

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



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

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

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** March 27, 2013

**SUBJECT:** Fiscal Impact Statement – “Transfer of Real Property Located at 441 4<sup>th</sup> Street, N.W. to the District of Columbia Transfer Tax Exemption Emergency Act of 2013”

**REFERENCE:** Draft legislation, shared with the Office of Revenue Analysis on March 26, 2013

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*This fiscal impact statement reflects changes requested by Counsel, and replaces the statement issued on March 26, 2013.*

**Conclusion**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

**Background**

The bill exempts from the District’s transfer tax the one-time transfer of the real property known as Lot 20 in Square 532, and located at 441 4<sup>th</sup> Street, N.W., from American Security Bank back to the District of Columbia. This property transfer is being made pursuant to the terms of a lease purchase agreement (the “Lease”) between the District and American Security Bank, dated January 1, 1993, in connection with the Certificate of Participations (“COPs”) issued by the American Security Bank at the request of the District to facilitate the District’s use of this property. The District has paid the lease payments in full, so the COPs are no longer outstanding.

The District is exempt from recordation taxes for this transfer.<sup>1</sup> However, under current law, this property transfer is not exempt from the transfer tax. The Lease states that the District will be

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<sup>1</sup> Pursuant to D.C. Official Code § 42-1102(2).

The Honorable Phil Mendelson

FIS: "Transfer of Real Property Located at 441 4<sup>th</sup> Street N.W. to the District of Columbia Transfer Tax Exemption Emergency Act of 2013," Draft legislation shared with the Office of Revenue Analysis on March 26, 2013

responsible for any taxes paid by the American Security Bank resulting from the COPs transaction.<sup>2</sup> Thus, under the terms of the Lease, the District would have to reimburse American Security Bank for any transfer tax it would pay, resulting in a net zero impact on the District's budget.

### **Financial Plan Impact**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

The District agreed to reimburse American Security Bank for taxes it paid to the District or on behalf of the District. The bill allows the District to simply waive the one-time transfer tax payment requirement rather than appropriating funds to pay the transfer tax to itself.

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<sup>2</sup> The assessed value of the property is approximately \$211 million, which should result in a transfer tax of approximately \$3.1 million.