

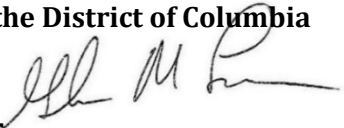
Government of the District of Columbia  
Office of the Chief Financial Officer



**Glen Lee**  
Chief Financial Officer

**MEMORANDUM**

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

**FROM:** Glen Lee  
Chief Financial Officer 

**DATE:** December 17, 2025

**SUBJECT:** Fiscal Impact Statement – Soul of the City Business Improvement  
District Amendment Act of 2025

**REFERENCE:** Bill 26-421, Draft Committee Print as provided to the Office of Revenue  
Analysis on December 15, 2025

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**Conclusion**

Funds are sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill.

**Background**

A Business Improvement District (BID) is a nonprofit organization established, as approved by the Mayor, by property owners in a designated area of the District for the purpose of enhancing the economic vitality of the designated commercial area. BIDs support property owners and businesses, host special events, maintain certain public spaces within the BID, and provide a connection between BID members and the District government. A BID is self-taxing whereby the property owners pay a special tax that the Office of Tax and Revenue (OTR) transfers wholly to the organization managing the BID. There are currently twelve BIDs operating in the District.

The bill establishes the Soul of the City Business Improvement District in the Congress Heights area of the District, subject to approval by the Mayor. The bill sets the specific boundaries for the Soul of the City BID. The bill sets the following BID tax rates for nonexempt properties in the BID district:

- \$0.18 per \$100 of assessed value for Class 2 properties, excluding hotels;
- \$120 annually per hotel or motel room; and

- \$120 annually per unit of Class 1A property with five or more residential units established after July 17, 1985.

In cases where a building subject to BID taxes is constructed on tax exempt property, the assessed value of the property for BID tax purposes should be the value of the building plus any leasehold interest, possessory interest, beneficial interest, or beneficial use of the land. The bill provides for an annual 3 percent increase in the BID tax rates.

All Class 1A properties established before July 17, 1985, Class 1B properties, and any residential units where the unit is affordable to 100 percent or less of the area median income are exempt from the BID tax. The bill also exempts any property owner who expends \$250,000 or more in the prior tax year on safety-related activities that enhanced public space or protected retail activities in the owner's property.

The bill establishes the BID boundaries and taxing structure as of April 1, 2026.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. The nonprofit BID organization that will manage the Soul of the City BID must apply to the Mayor for formal approval as a BID and, upon approval, complete the public notice and registration requirements required by the Department of Small and Local Business Development. BID taxes are paid in addition to regular property taxes, are collected by OTR, and are dedicated exclusively to the BID. OTR can administer the collection and distribution of the tax within the Office's existing budgeted resources. OTR will collect both the April 1, 2026 to September 30, 2026<sup>1</sup> and October 1, 2026 to March 31, 2027 BID tax payments in September 2026.

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<sup>1</sup> Pursuant to D.C. Official Code § 2-1215.15(e)(2), the BID could request a special bill to collect the first half BID taxes once the BID is officially registered.