

**PUBLIC HEARING**

**ON**

**BILL 18-204, “STUDIO THEATRE HOUSING  
PROPERTY TAX EXEMPTION AND EQUITABLE  
PROPERTY TAX RELIEF ACT OF 2009”**

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

**The Honorable Jack Evans, Chairman**

**May 21, 2009, 10:00 a.m.  
Room 412, John A. Wilson Building**



**Testimony of Richie McKeithen  
Director of 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 Richie McKeithen, Director of Real Property Tax Administration for the Office of Tax and Revenue. I am pleased to present testimony on Bill 18-204, “Studio Theatre Housing Property Tax Exemption and Equitable Property Tax Relief Act of 2009.”

The purpose of this bill is to exempt indefinitely certain real property owned by the Studio Theatre, a non-profit organization, so long as the property is used by the Studio Theatre for housing that supports the non-profit activities of the theatre. These housing parcels are all centrally located within the boundaries of the 1700 block of P Street, N.W., Massachusetts Avenue., N.W., and Corcoran Street., N.W.

In January of 2008 Studio Theatre applied for exemption from real property tax with the Office of Tax and Revenue and was denied. There is an exemption from real property tax in the District’s Tax Code, Exemption 19, for “buildings owned by and actually occupied and used for” theatre.

However, this property is not a theatre; it is housing for guest artists and educators. The Studio Theatre is located at 1501 14<sup>th</sup> Street, N.W. and the theatre building does receive a tax exemption.

Bill 18-204 would grant a real property tax exemption, retroactively to January 1, 2005. It would also require the District to refund all real property tax payments made during this time period, including interest, penalties, fees, and other charges. The tax exemption does not expire and would continue in perpetuity. Additionally, this bill would forgive the recordation tax paid by Studio Theatre on the housing property.

Bill 18-204 would have a negative fiscal impact of approximately \$160,000 this fiscal year and \$25,000 every year after that. Because the proposed property tax exemption does not expire; this would further reduce property tax collections.

**Estimated Fiscal Impact by Fiscal Year**

	<b>2009</b>	<b>2010</b>	<b>2011<sup>c</sup></b>	<b>2012<sup>c</sup></b>	<b>2013<sup>c</sup></b>	<b>5 Year Total</b>
Refunds <sup>a</sup>	\$95,715	\$0	\$0	\$0	\$0	\$95,715
Property Tax <sup>b d</sup>	\$30,855	\$26,821	\$25,480	\$24,206	\$22,996	\$130,360
Recordation Tax	\$35,972	\$0	\$0	\$0	\$0	\$35,972
Total Abatement	\$162,542	\$26,821	\$25,480	\$24,206	\$22,996	\$262,047
<b>Fiscal Impact</b>	<b>\$162,542</b>	<b>\$26,821</b>	<b>\$25,480</b>	<b>\$24,206</b>	<b>\$22,996</b>	<b>\$262,047</b>

<sup>a</sup> Includes all tax payments, including real property taxes, fees, interest, and penalties, paid during FY 2005 through FY 2008.

<sup>b</sup> All lots are classified as residential properties (Class 1) and taxed at a rate of \$0.85 for every \$100 of the assessed value.

<sup>c</sup> The value of the property is expected to decline by 5 percent in FY 2011 and FY 2012.

<sup>d</sup> Includes interest, penalties, and fees owed in FY 2009.

The only way to exempt the housing parcels from real property taxation is through legislation, which Bill 18-204 would accomplish.