

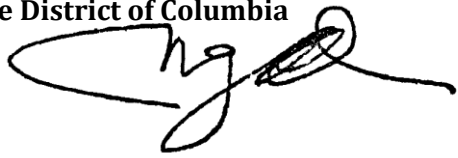
Government of the District of Columbia
Office of the Chief Financial Officer



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 25, 2011

SUBJECT: Fiscal Impact Statement – “Clarification of Personal Property Tax Revenue Reporting Emergency Act of 2011”

REFERENCE: Draft legislation

Conclusion

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

Background

The proposed legislation would amend existing law to state that personal property tax¹ is to be reported in the year in which it is collected. The District currently has the authority² to report personal property tax revenue in this manner, however, the District currently budgets based on the understanding that 25 percent of personal property tax collections are to be allocated to the current fiscal year and 75 percent are deferred to the next fiscal year. Under the proposed law, which would be effective immediately, no portion of the personal property tax revenue would be deferred.

The District’s personal property tax is levied on the value, after depreciation, of all tangible personal property used in a trade or business, including computers, vehicles, plant, and equipment. Inventories held for sale are not included in the personal property base. The personal property tax is self-assessed for a tax year of July 1 through June 30 each year and the return is due July 31 of that same year (31 calendar days after the end of the tax year). The return reports the property in the District as of July 1.³

¹ DC Official Code §47-1522.

² DC Official Code §47-501.

³ DC Official Code §47-1524.

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. If enacted, the proposal would, for FY 2012, add approximately \$38.2 million to the District's fund balance. There would be no other impact in the budget and financial plan.