

**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  
Chief Financial Officer

**DATE:** June 14, 2002

**SUBJECT:** Fiscal Impact Statement: "Square 456 Payment in Lieu of Taxes Emergency Amendment Act of 2002"

**REFERENCE:** Bill 14-703 as Introduced to Amend D.C. Law 14-129

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**Conclusion**

The proposed legislation amends existing law to provide a \$20 million grant financed with general obligation debt. This bill provides a lower cost alternative to the financing provisions of D.C. Law 14-129.

**Background**

The Shakespeare Theatre of Washington D.C. is currently planning to construct a new \$75 million facility to house their operations. The new facility will be an 800-seat live performance stage with all the collateral support areas necessary for such a theater venue. The proposed site is located across the street from the south side of the MCI Center. The Shakespeare Theatre is a District of Columbia 501(c)(3) corporation and has requested assistance to facilitate their construction and improvement plans.

The proposed legislation amends bill 14-458 "Square 456 Payment In lieu of Taxes Act of 2002," (D.C. Law 14-129, effective May 2, 2002). D.C. Law 14-129 would grant a tax abatement on Lots 878 and 880 in Square 456 in exchange for the property owner making payments in lieu of taxes (PILOT) to The Shakespeare Theatre. The total amount of the abatement would be capped at \$30 million if a building permit is issued.

The proposed legislation amends the existing act to substitute a one-time grant of \$20 million in place of the \$30 million PILOT payment authorized in current law. The grant will be funded through general obligation debt.

### **Financial Plan Impact**

The District will earmark \$20 million of general obligation debt as a substitute for the \$30 million PILOT payment. The \$20 million will be provided to the Shakespeare Theatre as a one-time grant for the purposes previously described. The following table presents the impact of the proposed legislation.

<b>Funds Appropriated Through General Obligation Debt</b>				
<b>(\$ in millions)</b>				
<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>4-Year Total</b>
\$20.0	\$0.0	\$0.0	\$0.0	<b>\$20.0</b>