

Reply to Common Council File No. 031734
From DOA-Budget and Management Division

May 14, 2004

Ref: 04009

Common Council file 031734 contains a resolution requesting \$475,682 from the 2004 Common Council Contingent fund for remission of taxes.

This request will be used to remit property taxes to the Federal Plaza Building. The property taxes remitted are from 2002 and 2003. Due to new federal requirements for security in buildings housing federal offices after 9-11, the owners are having difficulty retaining tenants. This increased vacancy rate has impacted their assessed value for 2002 and 2003 tax purposes. The \$475,682 is based on the value change and tax rates for those years.

Delaying action on this file will increase the city's interest penalty payment. Because the interest rate on the penalty is 9.6% annually, the city will have an overall net cost increase if payment is delayed.

**RECOMMENDATION: ADOPT COMMON COUNCIL RESOLUTION 031734
APPROPRIATING \$475,682 FROM THE 2004 COMMON COUNCIL
CONTINGENT FUND TO THE REMISSION OF TAXES FUND.**


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