


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:** December 20, 2010

**SUBJECT:** Fiscal Impact Statement – “View 14 Project Economic Development  
Emergency Amendment Act of 2010”

**REFERENCE:** Draft as Shared with the OCFO on December 20, 2010 - No Number

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**Conclusion**

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the proposed legislation. Enactment of the proposed legislation would not have an impact on the District’s budget and financial plan, as its fiscal effect was already incorporated in the District’s budget and financial plan starting FY 2010. However, the proposed amendment would modify current law to allow the total cost of the abatement to exceed the \$5.7 million cap after FY 2016. As result, the total cost of the abatement would increase to \$9.8 million from \$5.7 million, increasing the total costs outside the current budget and financial plan by approximately \$4 million.

**Background**

The proposed subtitle would amend the “View 14 Economic Development Act of 2009”<sup>1</sup> (“Act”) to specify that the \$5.7 million cap on the total amount of real property and sales tax exemptions provided to the “View 14 Project” (hereafter the “Project”), a mixed-use development located on Square 2868, Lot 155 in Ward 1, would apply only between FY 2010 and FY 2016. After FY 2016, there would be no cap on the total exemption amount the Project could receive.

Starting in FY 2010, the Act exempts the developer of the Project from sales tax on the purchase of materials used directly for the construction of the Project. It also exempts the Project from all real property taxes for ten consecutive years, and then from a portion of real property taxes for the

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<sup>1</sup> Effective March 3, 2010 (D.C. Law 18-0111)

following ten years.<sup>2</sup> Under current law, the total combined amount of the sales and real property tax exemption is capped at \$5.7 million over the entire 20 year period. The cap is expected to be reached in FY 2018—eight years after the exemption became effective.

### Financial Plan Impact

Implementation of the proposed subtitle would have no effect on the FY 2011 through FY 2014 budget and financial planning period, as its fiscal effect was already incorporated in the District's budget and financial plan starting FY 2010<sup>3</sup> However, the proposed subtitle would increase costs outside of the budget and financial plan.

Existing law caps the total amount of the exemptions at \$5.7 million, which is expected to be reached in FY 2018. The proposed subtitle would allow the total exemption amount to exceed \$5.7 million after FY 2016. Therefore the total cost of the abatement would increase by approximately \$4 million starting FY 2018, bringing the total value of the abatement to approximately \$9.8 million between FY 2010 and FY 2028.

<b>Estimated Fiscal Impact of Subtitle (VII)(B) - View 14 Project Economic Development Amendment Act of 2010, FY 2010 - FY 2028 ( in thousands)</b>				
	<b>Annual Total</b>	<b>Cumulative</b>	<b>Incorporated into the Financial Plan<sup>1</sup></b>	<b>Net Fiscal Impact</b>
FY 2010	\$1,207	\$1,207	\$1,207	\$0
FY 2011	\$1,244	\$2,450	\$1,244	\$0
FY 2012	\$433	\$2,884	\$433	\$0
FY 2013	\$474	\$3,357	\$474	\$0
FY 2014	\$499	\$3,856	\$499	\$0
FY 2015	\$529	\$4,385	\$529	\$0
FY 2016	\$561	\$4,946	\$561	\$0
FY 2017	\$595	\$5,541	\$595	\$0
FY 2018	\$631	\$6,172	\$159	(\$472)
FY 2019	\$602	\$6,775	\$0	(\$602)
FY 2020	\$568	\$7,343	\$0	(\$568)
FY 2021	\$527	\$7,870	\$0	(\$527)
FY 2022	\$479	\$8,349	\$0	(\$479)
FY 2023	\$423	\$8,772	\$0	(\$423)
FY 2024	\$359	\$9,131	\$0	(\$359)
FY 2025	\$286	\$9,417	\$0	(\$286)
FY 2026	\$202	\$9,619	\$0	(\$202)
FY 2027	\$107	\$9,726	\$0	(\$107)
FY 2028	\$49	\$9,775	\$0	(\$49)
FY 2029	\$0	\$9,775	\$0	\$0
<b>Total</b>	<b>\$9,775</b>	<b>\$9,775</b>	<b>\$5,700</b>	<b>(\$4,075)</b>

<sup>2</sup> Specifically, it would provide a 10 percent increase in property taxes owed each year for an additional ten years until the annual real property taxation reaches 100 percent in FY 2028.

<sup>3</sup> These exemptions were enacted as part of the Fiscal Year 2010 Budget Support Act of 2009 (D.C. Law 18-0111).

The Honorable Vincent C. Gray

FIS: Draft "View 14 Project Economic Development Emergency Amendment Act of 2010," as Shared with the OCFO on December 20, 2010

<sup>1</sup> The fiscal effect for FY 2011 through FY 2014 was incorporated in the FY 2010 budget and the FY 2011 through FY 2014 financial plan