

**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:** February 2, 2009

**SUBJECT:** Fiscal Impact Statement – “Randall School Development Project Tax Exemption Emergency Act of 2009”

**REFERENCE:** Amendment in the Nature of a Substitute, February 2, 2009

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**Conclusion**

Funds are not sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. Enactment of the proposed legislation would exempt from real property taxation Lot 801 in Square 0643S, known as the Randall School development project. The proposed legislation would result in foregone revenues of approximately \$425,000 in FY 2009 and \$1.8 million over the FY 2009 through FY 2012 period.

Reduced Revenues in the FY 2009-2012 Budget and Financial Plan Randall School Development Project Tax Exemption Emergency Act of 2009				
FY 2009	FY 2010	FY 2011	FY 2012	FY 2009-2012
\$424,556	\$437,473	\$450,777	\$464,480	\$1,777,286

**Background**

The proposed legislation would amend, on an emergency basis, Chapter 10 of Title 47 of the District of Columbia Official Code to provide an abatement of real property taxation for the Randall School development project (hereafter the Project). The Project is owned by the Trustees of the Corcoran Gallery of Art, a nonprofit corporation, and is located in Square 0643S, Lot 801 in Ward 6. The proposed legislation would abate real property taxes for the Project beginning October 1, 2008. The exemption would remain in effect indefinitely or until a certificate of occupancy is issued for any part of the Randall School development project. The

exemption proposed by this legislation would be in addition to, and not in lieu of, any property tax relief received by the Project.

**Financial Plan Impact**

Funds are not sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed legislation would have a fiscal impact in FY 2009 of \$424,556 and would cost \$1,777,286 million in the FY 2009 through FY 2012 financial plan period. The proposed legislation recognizes the revenue impact of the tax exemption and makes its implementation subject to inclusion of the fiscal effect in an approved budget and financial plan.

<b>Total Estimated Fiscal Impact on the Budget and Financial Plan from the Randall School Development Project Tax Abatement Act of 2009</b>					
	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2009-2012</b>
Total Assessed Value <sup>a</sup>	\$23,273,309	\$23,971,508	\$24,690,654	\$25,431,373	
Class 2 Tax Liability <sup>b</sup>	\$424,556	\$437,473	\$450,777	\$464,480	\$1,777,287
<b>Total Fiscal Impact – Reduced Revenues (Value of Abatement)</b>	<b>\$424,556</b>	<b>\$437,473</b>	<b>\$450,777</b>	<b>\$464,480</b>	<b>\$1,777,286</b>

<sup>a</sup> The FY 2009 Total Assessed Value for Square 0643S, Lot 801 is the publicly available assessed value for this property. Property values for this neighborhood have grown on average 17% since 2005; however, given the current state of the real estate market and the national economy, it is assumed that the Randall School property will grow at an average annual rate of 3% between Tax Years 2010 and 2013.

<sup>b</sup> This property is currently classified as Class 2 and taxed at \$1.65/\$100 for the first \$3 million of value and at \$1.85/\$100 for any value above.