

A BILL

IN THE COUNCIL OF DISTRICT OF COLUMBIA

To declare the existence of an emergency with the respect to the need to amend Chapter 10 of Title 47 of the District of Columbia Official Code to provide a real property tax exemption to the properties designated as square 2950, lots 824 and 826 and to provide recordation and transfer tax exemptions for documents recorded with respect to such properties.

Sec. 2(a) In 2016, Children’s National Medical Center (“Children’s Hospital”) received approximately 11.85 acres of land and buildings from the Department of the Army through an act of Congress. The property was conveyed with a restriction in the deed limiting its use to public health purposes, including research, with requirement that the property be owned by Children’s Hospital, an affiliate of Children’s Hospital, or another tax-exempt organization.

(b) Children’s Hospital plans to develop square 2950, lots 824 and 826 (“Property”) in multiple phases over several years, as the Children’s National Research & Innovation Campus (“CNRIC”). CNRIC will pursue opportunities in pediatric genomic and precision medicine, anchored by partners including JLABS, Virginia Tech, and its Center for Genetic Medicine Research, Rare Disease Institute and molecular clinical lab. Children’s Hospital, a non-profit children’s hospital formed Children’s National at Walter Reed, LLC (“CNWR”), and CNWR is a wholly-owned subsidiary of Children’s Hospital.

(c) The Property is located in a census tract that makes it eligible for federal New Markets Tax Credits (“NMTC”) and Opportunity Zone financing, and certain buildings on the Property are eligible for federal Historic Tax Credits (“HTC”).

(d) To secure the federal tax credit financing, CNWR entered into a ground lease with Building 52/53 LLC for Square 2950, future Lot 824 and Building 54 LLC for Square 2950, future Lot 826 (both lots are currently part of Square 2950, Lot 808).

41 (e) Pursuant to federal tax credit requirements and in anticipation of federal tax credit
42 financing, Children’s Hospital formed two additional limited liability companies, one for each
43 parcel in Phase 1, Building 52/53 NMTC Borrower LLC (“Building 52/53 LLC”) and Building
44 54 NMTC Borrower LLC (“Building 54 LLC”). CNWR is the managing entity and is the 90%
45 owner of both LLCs. The tax credit investors would own the remaining 10%.

46 (f) If the proposed leases to Building 52/53 LLC and Building 54 LLC result in the
47 Property being subject to real property taxes, CNWR would be liable for real property taxes
48 annually for the duration of the ground leases. Children’s Hospital has stated that it created the
49 additional entities to take advantage of the federal tax credit financing.

50 (g) On July 9, 2019, Council passed Bill 23-0330, the “Children's Hospital Research and
51 Innovation Campus Phase 1 Temporary Amendment Act of 2019,” which provided a real
52 property exemption on the Properties. Bill 23-0330 will expire on April 23, 2020.

53 (h) On December 11, 2019, Bill 23-0577, the “Children's Hospital Research and
54 Innovation Campus Equitable Tax Relief Act of 2019” was introduced by Councilmember
55 Brandon Todd at the Office of the Secretary and was referred to the Committee on Business and
56 Economic Development on December 17, 2019. The Committee on Business and Economic
57 Development held a public hearing on Bill 23-0577 on March 10, 2020. On March 11, 2020, the
58 Mayor issued Orders 2020-045 and 2020-046, which, respectively, declared a public emergency
59 and public health emergency in the District of Columbia.

60 (i) An emergency exists because for Children’s Hospital to leverage the federal tax credit
61 financing options available to complete the development of its research and innovation campus,
62 the Property needs to retain its current tax exemption, and the real property exemption authorized
63 by Bill 23-0330 will expire on April 23, 2020 and its vital that the emergency provisions in the
64 temporary act remain in place.

65 Sec. 3. The Council of the District of Columbia determines that the circumstances
66 enumerated in section 2 constitute emergency circumstances making it necessary that the
67 Children’s Hospital Research and Innovation Campus Equitable Tax Relief Emergency
68 Declaration Resolution Act of 2020 be adopted after a single reading.

69 Sec. 4. This resolution shall take effect immediately.

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