

**PUBLIC HEARING ON**  
**Bill 17-0506, “Hecht’s Warehouse Economic Development**  
**Act of 2007”**

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

**The Honorable Jack Evans, Chairman**

**January 25, 2008, 10:00 a.m.**  
**Room 412, John A. Wilson Building**



**Testimony of**  
**John P. Ross**  
**Senior Advisor and Director of Economic Development Finance**  
**Office of the Chief Financial Officer**

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

Good morning, Chairman Evans and Members of the Committee on Finance and Revenue. My name is John Ross, Senior Advisor and Director of Economic Development Finance for the Office of the Chief Financial Officer (OCFO). I am here to testify for the Office of the Chief Financial Officer on Bill 17-0506, the Hecht's Warehouse Economic Development Act of 2007.

The proposed bill would exempt the Hecht's Warehouse Project from sales taxes on building materials used in the construction of the project. It also would freeze the Hecht's Warehouse Property real property taxes at the level paid in 2007 (\$303,190 per year). The property tax freeze would begin in the year in which the development of the project begins and remain in place for ten years. The proposed legislation would limit the total value of both the sales tax exemption and the property tax freeze to \$6 million.

Until we have had the chance to review the proposed project plan, timeline, and construction cost estimates, we cannot calculate a year by

year fiscal impact. However, the total impact over the course of the ten-year period would be \$6 million.

In addition, there are several technical issues with the proposed bill. The bill states that the property tax exemption shall not apply until the year that the developer begins development. The term “development” must be defined in order for the Office of Tax and Revenue to know when the tax exemption begins. Also, the bill states that the property tax exemption shall not be used to reduce the dollar amount of real estate taxes due. If the Council would like the owner to continue to pay a baseline amount of property taxes, they could grant a property tax freeze or credit rather than a property tax exemption.

Thank you for the opportunity to testify. This concludes my testimony and I am happy to answer any questions you have at this time.