

# **PUBLIC HEARING**

**ON**

## **BILL 19-156 “KIPP DC – Shaw Campus Property Tax Exemption Act of 2011”**

**Before the  
Committee on Finance and Revenue**

**The Honorable Jack Evans, Chairman**

**April 13, 2010, 10:00 AM  
John A. Wilson Building, Room 120**



**Testimony of  
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Assistant General Counsel  
Office of Tax and Revenue**

**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. I am Bazil Facchina, Assistant General Counsel, for the Office of Tax and Revenue. I am pleased to present testimony on Bill 19-156, “KIPP DC – Shaw Campus Property Tax Exemption Act of 2011.”

In general, the Bill would add a new section to the District’s tax code exempting the real property located at 421 P St., NW, (Lot 163, Square 510), from real property taxation, including taxation of possessory interests, so long as the real property continues to be owned, or occupied under a ground lease, by KIPP DC or a subsidiary of KIPP DC. Furthermore, any transfer, assignment or other disposition of all or any portion of this property, including, an assignment of leasehold interest in the real property or a sublease of the real property, between KIPP DC and any subsidiary of KIPP DC, shall be exempt from transfer and recordation tax.

The property, also known as the former Scott Montgomery Elementary School, is currently owned by the District of Columbia and is exempt from real property taxation. It appears that the property may be ground leased to KIPP DC or a related entity. The property may also be the subject of a tax-advantaged financing transaction. The arrangements associated with the financing transaction, which appear to be dictated by federal tax rules and business requirements, may

jeopardize the exempt status of KIPP's interest in the property under the otherwise applicable District tax exemption rules. The Bill is intended to allow KIPP to preserve the District tax exemption of its interest in the property. If allowing an exemption from taxation in these circumstances is determined to be good policy, enactment of this Bill is necessary to accomplish this result.

Thank you, Chairman Evans, for the opportunity to comment on this bill. I would be happy to answer any questions at this time.