

**PUBLIC ROUNDTABLE ON
BILL 16-385, “BRENTWOOD RETAIL CENTER REAL
PROPERTY TAX EXEMPTION ACT OF 2005”**

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

The Honorable Jack Evans, Chairman

**November 17, 2005, 11:00 a.m.
Council Chambers, Room 500, John A. Wilson Building**



**Testimony of
Martin Skolnik
Director, Real Property Tax Administration
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 Martin Skolnik, Director of the Real Property Tax Administration for the Office of Tax and Revenue (OTR). I am pleased to present testimony today on Bill 16-385, the “Brentwood Retail Center Real Property Tax Exemption Act of 2005.”

The purpose of this bill is to exempt from real property taxation for six years real property located at 1060 Brentwood Road, Northeast, lot 57, square 3848, and identified by Bill 16-385 as the “Brentwood Retail Center.”

Bill 16-385 provides this exemption so long as the property is owned and managed by Brentwood RI, LLC, a District of Columbia limited liability company, is used to develop a commercial and retail center, and the taxpayer meets the following requirements:

- The property must contain at least five retail stores.
- Two of these five stores must be leased to national credit retail stores.
- Construction on this project must begin no later than the end of this year.

The proposed exemption is also subject to Brentwood RI, LLC’s compliance with its commitments to the District’s First Source Agreement and Local, Small, and Disadvantaged Business Enterprises requirements, in accordance with the “Application for Economic Assistance” that Brentwood RI, LLC, filed with the District government.

We have reviewed Bill 16-385. It is our view that had this property applied for an administrative exemption, it would not have been approved, since the purpose is to benefit what appears to be a for-profit commercial enterprise that does not fall within any of the statutory exemptions provided in our Code. Furthermore, while this committee and the Council have authorized exemptions for commercial enterprises in the past, it has done so only on a limited basis for activities that directly advance a public policy concern. As such, OTR will remain diligent in its responsibility to ensure the integrity and even-handedness of the exemption process.

If this committee and the Council do approve Bill 16-385, for administrative simplicity and certainty we recommend that the exemption take effect (the applicable date) at the beginning of a tax year (October 1, 2005). Alternatively, we recommend that the exemption take effect on the first day of the month following the month in which the property title was transferred to Brentwood RI, LLC, to conform this exemption with those of all other real property exemptions granted under OTR's standard administrative exemption process.

In addition, we recommend that the Deputy Mayor for Planning and Economic Development (DMPED) work with OTR to ensure the subject property is in compliance with the terms and conditions of this exemption. In this regard, we ask this committee to consider requiring that the DMPED certify on an annual basis before April 1 of each year that the property continues to qualify for the exemption. OTR is not staffed to verify whether the taxpayer complies with the ongoing conditions for this exemption. For your review I have attached to the written version of my testimony draft language to provide this proposed certification requirement.

Finally, we recommend that the Code section for this exemption be changed to 47-1070, instead of 47-4608 as the bill currently provides, so that the exemption is numbered in sequence with virtually every other real property tax exemption previously authorized by the Council.

Fiscal Impact of Bill 16-385

The Office of Revenue Analysis has determined that funds are sufficient in the FY 2006 through FY 2009 budget and financial plan to implement the proposed legislation.

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

Appendix

Proposed Certification Requirement to be Added to Bill 16-385

In Section 2 of the bill:

1. Add a new subsection (c) to new § 47-1070 to read as follows:
“No later than April 1 of each year, the Deputy Mayor for Economic Development and Planning shall certify to the Deputy Chief Financial Officer for the Office of Tax and Revenue and the Director of its Real Property Tax Administration that the real property subject to exemption under this section continues to qualify for and that Brentwood RI, LLC is in compliance with the requirements of this exemption.”