

COUNCIL OF THE DISTRICT OF COLUMBIA  
COMMITTEE OF THE WHOLE  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004

MEMORANDUM

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TO: Public and Witnesses

FROM: Blaine Stum, Deputy Committee Director

DATE: September 15, 2026

RE: **Real Property Tax Increase Proposals**

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**Background**

In the District, real property tax rates are based on a property's legal use or classification pursuant to the law. If, for example, a residential real property is used for nontransient residential dwelling purposes (i.e., it is occupied for more than five days) and contains more than two dwelling units, the property is considered Class 1A and will be taxed at a rate of \$0.85 per \$100 of assessed value.<sup>1</sup> If a real property's legal use is not residential—such as a commercial or industrial property—and the property is not vacant or blighted, then the property is classified as Class 2, and the tax rate will depend on the property's assessed value. Under current law, there are five classes of property, as shown in Table 1.

*Table 1. Current Real Property Classifications and Rates*

| Class    | Tax Rate Per \$100                                                                     | Description                                                    |
|----------|----------------------------------------------------------------------------------------|----------------------------------------------------------------|
| Class 1A | \$0.85                                                                                 | Residential real property, including multifamily properties    |
| Class 1B | \$0.85 for first \$2.558 million;<br>\$1.00 for any amount above \$2.558 million       | Residential real property with no more than two dwelling units |
| Class 2  | \$1.65 if assessed value is not greater than \$5 million                               | Commercial and industrial property                             |
|          | \$1.77 if assessed value is greater than \$5 million but not greater than \$10 million |                                                                |
|          | \$1.89 if assessed value is greater than \$10 million                                  |                                                                |
| Class 3  | \$5                                                                                    | Vacant real property                                           |
| Class 4  | \$10                                                                                   | Blighted real property                                         |

When compared to surrounding jurisdictions, the District has the lowest residential real property tax rates. The City of Fairfax in Virginia has the second lowest residential real property

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<sup>1</sup> D.C. Official Code §§ 47-813(c-9)(2)(A)(i) and 47-812(b-12)(2).

rate, at \$1.0725 per \$100 of assessed value.<sup>2</sup> The highest residential real property tax rate is in Baltimore City, as shown in Table 2.<sup>3</sup>

*Table 2. Nominal Residential Real Property Tax Rates in Select Jurisdictions*

| <b>Jurisdiction</b>                 | <b>Nominal Rate (Per \$100)</b> |
|-------------------------------------|---------------------------------|
| Baltimore City, MD                  | \$3.46                          |
| Prince George’s County, MD          | \$1.48                          |
| Baltimore County, MD (Outside City) | \$1.212                         |
| Fairfax County, VA <sup>4</sup>     | \$1.15 - \$1.66                 |
| Alexandria, VA                      | \$1.135                         |
| Montgomery County, MD <sup>5</sup>  | \$1.11 - \$1.69                 |
| Fairfax City, VA                    | \$1.0725                        |
| District of Columbia                | \$0.85                          |

Most jurisdictions do not levy a different rate on commercial properties. As such, the District has one of the highest commercial real property tax rates in the region.

In Fiscal Year 2025, the real property tax raised approximately \$2.891 billion in revenue for the District, accounting for nearly 26% of the District’s gross tax revenue.<sup>6</sup> A majority (54.9%) of real property tax revenue comes from commercial properties.<sup>7</sup> The Office of the Chief Financial Officer has forecasted that real property tax revenue will decline by 5.1% in Fiscal Year 2026 due to a significant decline in revenue from commercial real property taxes.<sup>8</sup> Residential real property taxes are not projected to decline at any point in the financial plan.

The Committee attaches two draft proposals to this brief.

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<sup>2</sup> Other jurisdictions in the broader Washington Metropolitan Statistical Area have lower real property tax rates. For example, the nominal rate in Loudon County, VA is \$0.81 per \$100. Other counties in Virginia have even lower real property tax rates. For more information, see [here](#).

<sup>3</sup> The nominal rates listed in Table 2 for Maryland counties include the countywide rate and the state rate. Where applicable, the nominal rate includes other taxes—such as fire and transit taxes—levied against property in the jurisdiction.

<sup>4</sup> The applicable real property tax rate in Fairfax County depends on where you live.

<sup>5</sup> The applicable real property tax rate in Montgomery County depends on where you live.

<sup>6</sup> Office of the Chief Financial Officer, June 2026 Revenue Estimates, June 30, 2026, pg. 3.

<sup>7</sup> *Ibid.*

<sup>8</sup> Residential real property taxes are not projected to decline.

