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
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