

**PUBLIC ROUNDTABLE ON
BILL 16-245, “APPALACHIAN STATE UNIVERSITY
REAL PROPERTY TAX EXEMPTION AND EQUITABLE
REAL PROPERTY TAX RELIEF ACT OF 2005”**

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

The Honorable Jack Evans, Chairman

**April 20, 2005, 12:00 p.m.
Room 120, John A. Wilson Building**



**Testimony of
Daniel L. Black, Jr.
Deputy Chief Financial Officer
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 Daniel L. Black, Jr., Deputy Chief Financial Officer for the Office of Tax and Revenue. I am pleased to present testimony today on Bill 16-245, the “Appalachian State University Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 2005.”

The purpose of this bill is to exempt from real property taxation lot 0042 in square 0871 as of October 31, 2003, and to refund real property taxes and recordation and transfer taxes that have been paid since that date. The real property is owned by The Board of Trustees of the Endowment Fund of the Appalachian State University (“Endowment Fund”) by deed acknowledged on October 30, 2003, and recorded on November 20, 2003. The real property is located at 622 - 624 North Carolina Avenue, SE.

On October 31, 2003, the Endowment Fund applied for a real property tax exemption. The exemption was denied on April 13, 2004, and the denial was never appealed to the Superior Court. The six-month statute of limitations for appealing the denial has expired.

The exemption application of the Endowment Fund was denied because endowment funds typically hold property for investment purposes and not for a charitable or other exempt purpose as required by District law. Additionally, the board of trustees of the Endowment Fund is different from the board of trustees of the Appalachian State University, so the owner is not an educational institution using real property for educational purposes as the statute requires. In light of

these limitations, OTR believes the Fund should not enjoy the benefits of exemption from real property tax when the actual use of the real property is for investment purposes – similar to those of real estate developers and other profit-making investors – and does not advance the kind of charitable or other exempt purpose contemplated by District law.

The proposed legislation would result in unbudgeted reductions in local General Fund revenue of approximately \$19,381 in FY 2005.

If the exemption had been granted, the effective date of the exemption would have been December 1, 2003: the first day of the following month from when the deed was recorded. Additionally, transfer taxes from the grantee would have been owed, regardless of whether the exemption had been granted administratively.

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.

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