### **Proposal #1<sup>9</sup>**

The first draft proposal would increase residential and commercial real property tax rates by \$0.01 for all properties under Class 1A, 1B, and 2, as shown in Table 3. The real property tax rates for vacant and blighted properties (Classes 3 and 4) would remain at their current rates.

*Table 3. Current Real Property Tax Rates vs. Proposal #1 Rates*

| <b>Class</b> | <b>Current Tax Per \$100</b>                                                                 | <b>Proposal #1 Tax Per \$100</b>                                                                      |
|--------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Class 1A     | \$0.85                                                                                       | <b>\$0.86</b>                                                                                         |
| Class 1B     | \$0.85 for first \$2.558 million;<br>\$1.00 for any amount above<br>\$2.558 million          | <b>\$0.86 for first \$2.558 million;<br/>\$1.01 for any amount above<br/>\$2.558 million</b>          |
| Class 2      | \$1.65 if assessed value is not<br>greater than \$5 million                                  | <b>\$1.66 if assessed value is<br/>greater than \$5 million but<br/>not greater than \$10 million</b> |
|              | \$1.77 if assessed value is<br>greater than \$5 million but<br>not greater than \$10 million | <b>\$1.78 if assessed value is<br/>greater than \$5 million but<br/>not greater than \$10 million</b> |
|              | \$1.89 if assessed value is<br>greater than \$10 million                                     | <b>\$1.90 if assessed value is<br/>greater than \$10 million</b>                                      |
| Class 3      | \$5                                                                                          | \$5                                                                                                   |
| Class 4      | \$10                                                                                         | \$10                                                                                                  |

Note: Red text indicates changes from current tax rates.

### **Proposal #2**

The second draft proposal would increase residential and commercial real property tax rates by \$0.10 for all properties under Class 1A, 1B, and 2, as shown in Table 4. The real property tax rates for vacant and blighted properties (Classes 3 and 4) would remain at their current rates.

*Table 4. Current Real Property Tax Rates vs. Proposal #2 Rates*

| <b>Class</b> | <b>Current Tax Per \$100</b>                                                                 | <b>Proposal #1 Tax Per \$100</b>                                                                      |
|--------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Class 1A     | \$0.85                                                                                       | <b>\$0.95</b>                                                                                         |
| Class 1B     | \$0.85 for first \$2.558 million;<br>\$1.00 for any amount above<br>\$2.558 million          | <b>\$0.95 for first \$2.558 million;<br/>\$1.10 for any amount above<br/>\$2.558 million</b>          |
| Class 2      | \$1.65 if assessed value is not<br>greater than \$5 million                                  | <b>\$1.75 if assessed value is<br/>greater than \$5 million but<br/>not greater than \$10 million</b> |
|              | \$1.77 if assessed value is<br>greater than \$5 million but<br>not greater than \$10 million | <b>\$1.87 if assessed value is<br/>greater than \$5 million but<br/>not greater than \$10 million</b> |
|              | \$1.89 if assessed value is<br>greater than \$10 million                                     | <b>\$1.99 if assessed value is<br/>greater than \$10 million</b>                                      |
| Class 3      | \$5                                                                                          | \$5                                                                                                   |
| Class 4      | \$10                                                                                         | \$10                                                                                                  |

Note: Red text indicates changes from current tax rates.

<sup>9</sup> In proposals #1 and #2, the threshold for Class 1B is \$2.558 million. This threshold is consistent with the current threshold for Class 1B properties.

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11 To amend Section 47-812 of the District of Columbia Official Code to increase real property tax  
12 rates by one cent on all property classified as Class 1A, Class 1B, or Class 2.

13 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this  
14 act may be cited as the “Real Property Tax Increase Amendment Act of 202X”.

15 Sec. 2. Section 47-812 of the District of Columbia Official Code is amended as follows:

16 (a) Subsection (b-9) is amended by adding a new sub-subparagraph (E) to read as  
17 follows:

18 “(E) Notwithstanding any other provision of this section, the sum of the  
19 real property tax rates and special real property tax rates for taxable Class 2 Properties in the  
20 District of Columbia beginning October 1, 2027, and each tax year thereafter shall be:

21 “(i) \$1.66 for each \$100 of assessed value if the real property's  
22 assessed value is not greater than \$5 million;

23 “(ii) \$1.78 for each \$100 of assessed value if the real property's  
24 assessed value is greater than \$5,000,000 but not greater than \$10 million; or

25 “(iii) \$1.90 for each \$100 of assessed value if the real property's  
26 assessed value is greater than \$10 million.

