

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: March 6, 2002

SUBJECT: Fiscal Impact Statement: "Owner-Occupant Residential Tax Credit Emergency Act of 2002"

REFERENCE: Draft Legislation - Bill Number Not Available

Conclusion

Funds are not sufficient in the proposed FY 2003 through FY 2006 budget and financial plan. **Provisions of the proposed legislation will result in a \$15.5 million reduction in local General Fund revenue in FY 2003 and \$40.5 million in FY 2003 through FY 2006.**

Background

The proposed legislation limits a District resident's real property tax liability with certain qualifications required to be considered, including elective use of the homestead deduction. If the property value increase is the result of a zoning reclassification, the provisions of the proposed legislation will not be triggered. If a household's tax liability increases by greater than 125 percent of the previous year's liability, qualified household's will receive a tax credit. The credit will equal the difference between the current property tax liability and 125 percent of the previous year's tax liability.

Financial Plan Impact

Funds are not sufficient in the proposed FY 2003 through FY 2006 budget and financial plan to implement the provisions of the proposed legislation. The following table presents the estimated reductions to local General Fund revenue.

Estimated Reductions in Local General Fund Revenue				
(\$ in millions)				
FY 2003	FY 2004	FY 2005	FY 2006	4-Year Total
\$15.5	\$18.5	\$4.0	\$3.5	\$41.5