

June 20, 2002

Council of the District of Columbia

PUBLIC HEARING ON BILL 14-703, "PAYMENT IN LIEU OF TAXES AMENDMENT ACT OF 2002"

**Testimony of John Ross, Chief of Operations, Office of Research and Analysis,
before the Committee on Finance and Revenue**

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. My name is John Ross. I am chief of operations in the Office of Research and Analysis. I am here today to testify on behalf of the Office of the Chief Financial Officer (OCFO) on Bill 14-703, the "Payment in Lieu of Taxes Amendment Act of 2002."

The Council passed the "Square 456 Payment in Lieu of Taxes Act of 2002" to assist in the building of a new facility for the Shakespeare Theatre next to the MCI Center. That legislation provided real property tax abatement not to exceed \$30 million over a ten-year period on square 456, lot 878, currently owned by Galapagos 456 LLC, and lot 880, currently owned by 575 7th Street LLC. Payments in lieu of property taxes are to be given to the Shakespeare Theatre. That revenue stream, when monetized, would provide the theatre with a grant of about \$20 million.

Rather than abate the real property tax, the legislation before you allows the OCFO to use \$20 million of general obligation debt money to give the theatre its \$20 million grant. Funding the grant in this way saves the District \$4.1 million over the ten-year period.

I would be pleased to respond to any questions you may have about this bill.