

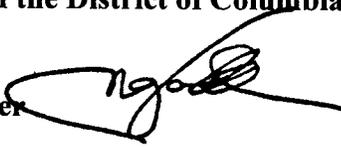
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: October 6, 2009

SUBJECT: Fiscal Impact Statement: "Neighborhood Supermarket Tax Relief Clarification Emergency Act of 2009"

REFERENCE: Draft Emergency Bill to Be Introduced, No Number

Conclusion

Funds are sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the proposed legislation. Implementation of the proposed legislation does not have an impact on the District's budget and financial plan.

Background

The proposed legislation would amend Chapter 38 of Title 47 of the D.C. Official Code to provide for real property tax rebates for supermarkets that would qualify for existing real property tax exemptions under existing law¹ but for the inability of the landlord to pass those cost savings onto the supermarket. D.C. Official Code § 47-3801 *et seq.* was enacted to provide tax incentives that would encourage supermarkets to locate in underserved areas of the District of Columbia; however, some lease agreements in multi-use developments prohibit landlords from passing on the tax exemptions provided by the law exclusively to their supermarket tenants.

The proposed legislation would add a new section to the D.C. Official Code² to grant a rebate of the tax, based on a qualified supermarket's pro rata share of the tax levied on the real property, to

¹ Under D.C. Official Code § 47-1002(23), qualifying supermarkets are exempt from real property taxes for 10 years, so long as the property is used as a supermarket.

² D.C. Official Code § 47-3805.

the qualified supermarkets that lease real property subject to tax under Chapter 8 of Title 47, if the real property tax is paid by the lessor.

The current identical emergency and temporary law that was approved by the Council in December 2008 is due to expire on October 31, 2009.³

Financial Plan Impact

Funds are sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the proposed legislation. A previous FIS⁴ prepared for Bill 13-88, Supermarket Tax Incentive Amendment Act of 1999 had certified that an amendment to Chapter 38 of Title 47 to extend the real property exemptions from five to ten years for qualified supermarkets did not have a significant revenue impact. Identical to the current emergency and temporary law in effect, the proposed legislation essentially represents a conforming amendment that will allow the intent of D.C. Official Code § 47-3801 *et seq.* to be implemented regardless of whether a supermarket owns or leases the real property in which it operates, there is no new impact on the budget and financial plan.

³ The Fiscal Impact Statement for that bill can be found here:

⁴ FIS dated April 11, 2000, with negligible total impact.