


**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: July 15, 2008

SUBJECT: Fiscal Impact Statement: "Public Space Rental Fees Emergency Amendment Act of 2008"

REFERENCE: Draft – Bill Number Not Available

Conclusion

Funds are sufficient in the FY 2008 budget and the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed legislation would not require additional staff or resources and is not anticipated to cause a reduction in the amount of anticipated revenue generated by the collection of Public Space Rental Fees.

Background

The proposed legislation would amend D.C. Official Code § 10-1101.01, 10-1103.04, and 10-1104.10 to lower rates for public space vault rental fees. Under current law, the District determines annual vault rental fees in public spaces by computing the product of assessed value ("A.V.") per square foot of the abutting land, the area of the vault level ("Area"), and a utilization factor ("U.F."). The current utilization factors are 1.8% for the first level and 0.45% for each subsequent level. The proposed legislation would change the utilization factors to 1.2% for the first level and 0.30% for each subsequent level.

In addition to the reduction in the utilization factors, the proposed legislation would:

- Define "assessed value" as the "estimated market value of the real property attributable to the land for purposes of real property taxation as of the January 1st of the preceding tax year";
- Require the property owner to pay the rental fee within 30 days of bill issuance;

- Require that 1/6 of revenue generated from public space vault rental fees be deposited into the District Department of Transportation (DDOT) Highway Trust Fund; and
- Establish procedures for providing refunds for overpayment of vault rental fees.

The proposed legislation would apply as of July 1, 2008.

Financial Plan Impact

Funds are sufficient in the FY 2008 budget and the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed legislation would not require additional staff or resources. Revenue from vault rental fees is deposited in DDOT's Unified Fund and the reductions in utilization factors will not result in a negative fiscal impact on the Unified Fund. Land values in the District have been escalating significantly, and the Office of Tax and Revenue has been apportioning a greater percentage of a real property's worth to the land (versus the building) to reflect the market values of each component (land and building) of the real property. Therefore, the projected revenue in FY 2008 from public space vault rental fees may exceed the current estimate by \$10 million. Thus, reducing the utilization factor would not cause a reduction in revenues to DDOT's Unified Fund and would not affect the FY 2009 through FY 2012 budget and financial plan.