


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



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: November 29, 2016

SUBJECT: Fiscal Impact Statement – “DowntownDC Business Improvement District Amendment Act of 2016”

REFERENCE: Bill 21-905, Draft Committee Print as shared with the Office of Revenue Analysis on November 28, 2016

Conclusion

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill.

Background

The bill subjects Class 1¹ residential property to taxation by the Anacostia, Southwest, and Downtown Business Improvement Districts (BIDs). Excluded from the taxation are properties with: more than 90 percent of leased units rented to seniors; more than 20 percent of residential units subject to project-based federal housing assistance², and property already exempt from paying real property taxes. Currently, three BIDs have authority to tax residential property – Mount Vernon Triangle, NoMa, and Capitol Riverfront.

The bill sets the residential tax in the Downtown BID at \$120 annually per non-exempt residential unit, subject to a 3 percent annual increase. However, the maximum annual tax for affordable housing units would be lower. To determine the maximum tax for an affordable unit in the Downtown BID, the current tax would be multiplied by the percentage of Area Median Income that the household must meet to participate in the affordable housing program for the unit. The bill allows any condominium board to petition to join the Downtown BID.

¹ Occupied, improved residential property per D.C. Official Code: Title 47, Chapters 7-10, 13, 13a.

² Section 8 of the United States Housing Act of 1937, approved August 22, 1974 (88 Stat.662; 42 U.S.C. 1437f).

The Honorable Phil Mendelson

FIS: Bill 21-402, "DowntownDC Business Improvement District Amendment Act of 2016," Draft Committee Print as shared with the Office of Revenue Analysis on November 28, 2016.

To better synchronize with the Office of Tax and Revenue's property tax billing cycle, the bill requires that new properties added to the tax base of a BID will be effective the next effective half tax year – either October 1 or April 1.

Financial Plan Impact

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. The bill will increase the tax base and revenues for three Business Improvement Districts, but the revenues are not part of the District's general fund budget.