27 (b) By adding a new subsection (b-14) to read as follows:

28 “(b-14)(1) Notwithstanding the provisions of subsection (a) of this section, the provisions  
29 of this subsection shall apply for tax year 2027 and each tax year thereafter.

“ (2) The sum of the real property tax rates and special real property tax rates for taxable Class 1A Property in the District of Columbia for tax year 2027, and each tax year thereafter, shall be \$0.86 of each \$100 of taxable assessed value.

“ (3)(A) The sum of the real property and special real property tax rates for taxable Class 1B Property in the District of Columbia for tax year 2027, and each tax year thereafter, shall be:

“ (i) For the first \$2,558,000 of taxable assessed value, \$0.86 of each \$100 of taxable assessed value; and

“ (ii) For the portion of the taxable assessed value above \$2,558,000, \$1.01 of each \$100 of taxable assessed value.

“ (B) Beginning with tax year 2028, the threshold amount set forth in subparagraph (A)(i) and (ii) of this paragraph shall be increased annually by the Class 1B Property cost-of-living adjustment (if the adjustment does not result in a multiple of \$1,000, rounded to the next lowest multiple of \$1,000).

“ (4)(A) Beginning with tax year 2028, the Mayor shall compute the real property tax rates (rounded up to the nearest penny) for Class 1A and 1B Properties calculated to yield in that tax year the same amount of taxes for each class estimated to be collected during the preceding tax year, plus the lesser of:

“ (i) Seven percent; or

“ (ii) The percentage increase in the total aggregate assessment of taxable real property for Class 1A or 1B Properties.

“ (B) By January 5 of the applicable tax year, the Mayor shall submit to the Council the real property tax rates computed under this paragraph.”.

53           Sec. 3. Fiscal impact statement.

54           The Council adopts the fiscal impact statement in the committee report as the fiscal  
55 impact statement required by section 4a of the General Legislative Procedures Act of 1975,  
56 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

57           Sec. 4. Effective date.

58           This act shall take effect following approval by the Mayor (or in the event of veto by the  
59 Mayor, action by the Council to override the veto), a 30-day period of congressional review as  
60 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December  
61 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of  
62 Columbia Register.

To amend Section 47-812 of the District of Columbia Official Code to increase real property tax rates by 10 cents on all property classified as Class 1A, Class 1B, or Class 2.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Real Property Tax Increase Amendment Act of 202X”.

Sec. 2. Section 47-812 of the District of Columbia Official Code is amended as follows:

(a) Subsection (b-9) is amended by adding a new sub-subparagraph (E) to read as follows:

“(E) Notwithstanding any other provision of this section, the sum of the real property tax rates and special real property tax rates for taxable Class 2 Properties in the District of Columbia beginning October 1, 2027, and each tax year thereafter shall be:

“(i) \$1.75 for each \$100 of assessed value if the real property's assessed value is not greater than \$5 million;

“(ii) \$1.87 for each \$100 of assessed value if the real property's assessed value is greater than \$5,000,000 but not greater than \$10 million; or

“(iii) \$1.99 for each \$100 of assessed value if the real property's assessed value is greater than \$10 million.

(b) By adding a new subsection (b-14) to read as follows:

“(b-14)(1) Notwithstanding the provisions of subsection (a) of this section, the provisions of this subsection shall apply for tax year 2027 and each tax year thereafter.

“(2) The sum of the real property tax rates and special real property tax rates for taxable Class 1A Property in the District of Columbia for tax year 2027, and each tax year thereafter, shall be \$0.95 of each \$100 of taxable assessed value.

“(3)(A) The sum of the real property and special real property tax rates for taxable Class 1B Property in the District of Columbia for tax year 2027, and each tax year thereafter, shall be:

“(i) For the first \$2,558,000 of taxable assessed value, \$0.95 of each \$100 of taxable assessed value; and

“(ii) For the portion of the taxable assessed value above \$2,558,000, \$1.19 of each \$100 of taxable assessed value.

“(B) Beginning with tax year 2028, the threshold amount set forth in subparagraph (A)(i) and (ii) of this paragraph shall be increased annually by the Class 1B Property cost-of-living adjustment (if the adjustment does not result in a multiple of \$1,000, rounded to the next lowest multiple of \$1,000).

“(4)(A) Beginning with tax year 2028, the Mayor shall compute the real property tax rates (rounded up to the nearest penny) for Class 1A and 1B Properties calculated to yield in that tax year the same amount of taxes for each class estimated to be collected during the preceding tax year, plus the lesser of:

“(i) Seven percent; or

“(ii) The percentage increase in the total aggregate assessment of taxable real property for Class 1A or 1B Properties.

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