

PUBLIC HEARING ON

Bill 19-1035

**Washington Latin Public Charter School Campus Property
Tax Exemption Act of 2012**

**Before the
Committee on Finance and Revenue
Council of the District of Columbia
Councilmember Jack Evans, Chairman**

March 11, 2013

10:00 AM

John A. Wilson Building, Room 120



**Testimony of
John Ross**

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

**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 John Ross, Senior Advisor and Director of Economic Development Finance for the Chief Financial Officer (OCFO). I am pleased to testify today on behalf of the CFO on the “Washington Latin Public Charter School Campus Property Tax Exemption Act of 2012.”

The proposed legislation would permanently exempt the property located in Square 3327, Lot 800 from possessory interest and deed recordation and transfer taxes as long as the property continues to be owned or occupied under a ground lease by Washington Latin Public Charter School (Washington Latin) or its affiliate, Latin Rudolph QALICB, LLC.

Washington Latin was awarded the Rudolph School site through a District-run competitive bid process for District charter schools. The Rudolph School site is in significant disrepair, and as such, Washington Latin will be undertaking extensive renovations. To finance the renovations, the school is securing the majority of its financing through the federal New Market Tax Credit (NMTC) program. As required by the NMTC program, Washington Latin is creating an entity called Latin Rudolph QALICB, LLC (Latin LLC). This pass-through entity could make Washington Latin, which would

otherwise be eligible for tax exemptions or rebates under existing District law, subject to possessory interest and deed recordation and transfer taxes.

The Exemptions and Abatements Information Requirements Act of 2011 requires the OCFO to undertake a financial analysis of all proposed tax abatement legislation. Based on the analysis of Washington Latin's financial statements, projected cash flows, and loan documents, the OCFO has determined that the proposed tax abatement is necessary if the District would like to support Washington Latin in its mission to operate a charter school at the Rudolph School site. The imposition of possessory interest and deed recordation and transfer taxes on the new property would hinder the school from completing critical renovations in a timely manner.

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the provisions of the bill.

In addition, attached to my testimony please find suggested revisions to the legislation.

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