

PUBLIC HEARING

ON

**BILL 18-291, “ARBORETUM PLACE
ECONOMIC DEVELOPMENT ACT OF 2009”**

**Before the
Committee on Finance and Revenue
Council of the District of Columbia**

The Honorable Jack Evans, Chairman

**June 23, 2009, 10:00 a.m.
Room 412, John A. Wilson Building**



**Testimony of Richie McKeithen
Director of Real Property Tax Administration
Office of Tax and Revenue**

**Natwar M. Gandhi
Chief Financial Officer
District of Columbia**

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. I am Richie McKeithen, Director of Real Property Tax Administration for the Office of Tax and Revenue. I am pleased to present testimony on Bill 18-291, “Arboretum Place Economic Development Act of 2009.”

The purpose of this bill is to exempt a parcel of land on Maryland Avenue, N.E. The property would be 100% exempt from property tax for ten years. After the expiration of the first ten years, property taxes would be phased in during a second ten year period. The bill would also exempt the Arboretum Place Project from sales tax on materials used in the construction of the project. Finally, the bill would not prevent the developer from seeking additional tax relief.

The project would consist of 430 condo or apartment units, 4,700 square feet of retail space, and 560 parking spaces. The bill does not include a description of a public purpose and the Clark Realty website describes the project as “Luxury Apartments.” The only way to provide the property tax relief sought by the developer is through legislation.

The bill would result in reduced property tax collections and, as a result, would have a negative fiscal impact. Currently, the property is assessed at \$3.5 million.

Based on this, and without adjusting for the increase in land value after improvements, a rough estimate of the tax abatement would be \$290,000 for the first ten years and \$1,595,000 for the entire 20 years.