

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: April 2, 2001

SUBJECT: Fiscal Impact Statement: "Real Property Tax Assessment
Transition Act of 2001"

REFERENCE: Draft Legislation - Bill Number Not Available ([B 14-160](#))

Conclusion

Funds are sufficient in the District's proposed FY 2002 through FY 2005 budget and financial plan because no additional staff or resources will be required. The proposed legislation implements the real property tax assessment plan upon which the certified revenue estimates for FY 2002 through FY 2005 are based.

Background

The proposed legislation would change the District's assessment cycle from a triennial assessment period to an annual assessment period. After a three-year phase out of the triennial cycle, real property assessments will occur on an annual basis. The phase-out period provides an appeal process that works in conjunction with the Tax Clarity Act of 2000. The proposed legislation retains improvements in the real property assessment appeal process that would otherwise be eliminated through the sunset of D.C. Law 12-40.

Financial Plan Impact

The following table presents the revenue difference between the phase out of triennial assessments over a three-year period and the estimated revenue should the triennial assessment remain in force. Given that these estimates are included in the District's

proposed FY 2002 through FY 2005 budget and financial plan, there is no fiscal impact associated with the proposed legislation.

The figures for FY 2002 and FY 2003 reflect actual revenue expected based on property assessments already performed under the triennial system. The estimates for FY 2004 and 2005 assume an economic growth rate of 3.5 percent per year.

Revenue Difference Between Phase-Out of Triennial Assessment and Maintaining Triennial Assessment (\$ in millions)					
	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
Estimated Revenue Phase-Out	\$681	\$730	\$781	\$806	\$2,998
Estimated Revenue Maintaining Triennial Assessment	\$623	\$659	\$702	\$729	\$2,713
Additional Estimated Revenue	\$58	\$71	\$79	\$77	\$285

The estimated revenue for the phase-out shown above reflects official estimates certified by the Financial Authority on February 14, 2001. These certified revenue estimates appear in the FY 2002 Proposed D.C. Budget and Financial Plan.