


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: December 9, 2013

SUBJECT: Fiscal Impact Statement – Southwest Business Improvement District
Amendment Act of 2013

REFERENCE: Bill 20-462, As Introduced

Conclusion

Funds are sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill.

Background

The bill amends the Business Improvement District Act of 1996¹ to authorize the establishment of the Southwest Business Improvement District (SW BID). This amendment authorizes the levy of a special BID tax on non-exempt real properties within the geographic area defined in the legislation.

All established BIDs in the District have the authority to levy a special assessment on non-exempt properties to fund improvements within the defined BID areas. The SW BID taxes would be as follows:

- \$0.15 per square foot for each net rentable square foot of Class 2 property;
- \$0.35 per gross building area or gross square feet of land area of unimproved or vacant Class 2 property, Class 3 property, and Class 4 property;
- \$100.00 per hotel or motel room;
- \$120.00 per unit of Class 1 property that contains 10 or more residential units available for rent for non-transient residential dwelling;
- If a building subject to the BID tax is built pursuant to a ground lease on tax-exempt land, the BID tax will be calculated based on the value of the building and the leasehold interest, possessory interest, beneficial interest or beneficial use of the land.

¹ Effective May 29, 1996 (D.C. Law 11-134; D.C. Official Code 2-1215.01 *et seq*)

The Honorable Phil Mendelson

FIS: "Southwest Business Improvement District Amendment Act of 2013", As Introduced

The bill caps the total amount of BID tax that can be levied on an individual property at \$100,000. Finally, the bill allows for a 4 percent annual increase in the BID tax rates.

Financial Plan Impact

Funds are sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill. All taxes, when implemented, are paid in addition to regular property taxes. The BID taxes are then used to support the BID, which promotes economic development in the geographic area defined in the legislation as the SW BID. Office and Tax and Revenue will administer the collection of BID taxes, and can do so with its existing resources.