


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



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: October 3, 2011

SUBJECT: Fiscal Impact Statement – “Cooperative Housing Association Economic Interest Recordation Tax Emergency Amendment Act of 2011”

REFERENCE: Draft legislation as shared with OCFO on September 30, 2011

Conclusion

Funds are sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the provisions of the proposed legislation. The fiscal impact of this legislation is already incorporated into the FY 2012 through FY 2015 budget and financial plan.

Background

The proposed legislation is needed in order to clarify the language regarding recordation taxes on deeds for cooperatives in the “Fiscal Year 2010 Budget Support Second Emergency Act of 2009.”¹

The proposed legislation would amend the District of Columbia Deed Recordation Tax Act of 1962² to no longer exempt from recordation taxes on deeds a deed that conveys an economic interest in improved residential real property that is owned by a cooperative housing association; to impose a recordation tax rate of 2.2 percent on the transfer of an economic interest in a cooperative housing association that is in connection with a grant, transfer or assignment of a proprietary leasehold or other proprietary interest where the consideration allocable to the real property is less than \$400,000; to make the cooperative housing association jointly liable with the parties to the deed for the payment of the recordation taxes; to exempt from recordation taxes a security interest instrument pertaining to a cooperative housing association, and a deed of economic interest pertaining to a limited-equity cooperative; and to add language regarding the transfer of an interest in a cooperative housing association to the definition of transfer of economic interest.

¹ See Subtitle (VII)(G) – Economic Interests in Real Property Clarification Second Emergency Amendment Act of 2009, enacted October 15, 2009 (D.C. Act 18-207; 56 DCR 8228).

² Approved March 2, 1962 (Pub. L. 87-408; D.C. Official Code § 42-1101, *et seq.*).

The Honorable Kwame R. Brown

FIS: Draft legislation shared with OCFO on September 30, 2011, "Cooperative Housing Association Economic Interest Recordation Tax Emergency Amendment Act of 2011"

Financial Plan Impact

Funds are sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the provisions of the proposed legislation.

The Fiscal Year 2010 Budget Support Second Emergency Act of 2009 already effectuated these changes. Thus the deed recordation tax revenue generated by this legislation is already incorporated into the budget and financial plan. The proposed legislation is needed to clarify the intent of the FY 2010 Budget Support Second Emergency Act of 2009.