

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 4, 2002

SUBJECT: Fiscal Impact Statement: "Sales Tax Holiday Emergency Amendment Act of 2002"

REFERENCE: No Bill Number – Draft Legislation

Conclusion

The Office of the Chief Financial Officer finds that there is fiscal impact associated with the provisions of this legislation that is not provided for in the FY 2002 budget. **It is estimated that the provisions of the proposed legislation will result in an unbudgeted reduction of an estimated \$0.6 million of local General Fund revenue in FY 2002.**

Background

The proposed legislation would exempt certain sales of clothing, footwear, and clothing accessory items costing \$100 or less from the District's gross sales tax beginning on March 22, 2002 through March 31, 2002.

Financial Plan Impact

This proposed legislation would reduce sales tax collections by an estimated \$0.5 million in fiscal year 2002. The estimated gross sales tax loss from the proposed sales tax holiday is \$790,000. The OCFO estimates \$190,000 in new sales tax revenue generated by the sales tax holiday. The net loss is therefore \$600,000.