

**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: JAN -8 2008

SUBJECT: Fiscal Impact Statement: "Arthur Capper/Carrollsborg Public Improvements Revenue Bonds Approval Amendment Act of 2007"

REFERENCE: Bill Number 17-292 (as engrossed)

Conclusion

Funds are sufficient in the proposed FY 2008 through 2011 budget and financial plan to implement the provisions of the proposed legislation.

Background

In October 2006, the Council approved the Capper Carrollsborg PILOT under the Payment in Lieu of Taxes Act of 2004 ("the PILOT Act"). For projects approved by Council under the PILOT Act, tax-exempt properties that would have converted to taxable after a transfer or sale to a private entity instead agree to make PILOT payments equal to the property taxes that would have been paid. These PILOT payments can support debt that is issued to support public infrastructure or other public benefits of the development project.

The proposed amendment adds real property improvements on currently taxable land to the PILOT area. The property owner will pay real property tax on the value of the land. On the improvements to that land, they will pay a new form of subsidy called the PILOT Improvement Payment. The PILOT Improvement Payment is equal to the amount of property tax allocable to the value of those improvements, less the amount dedicated to the repayment of General Obligation Bonds. The amount dedicated to the General Obligation Bonds will be paid by the owner to the general fund. As introduced, the Bill had a fiscal impact; however, as engrossed, the Act includes a revised definition of "PILOT Improvement Payments" which eliminates this fiscal impact.

The proposed legislation also amends the "PILOT Authorization Increase and Arthur Capper/Carrollsborg Public Improvements Revenue Bonds Approval Act of 2006" by:

1. Increasing the overall PILOT debt issuance limit from \$40.2 million to \$55 million to accommodate revised cost of issuance estimates.
2. Establishing the PILOT period at no longer than 30 years.

Financial Plan Impact

Funds are sufficient in the proposed FY 2008 through 2011 budget and financial plan to implement the provisions of the proposed bill.