

**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:** February 6, 2002

**SUBJECT:** Fiscal Impact Statement: "International House of Prayer for All People Equitable Real Property Tax Relief Act of 2002"

**REFERENCE:** Bill Number 14-374 as Introduced

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**Conclusion**

Funds are not sufficient in the FY 2002 through FY 2005 budget and financial plan to implement the proposed legislation. **The provisions of the proposed legislation will result in a net decrease of local General Fund revenue of \$52,596 through an unbudgeted \$4,453 refund from FY 2002 resources and forgiveness of a \$48,143 real property tax liability.**

**Background**

The proposed legislation would order retroactive refund of property taxes for a period of 1994 through 1997 for property located at 3700 Georgia Avenue, Lot 0024 in Square 4209, that is owned and occupied by International House of Prayer for All People (IHP). The proposed legislation would result in refund of paid real property tax and forgiveness of existing real property liability over tax years 1994 through 1997. The tax exemption and forgiveness of tax liability applies to real property tax as well as accrued interest, related charges and penalties on unpaid amounts.

As a result of planned construction by the Washington Metropolitan Area Transportation Authority (WMATA) for the Metrorail 'Green Line' IHP was required to relocate from 3700 Georgia Avenue, NW. They moved to 1913-17 Rhode Island Avenue, NE. IHP incorrectly assumed that the real property tax exemption would be carried forward to their new location and remain in force. In fact the exemption lapsed because it was attached to the Georgia Avenue location. District statutes required IHP to apply to the

Office of Tax and Revenue (OTR) for consideration of a real property tax exemption on the Rhode Island Avenue location. Beginning in 1994 and through 1997 IHP was assessed and taxed based on and defined by the new location.

OTR did receive an application from IHP in January 1997. After consideration, a real property tax exemption was granted and has been in force since Tax Year 1997. The current statutes do not allow retroactive real property tax relief. Provisions of the proposed legislation are intended to forgive all property taxation on the subject property for the period of 1994 to 1997. This is the period when IHP's real property tax exemption had lapsed on the previous location and an application had not been submitted or approved for the new location.

### **Financial Plan Impact**

Funds are not sufficient in the FY 2002 through FY 2005 budget and financial plan because provisions of the proposed legislation will reduce net local General Fund revenue by \$52,596. Taxes, penalties and interest on the subject property for the period of Tax Years 1994 through 1997 totaled \$52,596. Payments received and applied by the Office of Tax and Revenue during the same period totaled \$4,453 and represents the amount to be refunded to the current owner. A refund would come from FY 2002 resources and is an unbudgeted expenditure. The total amount to be forgiven the subject property is \$48,143. Receivables such as this reduce FY 2002 budget resources. The subject property is currently exempted from real property taxation which is currently considered in the development the budget and financial plan. The following table presents the net local General Fund revenue loss.

Net Revenue Loss Impacting the Financial Plan				
FY 2002	FY 2003	FY 2004	FY 2005	4-Year Total
\$52,596	\$0	\$0	\$0	\$52,596