

COUNCIL OF THE DISTRICT OF COLUMBIA
Office of the Budget Director
Fiscal Impact Statement

Jennifer Budoff – Budget Director

LEGISLATIVE MEETING:

May 16, 2023

SHORT TITLE:

B25-202, the Fiscal Year 2024 Budget Support Act of 2023

TYPE:

BSA Amendment

REQUESTING MEMBER:

Councilmember Zachary Parker

FISCAL IMPACT:

Funds are sufficient



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Conclusion

Funds are sufficient to implement this amendment. This subtitle will increase local revenue by \$25,791,000 in Fiscal Year 2023, \$78,254,000 in Fiscal Year 2024 and \$409,178,000 over the four-year financial plan.

Background

For commercial or mixed-use (Class 2) property valued at over \$2 million, properties pay the following deed recordation and transfer taxes:

Tax	Pre-FY20 Rate ¹	FY20 – FY23 Additional Rate	Total Rate
Recordation Tax	1.45%	1.05%	2.5%
Transfer Tax	1.45%	1.05%	2.5%
Total Rate	2.9%	2.1%	5%

On October 1, 2023, the additional rate is set to sunset, restoring the total deed and recordation tax rate for Class 2 properties at the pre-FY 2020 rate of 2.9%.²

This amendment extends the imposition of the additional rate, rate until September 30, 2029; leaving the total tax rate for Class 2 properties at 5% until that new sunset date.

The revenue raised by the amendment is as follows:

<i>Additional Revenues from Extension of Current Deed & Recordation Tax Rates (\$ in thousands)</i>				
Fund Type	FY 2023	FY 2024	Out-years (FY 25-27)	TOTAL
Local Funds	\$21,922	\$66,842	\$282,263	\$434,969
HPTF Dedication	\$3,869	\$11,412	\$48,661	\$63,942
TOTAL	\$25,791	\$78,254	\$330,924	\$434,969*

* Totals might not sum due to rounding. This total includes FY23 while the financial plan total in the conclusion statement includes only FYs 24-27 as FY23 is not in the FY24 budget formulation financial plan.

¹ D.C. Official Code § 42-1103(a)(A) and § 42-1103(a-4); and § 47-903(a)(1) and § 47-903(a-4).

² Sections 7022 and 7023 of the Fiscal Year 2020 Budget Support Act of 2019, effective September 11, 2019 (D.C. Law 23-16).