

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



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

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

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: January 28, 2013

SUBJECT: Fiscal Impact Statement – “Bryant Mews Homeowner’s Association
Equitable Real Property Tax Relief Act of 2012”

REFERENCE: Bill 19-708 – As Introduced

Conclusion

Funds are not sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill. The bill will result in a one-time cost of approximately \$67,000 in FY 2013.

Background

The bill exempts all real property taxes, interest, penalties, fees, and other related charges assessed against two parking lots located in Square 4112, Lots 858 and 859, owned by the Bryant Mews Homeowners Association (HOA), for Tax Years 1989 through (and including) 2007. Additionally, the bill orders the cancellation of all tax sales of Lots 858 and 859 and requires the District to pay the tax lien purchaser the amount which the purchaser would have received if the property was redeemed.

The Office of Tax and Revenue (OTR) has assessed taxes on Lots 858 and 859 since 1989 but has never received payment. The HOA claims it never received a property tax bill for these lots. Additionally, for the period between Tax Years 2006 and 2012, OTR incorrectly assessed the lots as commercial property, resulting in higher assessments and property taxes than would otherwise have been the case. The HOA contacted OTR in 2011 regarding the outstanding tax bills, and at that time, OTR was able to correct the property assessment and classification administratively for Tax Years 2008 to the present¹; however, because of a three year statute of limitations, OTR is unable to

¹ OTR issued a letter on March 10, 2012 to the Bryant Mews Homeowner Association notifying them of the error and OTR’s intent to correct the assessment for Tax Years 2008 forward.

The Honorable Phil Mendelson

FIS: Bill 19-708, "Bryant Mews Homeowner's Association Equitable Real Property Tax Relief Act of 2012" as Introduced

make the same corrections for the prior tax years without legislative authority, which is why this bill has been introduced.²

Financial Plan Impact

Funds are not sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill. Authorizing the tax forgiveness and tax sale cancellations for the above-mentioned properties will result in a one-time refund of approximately \$67,000 in FY 2013. There would be no cost in subsequent years. The table below outlines the cost in more detail.

Estimated Fiscal Impact of Bill 19-708, Bryant Mews Homeowner's Association Equitable Real Property Tax Relief Act of 2012					
	FY 2013	FY 2014	FY 2015	FY 2016	Total
Property tax forgiveness for Lot 858	\$17,905	\$0	\$0	\$0	\$17,905
Cost to redeem tax lien purchases ^a	\$48,992	\$0	\$0	\$0	\$48,992
Total Negative Fiscal Impact	\$66,897	\$0	\$0	\$0	\$66,897

Table Notes:

^aIncludes attorney fees incurred as of March 2012 by the purchaser of the tax liens on Lot 859. If the tax sale is cancelled, OTR will be responsible for reimbursing all legal fees to the purchaser.

² D.C. Official Code §47-825.01a(f)(2).