

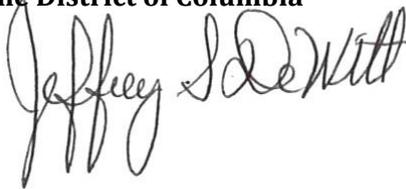
Government of the District of Columbia
Office of the Chief Financial Officer



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: October 20, 2014

SUBJECT: Fiscal Impact Statement – St. Matthews Evangelical Lutheran Church
Community Garden Equitable Real Property Tax Relief Act of 2013

REFERENCE: Bill 20-539, Draft Committee Print as shared with the Office of Revenue
Analysis on October 16, 2014

Conclusion

Funds are not sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill. The bill will cost \$346,000 in FY 2015. Implementation of the bill is subject to its inclusion in an approved budget and financial plan.

Background

The bill exempts real property owned by the St. Matthew’s Evangelical Lutheran Church (hereafter “the Church”) located at 222 M Street, SW (Lot 301 in Square 546). The exemption is retroactive to 2009 and will expire in 2015. The property is currently a vacant lot that the Church uses as a community garden and to host its annual Christmas tree sale.

From 2009 through 2011, the property was tax exempt under D.C. law because it was used for religious purposes.¹ In 2012, the Church received approval for Planned Unit Development (PUD) application, which consisted of an 11-story, 217-unit residential apartment building, a sanctuary for the Church, a community center, and an underground loading area and parking lot. At the time the PUD was approved, the Office of Tax and Revenue determined the property no longer qualified for a tax exemption because the property use had changed and was no longer used for predominantly religious purposes.² However, the development has not yet broken ground, and the timeline for it to begin is unclear.

¹ D.C. Official Code § 47-1002(13) exempts from real property taxes “churches, including buildings and structures reasonably necessary and usual in the performance of the activities of the church.”

² On March 21, 2013, the Office of Tax and Revenue sent a letter to Reverend Philip C. Huber of St. Matthew’s Evangelical Lutheran Church notifying the change in their tax status.

The Honorable Phil Mendelson

FIS: B20-593, "St. Matthews Evangelical Lutheran Church Community Garden Equitable Real Property Tax Relief Act of 2013," Draft Committee Print as shared with the Office of Revenue Analysis on October 16, 2014

Financial Plan Impact

Funds are not sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill. The estimated cost of the refund for tax years 2009 through 2014 is \$260,000 (including fees, penalties and interest) in FY 2015. The exemption will forgive approximately \$86,000 in real property taxes owed for tax year 2015 after accounting for a partial prepayment made in 2014.

St. Matthews Evangelical Lutheran Church Community Garden Equitable Real Property Tax Relief Act Bill 20-539 Cost of Real Property Tax Exemptions and Refunds FY 2015 - FY 2018					
	FY 2015 ^a	FY 2016	FY 2017	FY 2018	Total
Tax refunds ^b	\$260,000	\$0	\$0	\$0	\$260,000
Tax Exemption ^c	\$86,000	\$0	\$0	\$0	\$86,000
Total	\$346,000	\$0	\$0	\$0	\$346,000

^a The property became taxable in 2012 after the approval of the Church's PUD in July 2012; the total includes the total amount of penalties, interest, and fees accrued to date.

^b A portion of the refund is for 2015 taxes that were prepaid in April 2014.

^c According to OTR, approximately 96 percent of the property is taxable.