


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



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: October 16, 2023

SUBJECT: Fiscal Impact Statement – Children’s National Hospital Research and Innovation Campus Equitable Tax Relief Amendment Act of 2023

REFERENCE: Bill B25-71 as introduced on January 26, 2023

Conclusion

Funds are sufficient in the fiscal year 2024 through fiscal year 2027 budget and financial plan to implement the bill.

Background

The existing tax abatement for the Children’s National Hospital and Innovation Research Campus at Walter Reed requires a yearly certification that the developer plans to utilize Small Business Enterprises (SBEs) in its construction of the project. The developer must submit a plan to the Department of Small and Local Business Development (DSLBD) that would have at least 35 percent of the project spending on services (including architectural design services, construction services, or materials) provided by SBEs.¹

If the developer doesn’t submit a plan for each year (or submits a plan that does not meet the 35 percent threshold set out in law), the abatement is repealed for the subsequent year.

The bill eliminates the year-by-year eligibility assessment for the tax abatement, instead calculating compliance with the 35 percent threshold over the entire timeline of the project. The bill also modifies the amount of owed taxes if the threshold is not met. At the end of the project, real property tax owed would be proportionate to the difference between the amount of the qualifying project

¹ If SBEs cannot meet the needs of the needs of the project, the developer may count spending provided by qualified and certified business enterprises as eligible.

The Honorable Phil Mendelson

FIS: "Children's National Hospital Research and Innovation Campus Equitable Tax Relief Amendment Act of 2023," Bill B25-71 as introduced on January 26, 2023

spending and the project spend goal. The bill also expands "project spending on services" to include design, professional, and technical services, construction and trade work, development, renovation, and suppliers.

Financial Plan Impact

There is no fiscal impact of the bill on the fiscal year 2024 through fiscal year 2027 financial plan. The revenue forecasts assume that this property receives an abatement throughout the financial plan period. Changing the terms of the abatement would thus have no effect on revenues.