PUBLIC HEARING

ON

The "EC 12 Economic Development Act of 2008"

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

July 2, 2008, 10:00 am
John A. Wilson Building, Room 120

Testimony of
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Chief Financial Officer
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Good morning Chairman Evans and members of the Committee on Finance and Revenue. I am John Ross, Senior Advisor to the Chief Financial Officer for Economic Development Finance. I am pleased to testify today on behalf of the CFO on the "EC 12 Economic Development Act of 2008."

The EC 12 project is the reconstruction of a vacant firehouse located at 1626 North Capitol Street, NW into a restaurant, parking, and other ancillary improvements. In July 2006, the Council approved a resolution authorizing the Mayor to sell the firehouse to NC Firehouse, LLC for $600,000. The resolution required NC Firehouse, LLC to restore the property, and to develop a full service sit-down restaurant, ground floor retail space and cultural space available to the public. NC Firehouse, LLC closed on the property in March 2008.

The "EC 12 Economic Development Act of 2008" would grant a 10 year exemption from real property taxes to the EC 12 property. The legislation also would grant the EC 12 project an exemption from sales taxes on construction materials used during the rehabilitation. The value of both exemptions may not exceed $6 million in total. The bill does not outline the justification for the exemptions.

Since the property is privately owned, it is currently taxable. The proposed legislation would have a fiscal impact of approximately $7,500 in FY 2008 and approximately $311,000 in FY 2009 through FY 2012. We are currently working to finalize the Fiscal Impact Statement for this bill.

Thank you for the opportunity to testify. I would be pleased to answer any questions you may have.