

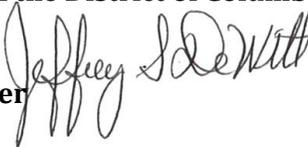
Government of the District of Columbia
Office of the Chief Financial Officer



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: December 16, 2014

SUBJECT: Fiscal Impact Statement – “Market-Based Sourcing Clarification
Emergency Act of 2014”

REFERENCE: Draft Bill shared with the Office of Revenue Analysis on December 12,
2014

Conclusion

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill.

Background

The bill makes three changes to the District’s official laws.

First, it states that the interest payment purchasers of tax liens in a tax sale receive from delinquent homeowners is 1.5 percent per month. The District code now has contradictions: it states that delinquent owners pay 1.5 percent per month; it also states that the purchasers of tax liens receive 1 percent as the monthly interest.¹ The current practice in the District is to pay 1.5 percent to purchasers. The bill corrects the District code.²

¹ This is because the District changed its tax sale rules, first through permanent legislation (D.C. Law 20-14, 61 DCR 7763), and then through an emergency legislation which was permanently adopted through the budget bill (Section 7101 of Fiscal Year 2015 Budget Support Act of 2014). The first legislation intended to reduce the rate to 1 percent, but was never funded, and therefore never became effective. The second legislation is effective, but failed to make the necessary change to fully undo the effects of the first bill.

² D.C. Official Code § 47-1334.

The Honorable Phil Mendelson

FIS: "Market-Based Sourcing Clarification Emergency Act of 2014," Draft Bill shared with the Office of Revenue Analysis on December 12, 2014.

Second, the District modified the definition of a taxpayer's market of sales as a part of the tax reform package.³ The emergency bill clarifies that the change is applicable beginning Tax Year 2015; the applicability date was not included in the original bill.

Finally, the Fiscal Year 2015 budget included a competitive grant of \$1 million for the Washington, DC Economic Partnership.⁴ The bill removes the competitive bidding requirement.

Financial Plan Impact

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill.

The first two amendments proposed by the bill are technical clarifications and do not have a fiscal impact. The last amendment on the grant for the Washington, DC Economic Partnership only changes the way the grant can be spent. The amount of the grant, which is already in the budget, has not changed.

³ Section 7012 of Fiscal Year 2015 Budget Support Act of 2014, enacted September 23, 2014 (D.C. Act 20-424; 61 DCR 9990) amended D.C. Official Code § 47-1810.02(g)(3) to define market of sales.

⁴ Section 6089 of Fiscal Year 2015 Budget Support Act of 2014.