

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi [signature]  
Chief Financial Officer

**DATE:** December 14, 2004

**SUBJECT:** Fiscal Impact Statement (Addendum #2): “Ballpark Omnibus Financing and Revenue Act of 2004”

**REFERENCE:** December 14, 2004 Amendment in the Nature of a Substitute to Bill 15-1028

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**Conclusion**

Funds are sufficient in the proposed FY 2005 budget and financial plan to implement the proposed amendment in the nature of a substitute to the Ballpark Omnibus Financing and Revenue Act of 2004. For FY 2006 through FY 2008, funds will be included in the District’s FY 2006 budget request to cover implementation expenses that will be incurred by the Office of Tax and Revenue.

This fiscal impact statement Addendum supplements the two prior fiscal impact statements on this bill dated October 27, 2004 and November 30, 2004. (Copies of the prior fiscal impact statements are attached.)

**Background**

The proposed amendment in the nature of a substitute to the “Ballpark Omnibus Financing and Revenue Act of 2004” contains a number of changes to the earlier versions of the bill.

The bill requires the CFO to request and evaluate private financing plans aimed at reducing the amount of the City’s contribution to the cost of building a new baseball stadium. The legislation also creates a Baseball Financing Review Fund into which will be deposited fees associated with submitting proposals.

The bill also requires the CFO to re-estimate the costs to the District for land acquisition and infrastructure related to the Southeast site. If the total amount of the re-estimated costs to the District exceeds the CFO's November 8, 2004 estimate by \$100 million or more, the Southeast site will be deemed unavailable.

The amendment in the nature of a substitute also eliminates \$30 million in initial funding for the Community Benefit Fund and removes the authorization to use monies in the Ballpark Revenue Fund in excess of the debt service to issue additional bonds.

### **Financial Plan Impacts**

The provisions included in the December 14, 2004 amendment in the nature of a substitute will create impacts on the budget. However, the full extent of all of these impacts cannot be measured at this time.

Impact of a new TIF area on the General Fund – To the extent that there are additional funds generated by new development, these funds will no longer be available to the General Fund. At this point the extent of available new dollars is not known nor is it known when these new dollars might be available.

OTR Administration – The Office of Tax and Revenue will need additional legislative authority to require sales taxpayers doing business within any tax increment finance district in the city to file taxes electronically and to impose penalties for non-compliance with this requirement. The District currently imposes this requirement for existing TIF districts. OTR is able to administer this requirement with existing resources, but will require additional funds and staff to take into account a larger TIF area. OTR estimates these costs to be \$800,000 in the first year and \$680,000 each year thereafter. FY 2005 funding will be covered as part of the stadium development costs. For FY 2006, these funds will be included in the District's budget request. In the first year of enactment, OTR will need to develop new tax forms, re-program their tax administration systems, re-train their returns processing and customer service staff, develop new audit and collections procedures, and modify accounting procedures to ensure the new tax funds are properly credit to the Special Revenue and Community Benefit Funds. For all future years, OTR will need to answer taxpayer questions, perform audits, collect the taxes, account for all of the taxes collected, and maintain the forms and IT systems.

Failure to meet project completion deadline – According to the Baseball Stadium Agreement, if the Commission does not use reasonable best efforts to complete the stadium by March 1, 2008, the team is entitled to recover from the Commission lost profits derived from private suites, club or other premium seats, parking, concessions, naming rights, and other advertising, signage and sponsorships that would have been available to the Team if it were operating in the new stadium, and costs and expenses incurred by the Team as a result of the missed deadline. However, if the deadline is

missed notwithstanding the Commission's reasonable best efforts, the Team is only entitled to 50 percent of lost ticket tax, sales tax, and other excise tax revenues on ticket sales, parking revenues, food and beverage sales, and merchandise sales after factoring in income received from continued operation at RFK Stadium. At this time, the OCFO cannot estimate this cost.

In summary, funds are sufficient in the proposed FY 2005 budget and financial plan to implement the December 14, 2004 amendment in the nature of a substitute to the Ballpark Omnibus Financing and Revenue Act of 2004. Funds will be included in the District's FY 2006 budget request to cover implementation expenses that will be incurred by the Office of Tax and Revenue.