

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF TAX AND REVENUE



Stephen M. Cordi
Deputy Chief Financial Officer

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To the Editor:

The August 13 Washington Post editorial, "Giving away the store" fails to consider several important factors relating to the real property assessment appeal process despite information provided by me in my letter to and a telephone conversation with the editor.

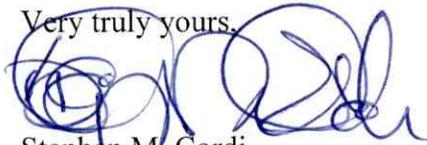
The Washington Post assertion that potential tax revenue from settled cases is somehow lost is inherently incorrect. The notion that initial assessments should be defended at all costs reveals a lack of understanding of the appeals process. The initial assessment is a product of mass appraisal. The assessors are required by law to value the property before the income and expense information from the previous year is available. The assessors are very knowledgeable, but they do not have access to crystal balls.

There has been no policy change as it relates to settlements. The total amount of reductions at the BRPAA level has remained consistent over the last 6 years, averaging \$2.64 billion, with the exception of 2011, which reflected the downturn in the commercial real estate market. The owners of large commercial properties do not need to be reminded to fight their initial assessments. They appeal every year and have done so for decades. The Washington Post's story (dated August 8) significantly overstated the increase in the number of commercial property settlements because it failed to include settlements in years prior to 2012 which were presented to BRPAA in the form of recommendations.

The article also incorrectly assumes that a settlement or stipulation automatically represents a loss to the District. Nothing could be further from the truth. Even in cases where OTR was confident that it would win by proceeding to hearings at BRPAA, 33 percent resulted in reductions in assessed value. In many cases, the taxpayer presents documents that support a lower value than the proposed settlement amount. Rather than risk a greater loss at BRPAA or Superior Court, OTR arrived at reasonable settlements in order to reduce the cost of litigation and preserve the District's tax revenues. Indeed, not only has there been no net loss of real property tax revenues in 2012, but these revenues are projected to increase by more than \$200 million (or 15%).

The Office of Tax and Revenue is charged with not only with being an aggressive taxing agency, but one that is fair and equitable as well. Taxing property owners based on an initial assessment that did not take into consideration all of the relevant information would be an injustice. For the tax office to be called a "pushover" by someone who clearly lacks understanding of the appeals process and who further incorrectly links initial assessment values to lost city services is irresponsible. I assure you that commercial property owners and their representatives do not agree with your characterizations.

Very truly yours,



Stephen M. Cordi
Deputy Chief Financial Officer