

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: July 1, 2002

SUBJECT: Fiscal Impact Statement: “Freedom Forum Newseum Payment
In Lieu Of Taxation and Real Property Transfer Tax
Exemption Amendment Act of 2002”

REFERENCE: Resolution as Introduced - No Number Available

Conclusion

Combined with the initiative to develop 555 Pennsylvania Avenue, the proposed legislation will result in new Local General Fund revenue. District revenue will increase as assessments are made on the occupied portions of the subject property and taxes are collected.

Background

The proposed legislation approves the negotiated tax incentives between the District of Columbia and Freedom Forum Newseum, Incorporated. The District will recognize the not-for-profit status of Freedom Forum Newseum, Incorporated and implement a payment in lieu of taxation (PILOT) for the area at 555 Pennsylvania Avenue that is used as a museum. The subject property is in Square 491, Lots 826 and 831. The mixed-use nature of the property prevents the District from granting a general exemption to the entire property.

The property is to be exempted from deed recordation and deed transfer taxes as the property is compartmentalized into residences, commercial office space and retail space. However, further transfers of ownership of the condominiumized portions will not be eligible for the deed recordation and deed transfer tax exemption. All portions of the property not used as a museum will be subject to District taxes as they become occupied.

Financial Plan Impact

Funds are sufficient in the FY 2002 budget and the FY 2003 through FY 2006 budget and financial plan because no additional staff or resources will be required. Although the Office of Tax and Revenue will experience operational pressures when administering the provisions of the proposed legislation, staff and resources will be adjusted to accommodate this and other changes to the District tax code.