

**PUBLIC ROUNDTABLE ON  
BILL 16-143, “WALTER REED PROPERTY TAX  
EXEMPTION RECONFIRMATION ACT OF 2005”**

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

**The Honorable Jack Evans, Chairman**

**March 16, 2005, 10:30 a.m.  
Council Chambers, 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 (OTR). I am pleased to present testimony today on Bill 16-143, the “Walter Reed Property Tax Exemption Reconfirmation Act of 2005.”

The purpose of this bill is to exempt from real property taxation land located at the Walter Reed U.S. Army Medical Center, as well as any existing and future improvements. It is our understanding that the U.S. Army wishes to improve or construct military housing on this land, and therefore seeks to maintain the exemption the land currently enjoys for third parties that may construct or otherwise develop this land for the Army.

Exemption from tax is a decision we believe should be carefully considered in light of the impact on District revenues and tax policy precedent. Bill 16-143 provides exemption from real property taxation, including long-term leases, and makes clear that the proposed exemption is tied to “the improvement or construction of military housing.” The Office of the Chief Financial Officer (OCFO) is of the understanding that the Army seeks to privatize this activity by allowing the housing units to be developed by a third party – presumably, a for-profit private entity – pursuant to a longer-term lease agreement between the Army and the developer. However, OTR does not have sufficient information about the subsequent sub-leases between the private developers and the military personnel and/or their families to enable the OCFO to offer its views on the fiscal appropriateness of this proposal. It is, however, our preliminary view that this

arrangement would most likely not qualify for an administrative exemption under OTR's policies and procedures.

In the event the Council moves this proposal forward, we submit our recommendation for one technical correction to clarify the extent to which the exemption applies (attached).

**Fiscal Impact of Bill 16-143**

The OCFO has determined that there would be no fiscal impact on the District's revenues since this parcel of land, as federally owned real property, is already exempt.

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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## **Appendix**

### **Proposed Technical Correction to Bill 16-143**

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The Office of Tax and Revenue has reviewed Bill 16-143 and recommends the following technical correction:

In Section 2 of the bill:

1. In subsection (a), after the clause “on real property or the use thereof,” delete the clause “use and/or possessory interest taxes,” and insert “use and possessory interest taxes.”