

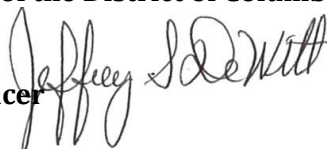
Government of the District of Columbia
Office of the Chief Financial Officer



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: July 12, 2016

SUBJECT: Fiscal Impact Statement – Urban Farming and Food Security
Amendment Act of 2016

REFERENCE: Bill 21-293, Draft Committee Print as shared with the Office of Revenue
Analysis on July 5, 2016

Conclusion

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

Background

In 2015, the Council passed a comprehensive urban farming initiative that included access to public land for urban farming and community gardens, real property tax abatements, and income tax credits. These programs are managed through the Urban Farms and Gardens Program.

The bill modifies the urban farming land leasing initiative and the tax abatement programs. The bill directs the Department of General Services (DGS) to work with the Office of Planning to annually identify vacant District-owned land that is suitable for urban farming.¹ The allowable lease period is expanded to five years with an option period of up to an additional five years; the total lease term cannot exceed nineteen years. The soil must be tested for arsenic, lead, and heavy metals before any produce² cultivated on the leased land can be offered for consumption or sale. The bill limits the lease charge to no more than five percent of the taxable assessment of the leased land.

The real property tax abatements are currently limited to 90 percent of the tax due for the portion of the property used as an urban farm. The bill further limits the tax abatement to \$20,000 per

¹ Suitable land, and lands already under a lease agreement, should be published on the DGS website.

² Any substance produced for human consumption and nourishment, such as vegetables, fruits, grains, mushrooms, honey, herbs, nuts, seeds, and rootstock.

The Honorable Phil Mendelson

FIS: Bill 21-293, "Urban Farming and Food Security Amendment Act of 2016," Draft Committee Print as shared with the Office of Revenue Analysis on July 5, 2016

property for each tax year. After property owners meet the planting plan,³ soil testing, and other application requirements, DGS will semiannually certify with the Office of Tax and Revenue the properties that are eligible, the amount of the tax credit, and the total available funding for tax abatements.

The bill eliminates the Urban Farming and Gardens Program⁴ and the food donation income tax credit.

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 maintains the annual maximum expenditure of \$350,000 beginning in fiscal year 2017⁵ on the land lease program⁶ and the private property tax credits. The elimination of the food donation income tax credits and the Urban Farms and Gardens Program allow more of the \$350,000 in available funding to be used for urban farms. There is no cap on the amount of real property and possessory interest taxes that can be waived through the land lease program, but private property tax abatements are limited to \$20,000 per property per tax year.

The Office of Tax and Revenue will provide guidance to DGS for certification of the tax abatement eligibility, but no additional resources are required to administer the abatements.

³ An annual planting plan must be submitted to DGS detailing the season-appropriate uses of the farm. The plan must be approved by DGS within thirty days and must be retained by the farm owner for three years.

⁴ This program included community outreach requirements, joint programs with the Office of the State Superintendent of Education and the University of the District of Columbia, and summer youth employment participation in community gardening efforts.

⁵ The maximum expenditure for fiscal year 2016 is \$400,000.

⁶ The program waives real property and possessory interest taxes which are due when private entities lease District-owned land.