

PUBLIC HEARING ON

**Bill 23-564, “Modification of the Freedom Forum, Inc. Real
Property Tax Exemption and Equitable Real Property Tax Relief
Act of 2004 Amendment Act of 2019”**

**Before the
Committee on Business and Economic Development
Council of the District of Columbia**

The Honorable Kenyan R. McDuffie, Chairperson

January 2, 2020

10:00 AM

John A. Wilson Building, Room 120



Testimony of

Nate Cruz

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Office of the Chief Financial Officer

Jeffrey S. DeWitt

Chief Financial Officer

Government of the District of Columbia

Good morning Chairperson McDuffie and members of the Committee on Business and Economic Development. My name is Nate Cruz, Associate Treasurer for Economic Development Finance in the Office of the Chief Financial Officer. I am pleased to testify on Bill 23-564, “Modification of the Freedom Forum, Inc. Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 2004 Amendment Act of 2019”.

The Freedom Forum is a nonprofit organization dedicated to educating the public about the role of a free press in a democratic society. In 2000, Freedom Forum agreed to relocate its offices and museum from Arlington, Virginia to District owned property at the intersection of 6th Street and Pennsylvania Ave, NW. In order to facilitate the relocation, the District took the three actions that are relevant to the proposed legislation:

1. The District sold the property to Freedom Forum with a Land Use Restriction Agreement (LURA) which restricts use of the property to a museum, a restaurant, and apartments;
2. The District, along with the Freedom Forum, executed a Payment in Lieu of Taxes (PILOT) Agreement which specified that the site had to generate at least \$2 million in property and sales taxes, and further required that subsequent owners of the property pay

real property tax regardless of any exemptions available to them;

and

3. The D.C. Council approved the Freedom Forum, Inc. Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 2004 which exempted the property from taxation subject to the terms of the LURA and PILOT Agreement.

The Freedom Forum now intends to cease operations and sell the entire property to Johns Hopkins University, which intends to renovate the museum portion into academic space, but leave the existing apartments and restaurant as currently used. In order to authorize an academic use on the site and further allow a administrative property tax exemption for the site's academic use, the proposed legislation amends existing law by removing the requirement to comply with the LURA and PILOT Agreement once the property is sold to Johns Hopkins University.

As stated in the Fiscal Impact Statement issued by the Office of the Chief Financial Officer, funds are sufficient in the the Fiscal Year 2020 through 2023 budget and financial plan to implement the bill.

Thank you for the opportunity to testify. I am happy to answer any questions you have at this time.