

# **PUBLIC HEARING**

**ON**

## **Bill 19-208 “Vault Tax Clarification Act of 2011”**

**Before the  
Committee on Finance and Revenue**

**The Honorable Jack Evans, Chairman**

**June 20, 2011, 10:15 AM  
John A. Wilson Building, Room 120**



**Testimony of  
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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 Bazil Facchina, Assistant General Counsel, for the Office of Tax and Revenue. I am pleased to present testimony on Bill 19-208, the “Vault Tax Clarification Act of 2011.”

In general, the Bill would exempt from the vault rent any vault serving, in whole or part, real property exempt from taxation under D.C. Official Code § 47-1002(19). Subsection 19 exempts "[b]uildings owned by and actually occupied and used for legitimate theater, music, or dance purposes by a corporation which is not organized or operated for commercial purposes or for private gain, which buildings are open to the public, generally, and for admission to which charges may be made to cover the cost of expenses[.]"

In general, exemptions from the vault rent are limited, and this charge is generally imposed with respect to vaults abutting real property that is exempt from real property taxation. If it is determined that exempting vaults serving exempt theatre property is good policy, enactment of this Bill is necessary to accomplish that result.

It should be noted that the Bill will operate prospectively only, and will not affect liabilities for vault rents existing prior to the effective date of the legislation. If the Council desires to grant retrospective relief from vault rents, language

forgiving such liabilities should be included in the Bill. I have attached suggested language to my testimony.

Thank you, Chairman Evans, for the opportunity to comment on this Bill. I would be happy to answer any questions at this time.

## Attachment

“The Council of the District of Columbia orders that all vault rentals, interest, penalties, fees and other related charges assessed with respect to vaults serving in whole, or in part, real property exempt from real property taxation under D.C. Official Code § 47-1002(19) that are unpaid as of the effective date of this Act be forgiven.”