

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



Glen Lee
Chief Financial Officer

MEMORANDUM

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

FROM: Glen Lee
Chief Financial Officer 

DATE: November 28, 2022

SUBJECT: Fiscal Impact Statement – Howard University Property Tax Exemption Clarification Amendment Act of 2022

REFERENCE: Bill 24-1089, Draft Committee Print as provided to the Office of Revenue Analysis on November 28, 2022

Conclusion

Funds are not sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost \$1.89 million in fiscal year 2023, and \$2.5 million over the four year financial plan.

Background

The bill exempts property located at 500 Harvard Street, N.W.¹, on the Howard University campus in Ward 1, from real property taxes beginning January 1, 2023, so long as it is used for the educational purposes of the University's charter. It also forgives all real property taxes, interest, penalties and fees assessed against the property since January 1, 2017. The property contains a dormitory owned by Howard Dormitory Holdings 1, LLC, which is a wholly owned subsidiary of Howard University. An application for exemption on the property was denied in 2019 because required documentation was not provided, and the property has accrued unpaid tax liability, interest and penalties since 2017.

Additionally, the bill exempts from real property taxation any property owned by a wholly owned subsidiary of Howard University, and any property used for educational purposes that the University (or a subsidiary) leases to a tax-exempt organization.

Financial Plan Impact

¹ Known for tax and assessment purposes as Square 3055 Lot 0015.

The Honorable Phil Mendelson

FIS: Bill 24-1089, "Howard University Property Tax Exemption Clarification Amendment Act of 2022," Draft Committee Print as provided to the Office of Revenue Analysis on November 28, 2022

Funds are not sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost \$1.89 million in fiscal year 2023, and \$2.5 million over the four year financial plan to refund taxes, penalties and fees paid on 500 Harvard Street, N.W., and to exempt the building from future taxes. Exemptions under the bill for property of Howard University subsidiaries and certain leased property do not have a cost, as properties covered by this provision of the bill already benefit from existing exemptions that are available to Howard University or its subsidiaries.

Bill 24-1089					
Howard University Property Tax Exemption Clarification Amendment Act of 2022					
Total Cost (\$ thousands)					
	FY 2023	FY 2024	FY 2025	FY 2026	Total
Refund of prior year paid taxes, penalties, interest and fees	\$1,678	\$0	\$0	\$0	\$1,678
Reduced real property tax collections	\$208	\$208	\$214	\$221	\$851
Total Cost	\$1,886	\$208	\$214	\$221	\$2,529