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: **May 2, 2011**

SUBJECT: **Fiscal Impact Statement – "First Congregational United Church of Christ Property Tax Abatement Technical Correction Amendment Act of 2011"**

REFERENCE: **Bill 19-245, As Introduced**

Conclusion

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation.

Background

The proposed legislation would amend the First Congregational United Church of Christ Property Tax Abatement Amendment Act of 2010[1] enacted as part of the Fiscal Year 2011 Budget Support Act of 2010 (BSA) to make a technical correction to the list of lots designated exempt from transfer tax. The BSA subtitle exempted lots known as the First Congregational United Church of Christ property from the real property tax. It also exempted the transfer of certain lots owned by First Congregational United Church of Christ ("First Congregational") to 733 10th & G LLC ("733") from the transfer tax.[2]

The proposed legislation would add to the transfer tax exemption list Lots 837, 7014, and 7011, Square 375 and any other lots created from Lots 823 and 831, Square 375 solely to complete the transaction between First Congregational and 733.[3]

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[1] Subtitle (VII)(B); Section 7012(b).
[2] For details on the history of this property, please see the Fiscal Impact Statement issued on October 2009 on Bill 18-463, First Congregational United Church of Christ Property Tax Abatement Emergency Act of 2009.
[3] Lots 823 and 831 encompassed all of the lots in Square 375 owned by First Congregational in 2008. In 2009, the lots were subdivided into Lots 833 through 835, and 7000 through 7011.

While these lots were part of the First Congregational lots sold to 733 in September 2009, the BSA subtitle erroneously omitted them from the exemption list. This is likely because these lots were created after the lots included in the original legislation were created, and the BSA language was not updated to reflect this.

The BSA subtitle required that $951,000 of the transfer tax and real property taxes and other related charges assessed against and paid by First Congregational on the real property located on Lots 823 and 831 in Square 375 for the period beginning February 1, 2008 be forgiven and refunded to First Congregational in three equal annual payments of $317,000 starting in 2011.[4]

Financial Plan Impact

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation. Correcting the lots to be exempted from the transfer tax would not have any fiscal impact as it does not change the amount of refunds to be provided to First Congregational. The amount of such refunds has already been incorporated into the FY 2011 through FY 2014 financial plan.

[4] To date, First Congregational has received $296,278.50; they are awaiting the balance of the first installment from the Office of Tax and Revenue.