

PUBLIC ROUNDTABLE

ON

Bill 19-577 “Meridian Public Charter School – Harrison Campus Property Tax Exemptions Amendment Act of 2011”

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

The Honorable Jack Evans, Chairman

**June 25, 2012, 10:00 AM
John A. Wilson Building, Room 500**



**Testimony of
Bazil Facchina
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 19-577, the “Meridian Public Charter School – Harrison Campus Property Tax Exemptions Amendment Act of 2011.”

In general, the Bill would add a new section to the District’s tax code exempting the real property located at 2120 13th St., NW (Lot 814, Square 235), from real property and possessory interest taxation , so long as the real property continues to be owned, or occupied under a ground lease, by Meridian Public Charter School or Meridian-Harrison QALICB. 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 Meridian PCS and Meridian-Harrison QALICB, or a deed of trust with respect to the property to a third party lender, shall be exempt from transfer and recordation tax.

This bill would generally make permanent certain tax relief that has already been provided by emergency and temporary legislation. The property, also known as the former Harrison Elementary School, is currently owned by the District of Columbia and is exempt from real property taxation. It appears that the property

has been ground leased to Meridian PCS. This ground lease has been transferred by Meridian to a related entity, and Meridian plans to occupy the property under a leaseback arrangement. To provide financing for renovation, the property may be the subject of a transaction structured to comply with the requirements of the federal New Markets Tax Credit program. 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 Meridian's interest in the property under the otherwise applicable District tax exemption provisions.

The Bill is intended to eliminate any uncertainty with respect to the tax status of this property and to allow Meridian to maintain a District tax exemption for its interest in the property.

It is recommended that the relief provided by this Bill apply retroactively to September 20, 2011, the date the emergency bill was introduced, so that the permanent law will encompass transactions that have already occurred, some of which may not have been covered by the emergency or temporary legislation.

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