

**June 20, 2002**

Council of the District of Columbia

PUBLIC HEARING ON BILL 14-703, "PAYMENT IN LIEU OF TAXES AMENDMENT ACT OF 2002"

**Testimony of John Ross, Chief of Operations, Office of Research and Analysis,  
before the Committee on Finance and Revenue**

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. My name is John Ross. I am chief of operations in the Office of Research and Analysis. I am here today to testify on behalf of the Office of the Chief Financial Officer (OCFO) on Bill 14-703, the "Payment in Lieu of Taxes Amendment Act of 2002."

The Council passed the "Square 456 Payment in Lieu of Taxes Act of 2002" to assist in the building of a new facility for the Shakespeare Theatre next to the MCI Center. That legislation provided real property tax abatement not to exceed \$30 million over a ten-year period on square 456, lot 878, currently owned by Galapagos 456 LLC, and lot 880, currently owned by 575 7<sup>th</sup> Street LLC. Payments in lieu of property taxes are to be given to the Shakespeare Theatre. That revenue stream, when monetized, would provide the theatre with a grant of about \$20 million.

Rather than abate the real property tax, the legislation before you allows the OCFO to use \$20 million of general obligation debt money to give the theatre its \$20 million grant. Funding the grant in this way saves the District \$4.1 million over the ten-year period.

I would be pleased to respond to any questions you may have about this bill.