

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



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: September 28, 2011

SUBJECT: Fiscal Impact Statement – “Vault Tax Clarification Act of 2011”

REFERENCE: Bill 19-208, Draft Committee Print Shared with the OCFO on
June 22, 2011

Conclusion

Implementation of the proposed legislation would reduce the revenue collections from vault rental fees by \$1,737 in the budget and financial plan period.

Background

The proposed legislation would amend current law¹ to exempt any vault² serving, in whole or in part, real property exempt from taxation under D.C. Official Code § 47-1002(19) from the vault rent³ and to forgive all outstanding vault rentals and other related charges for such vaults as of the effective date of this legislation. The exempt real property specified above includes buildings used for theater, music or dance by a corporation that is not operated for commercial purposes.⁴

¹ D.C. Official Code § 10-1103.04.

² A vault is an underground storage area, which extends beyond the building owner’s property and into a public area.

³ The vault rental fee is calculated as: (the assessed value of the land by square foot as determined by the Office of Tax and Revenue) x (the vault square footage as determined by District Department of Transportation (DDOT)) x (a utilization factor that is applied based on information from DDOT). The current utilization factors are 1.8 percent for vaults with a single level and .45 percent for additional levels.

⁴ D.C. Official Code § 47 -1002(19) Buildings owned by and actually occupied and used for legitimate theater, music, or dance purposes by a corporation which is not organized or operated for commercial purposes or for private gain, which buildings are open to the public, generally, and for admission to which charges may be made to cover the cost of expenses and the real property (and any interest therein) situated on any portion of the lot that is designated, as of October 1, 2003, as lot 878 in square 456 and that is owned, occupied, and used, directly or indirectly through one or more wholly-owned subsidiary organizations, by a legitimate

Financial Plan Impact

Implementation of the proposed legislation would reduce the revenue collections from vault rental fees by \$1,737 in the budget and financial plan period.

Currently three buildings used for theater, music or dance by a not-for-profit corporation are projected to qualify for this proposed exemption from the vault rental fee. However, if additional buildings used for not-for-profit theatre, music or dance purposes in the future qualify for the real property tax exemption, these buildings will also qualify for an exemption from the vault rental fee should they utilize public vault space. OCFO has no projection of new theatres in the District and no projection of associated foregone vault rental payment revenues at this time.

Estimated Fiscal Impact of Bill 19-208 Vault Tax Clarification Act of 2011 FY 2012 - FY 2015						
Square, Lot, and Address	Owner	FY 2012	FY 2013	FY 2014	FY 2015	Total
0241 0128 1501-1509 14th St., NW	Studio Theatre, Inc.	\$150	\$153	\$157	\$161	\$621
1027 0158 1313-1333 H St., NE	Atlas Performing Arts Center	\$25	\$25	\$25	\$25	\$100
1860 0800 Connecticut Ave, NW	Avalon Theatre Project, Inc.	\$254	\$254	\$254	\$254	\$1,016
	Total	\$429	\$432	\$436	\$440	\$1,737

theater company is hereby exempt from all real property taxation so long as the property continues to be so owned and occupied, and used for the exempt purposes described in § 47-1002 (18) and § 47-1002 (19) providing for exemption of certain real properties.