge Building, located at 330 Pennsylvania Avenue, S.E.,<sup>1</sup> is leased to seven commercial tenants; the remainder is available for Lodge use or short-term event rental by other groups.

The bill exempts, in perpetuity, the Naval Lodge Building from real property taxation so long as Naval Lodge No. 4 or its subsidiaries own it. The bill also forgives any real property taxes, interest, penalties, fees, and other related charges assessed against the property beginning with tax year 2014. Any payments already made would be forgiven and refunded.

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<sup>1</sup> The property is located on Lot 0800 Square 0789. The tax assessment and tax history is available in the District's real property tax assessment database, available here:  
[https://www.taxpayerservicecenter.com/RP\\_Search.jsp?search\\_type=Assessment](https://www.taxpayerservicecenter.com/RP_Search.jsp?search_type=Assessment)

The Honorable Phil Mendelson

FIS: Bill 21-86 "Naval Lodge Building, Inc. Real Property Tax Relief Act of 2015," Committee Print shared with the Office of Revenue Analysis on June 23, 2015

### Financial Plan Impact

Funds are not sufficient in the fiscal year 2015 budget and the fiscal years 2016 through 2019 proposed budget and financial plan to implement the bill. The bill will reduce real property tax collections by approximately \$174,000 in fiscal year 2015 and by \$612,000 over the financial plan period. The table below shows the year-by-year breakdown. The bill is subject to its inclusion in an approved budget and financial plan.

In 2015, the Office of Tax and Revenue's assessment of the Naval Lodge Building increased from \$3.6 million to \$6.1 million; this increased the real property tax liability by \$45,461. The organization filed an unsuccessful assessment appeal for tax year 2015; it also has a pending appeal for the tax year 2016 assessment.

<b>Fiscal Impact of Bill 21-86, Naval Lodge Building, Inc. Real Property Tax Exemption Act of 2015 FY 2015 through FY 2019</b>						
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017<sup>b</sup></b>	<b>FY 2018<sup>b</sup></b>	<b>FY 2019<sup>b</sup></b>	<b>Total</b>
Tax Assessment	\$106,548	\$104,369	\$107,291	\$111,154	\$115,149	\$544,511
Tax Year 2014 refund <sup>a</sup>	\$67,196					\$67,196
<b>Value of the abatement</b>	<b>\$173,744</b>	<b>\$104,369</b>	<b>\$107,291</b>	<b>\$111,154</b>	<b>\$115,149</b>	<b>\$611,707</b>

**Source:**

Estimate by the Office of Revenue Analysis based on real property tax assessment for the property.

**Table Notes:**

<sup>a</sup>Tax Year 2014 refund is a combination of taxes of approximately \$61,000 and penalties of \$6,000.

<sup>b</sup>Assessments are assumed to grow by approximately 2.4 percent in fiscal year 2017 and by 3.5 percent in the following years.