

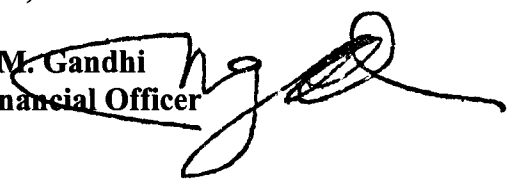
**Government of the District of Columbia
Office of the Chief Financial Officer**



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:

SUBJECT: Fiscal Impact Statement: "The Urban Institute Real Property Tax Abatement Act of 2008"

REFERENCE: Draft – No Bill Number Available

Conclusion

Funds are not sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The legislation would result in a fiscal impact of \$200,000 million in FY 2010 with a total impact of \$1.75 million in the FY 2009 through FY 2012 period.

Background

The proposed legislation would abate real property taxes on the portion of the real property in Lot 840, Square 673 that is owned by The Urban Institute, in the following amounts:

Tax Year	Amount
2010	\$200,000
2011	\$625,000
2012	\$925,000
2013	\$1,500,000
2014	\$1,600,000
2015	\$1,700,000
2016	\$1,800,000
2017	\$1,900,000
2018	\$2,000,000
2019	\$2,100,000
2020	\$650,000

The annual abatement amounts are specified in the legislation.

According to the Office of the Deputy Mayor for Planning and Economic Development (DMPED), The Urban Institute plans to purchase between 100,000 and 110,000 square feet in an office building located in Lot 840, Square 673. The Urban Institute plans to occupy the space by the middle of FY 2010.

The exemption will remain in place for 10 years as long as:

1. The Urban Institute owns and occupies the property;
2. The Urban Institute leases at least 10,000 square feet of the property to 501(c)(3) tenants at below-market rates and the tenants use the leased property for exempt purposes; and
3. The Urban Institute files a report with the District that details the uses of the exempt property.

The tax abatement would cause a fiscal impact of \$200,000 in FY 2010, with a total impact of \$1.75 million during the financial plan period, and a total cost of \$15 million during the 10-year abatement period.

Financial Plan Impact

Funds are not sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation.

Summary Table Estimated Impacts to the Financial Plan (S in millions)					
Item	FY 2009	FY 2010	FY 2011	FY 2012	4 - Year Total
Reduced Revenues	\$0	(\$0.200)	(\$0.625)	(\$0.925)	(\$1.750)