

PUBLIC HEARING ON

**New Bethany Baptist Church Real Property Tax
Exemption Act of 2015**

Bill 21-0178

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

The Honorable Jack Evans, Chairman

**January 7, 2016, 10:30 a.m.
Room 120, John A. Wilson Building**



**Testimony of
John P. Ross**

**Senior Advisor and Director of Economic Development Finance
Office of the Chief Financial Officer**

**Jeffrey S. DeWitt
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Evans and Members of the Committee on Finance and Revenue. My name is John Ross, Senior Advisor and Director of Economic Development Finance for the Office of the Chief Financial Officer (OCFO). I am pleased to testify for the Office of the Chief Financial Officer on the New Bethany Baptist Church Real Property Tax Exemption Act of 2015.

The proposed legislation would forgive all real property tax liabilities assessed for tax years 2009 through 2015, and provide an ongoing real property tax exemption for certain parcels owned by the New Bethany Baptist Church in the Shaw neighborhood of the District.

The Church's property includes the church building and a number of parking lots next to and nearby the church. When not in use by the Church, the parking lots are used as public parking to generate additional income for church activities. The Church building and parking supporting religious worship are tax exempt. However, the public parking unrelated to religious worship is not. The assessed value of all of the Church's property is approximately \$8 million. The taxable value of the parking lots is about \$3.9 million. The proposed legislation provides a permanent exemption for all of the Church's property, including the parking lots, regardless of use.

My office examined parking facilities comparable to the Church parking lots in nearby neighborhoods. This market research indicates the Church could earn sufficient revenue to: pay sales and real property taxes related to operating public parking lots; pay off its accrued tax liability over time; and

fund a portion of the Church's operations. As such, EDF finds it is likely the Church could manage parking operations to generate sufficient revenues to fully pay taxes without abatement and continue subsidizing the Church's activities. The OCFO, therefore, finds that the proposed exemption is not necessary.

Fiscal Impact

The exemption is valued at approximately \$3.3 million over the next 30 years. In fiscal year 2016, the cost of the proposed legislation is approximately \$590,000 – this includes \$531,000 of property taxes, interest, penalties and fees forgiven from 2009 to 2015, and a tax exemption worth \$59,000 for tax year 2016.

Thank you for the opportunity to testify. This concludes my testimony and I am happy to answer any questions you have at this time.