

Overview of Real Property Taxes in The District of Columbia

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Real Property Tax Overview

- DC depends on property taxes as a share of own-source tax revenues more than state and local governments nationally and local governments in MD and VA
- Real property tax in DC has a firm foundation – assessed value is 100 percent of estimated market value and is reassessed annually
- The quality of residential assessments meets standards set by the International Association of Assessing Officers and has improved across neighborhoods the last couple of years
- Commercial assessments are more problematical

Overview (cont.)

- Property tax rates have been relatively stable over time
- Residential property tax rates are the lowest in the metro area and the commercial property tax rates are the highest
- Property tax revenue collections range between 97 and 98 percent of current levies

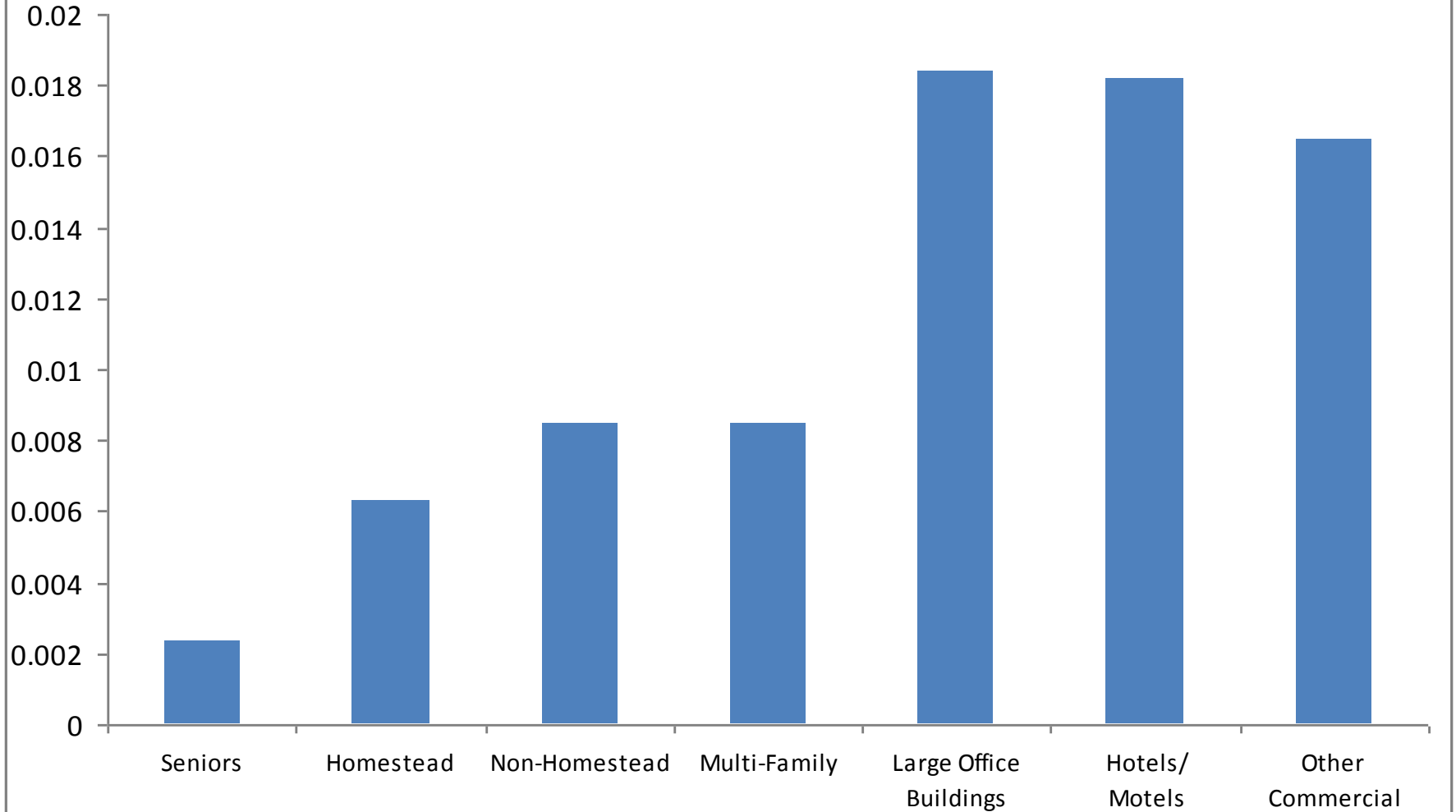
Overview (cont.)

- The District has a plethora of property tax relief mechanisms
 - Total and partial exemptions
 - Abatements
 - Credits and rebates
 - Deferrals

Overview (cont.)

- Tax relief mechanisms violate uniformity requirement of property tax undermining the fairness, efficiency and transparency of the tax
- Significant differences in effective tax rates across and within different land use and taxpayer types

Effective Tax Rate: Median by Taxpayer Type



Property Tax Agenda

- The Tax Revision Commission identified a number of specific elements of the real property tax that deserved more analysis
- Dr. Sjoquist looks at the Assessment Cap and Dr. Kenyon looks at Classification
- June 3 will have papers on tax exempt properties, demographic change and the property tax, and the deed recordation and transfer taxes
- June 17 will have a paper on property tax expenditures