

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




Natwar M. Gandhi
Chief Financial Officer

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CHAIRMAN CROPP

MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: MAY 12 2005

SUBJECT: Fiscal Impact Statement: "Walter Reed Property Tax
Exemption Reconfirmation Act of 2005"

REFERENCE: Bill Number 16-143 as Introduced

Conclusion

The proposed legislation will have no impact on the District's budget and financial plan. No additional staff or resources will be required.

Background

The proposed legislation requires a real property exemption from property described as located in Squares 2734, 2735, and 2949 at the Walter Reed U.S. Army Medical Center. The property to be made exempt is owned by the U.S. Government. The proposed legislation confirms the existing exemption on the subject property which is used for military residential purposes.

The proposed legislation makes permanent existing law¹ that excludes the subject property from real property tax on future improvements, taxation on real property transfer including any fees or interest, deed recordation and transfer taxation or lease.

The U.S. Army intends to establish a limited liability corporation with a civilian partner. The purpose of the LLC is to restore, expand and rent existing facilities to military personnel. Current assumptions find that the U.S. Army would be a 90 percent owner or shareholder of the LLC. Without the proposed legislation the transfer of the subject properties would be subject to deed recordation and deed transfer taxation. The subject

¹ Law 15-197 effective December 7, 2004 and set to expire on July 20, 2005.

property will be on long-term lease to the LLC. When the lease is fully executed or expires, the property will be returned to the U.S. Army. The proposed legislation exempts this future transfer from taxation.

The proposed legislation requires that any portion of the property not occupied by military personnel or that is used for commercial non-military purposes would be subject to local taxation. Any improvements made to the property in excess of existing assessment would become exempt then immune from taxation by the provisions of the proposed legislation.

Financial Plan Impact

The proposed legislation will have no impact on the District's FY 2005 or the Mayor's proposed FY 2006 through FY 2009 budget and financial plan. No additional staff or resources will be required to implement the bill's provisions.