

**PUBLIC HEARING ON  
BILL 15-210, "EQUITY IN REAL PROPERTY TAX  
ASSESSMENT ACT OF 2003"**

**Before the  
Committee on Finance and Revenue  
Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

**July 10, 2003, 10:00 a.m.  
Room 412  
John A. Wilson Building**



**Testimony of  
Phil Brand  
Deputy Chief Financial Officer  
Office of Tax and Revenue**

**Natwar M. Gandhi  
Chief Financial Officer  
Government of the District of Columbia**

Good morning, Chairman Evans, and members of the Committee on Finance and Revenue. I am Phil Brand, deputy chief financial officer for the Office of Tax and Revenue (OTR). With me this morning is Henry Riley, director of the Real Property Tax Administration for OTR. We are pleased to provide comments on Bill 15-210, the "Equity in Real Property Tax Assessment Act of 2003."

This bill would require OTR to use decisions by the Board of Real Property Assessment and Appeals (BRPAA) as "the basis for the subsequent assessment..." and to "take into account the written decision of the Board and its reasoning in making the assessment."

First, to implement the provisions of this bill, OTR needs clarification of the phrase: "the basis for the subsequent assessment..." Specifically, we ask if it is the Council's intent to require that the next year's assessed value be the same as the board's value, or if the subsequent assessment should use the board's value as a starting point, and increase or decrease, as necessary.

It is OTR's understanding that this proposed legislation was introduced in response to the trending methodology previously used by the Real Property Assessment Division (RPAD). The RPAD is now using a property specific valuation method. This valuation methodology is based upon the physical (quantitative and qualitative) attributes of each property. Thus, a new assessment is not a product of the prior assessment, but rather an individual valuation based on current market conditions and the property characteristics on record at the time of the assessment.

To require that an assessment adhere to a BRPAA decision presents a practical problem, as well. RPAD reassessments are normally made in the tax year following notification of the proposed assessments. If BRPAA rulings are not made timely, relative to this schedule, it would cause ensuing delays in the valuation, assessment notification and billing processes. BRPAA decisions would have to be made prior to the completion of the annual reassessment in order for OTR to meet its statutory deadline [March 1] for the issuance of assessment notices. In fact, BRPAA decisions must be rendered at least 60 days prior to the valuation date [January 1 of each year] to be factored in the assessment. If decisions come after that date, thousands of adjustments would have to be made after assessment notices were sent to property owners and after first half bills were mailed and paid. We estimate it would require approximately 2 FTEs to review, process and implement all assessment and billing changes due to BRPAA decisions. The cost of the additional staff is estimated to be \$141,000 annually.

When taxpayers disagree with an assessment, OTR has a first-level administrative review process in place. Upon request, a property owner may meet with his/her assessor and review property attributes in detail. Any corrections, adjustments or modifications can be made at that time. A change to the official record by the RPAD or the BRPAA is also recorded and remains in the database for referral in subsequent years.

OTR is happy to give due consideration to BRPAA decisions that are rendered timely. Therefore, we suggest the bill be amended as follows:

In the case of property for which the most recent assessment was changed as a result of an appeal to the Board of Real Property Assessment and Appeals (Board), in accordance with Section 47-825.01, the reasons for

the revised assessment determined by the Board shall be considered for the subsequent valuation by the Mayor, who shall take into account the written decision of the Board and its reasoning in making the assessment, so long as such revised assessment is rendered by the Board on or before November 1.

Thank you for this opportunity to testify. We are available for any questions you may have.

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**PUBLIC HEARING ON  
BILL 15-188, “HOMESTEAD EXEMPTION  
AMENDMENT ACT OF 2003”**

**Before the  
Committee on Finance and Revenue  
Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

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Good morning, Chairman Evans, and members of the Committee on Finance and Revenue. I am Phil Brand, deputy chief financial officer for the Office of Tax and Revenue (OTR). With me today is Henry Riley, director of the Real Property Tax Administration for OTR. We are pleased to provide comments on Bill 15-188, the "Homestead Exemption Amendment Act of 2003."

Bill 15-188 would increase the homestead exemption for residential properties owned by single families and cooperative associations. Specifically, the bill would amend District of Columbia Official Code §§ 47-850 and 850.01(a) to raise the existing homestead deduction from \$30,000 to \$100,000 of the estimated market value of the property. To qualify for the homestead deduction: (1) an application must be on file with OTR; (2) the property must be occupied by the owner and contain no more than five dwelling units; and (3) the property must be the principal residence of the owner. The change in the homestead deduction would affect the approximately 86,600 residences now receiving the homestead deduction, increasing each annual deduction by \$672 – or from \$288 a year to \$960 a year.

The Office of the Chief Financial Officer estimates the proposed legislation would result in a \$58.2 million reduction in real property tax revenue in FY 2004 and \$232.8 million in FY 2004 through FY 2007.

Thank you, Mr. Chairman, for this opportunity to testify. We are available for any questions you may have.

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**PUBLIC HEARING ON**  
**BILL 15-303, “OWNER-OCCUPANT RESIDENTIAL**  
**TAX CREDIT ACT OF 2003”**

**Before the**  
**Committee on Finance and Revenue**  
**Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

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Good morning, Chairman Evans, and members of the Committee on Finance and Revenue. I am Phil Brand, deputy chief financial officer for the Office of Tax and Revenue (OTR). With me today is Henry Riley, director of the Real Property Tax Administration for OTR. We are pleased to provide comments on Bill 15-303, the "Owner-Occupant Residential Tax Credit Act of 2003."

Bill 15-303 would amend the District of Columbia Official Code § 47-864 by adding language that would limit the amount of real property tax to 110 percent of the prior year's property tax, starting in tax year 2004. The benefit would be provided by a tax credit applied to owner-occupied residences receiving the homestead deduction, and would not apply if the property was transferred to a new owner, if the assessment was clearly erroneous, or if the property value increase was the result of a zoning reclassification. In essence, the bill would replace last year's 1.25 percent cap on property tax assessments with a 1.10 percent cap.

This change in the cap would increase the number of properties that qualify for the tax credit – from approximately 77,000 to 81,000 accounts – and would result in an estimated \$22.5 million reduction in real property tax revenue in FY 2004 and \$72.5 million in FY 2004 through FY 2007.

Thank you, Mr. Chairman, for this opportunity to testify. We are available for any questions you may have.

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