

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: "Uptown Bakers Tax Abatement Act of 2002"

REFERENCE: Bill Number 14-481 as Introduced

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 decrease of local General Fund revenue of \$33,000 in FY 2002 and \$95,000 in FY 2002 through FY 2005.**

D.C. Code 47-1002 establishes guidelines for determining whether real properties in the District qualify for exemption from the District's real property tax. **The Office of the Chief Financial Officer finds that the properties that are subject of the legislation, Lots 812, 826, 827, 0001, 0022, 0023, and 0032 in Square 775, have not satisfied the requirements for receiving an exemption from the District's real property tax under D.C. Code 47-1002.**

Background

The proposed legislation provides a real property tax abatement for certain property owned and occupied by Uptown Bakers, Incorporated, a for-profit commercial enterprise. The effected properties are Lots 812, 826, 827, 0001, 0022, 0023, and 0032 in Square 775. Provisions of the proposed legislation require that 100 percent of the real property tax be forgiven in tax year 2001. The percentage of the real property tax forgiven decreases by 20 percent each tax year through 2005.

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 result in a reduction in local general fund revenue. The following table presents the net annual foregone revenue resulting from the implementation of the proposed legislation.

Estimated Foregone Revenue (\$ in 000s)				
FY 2002	FY 2003	FY 2004	FY 2005	4-Year Total
\$33	\$27	\$21	\$14	\$95

The estimated foregone revenue assumes that no further improvements will be made to any of the properties that are subject to the provisions of the proposed legislation. Property improvements will result in increases to the assessed value, the potential real property tax liability, and the net foregone revenue. The real property tax estimates assume an inflationary rate of 3.5 percent on the assessed property value beginning in FY 2003.