Government of the District of Columbia
Office of the Chief Financial Officer

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TAX ABATEMENT FINANCIAL ANALYSIS

TO:	**The Honorable Muriel Bowser** **Mayor, District of Columbia** **The Honorable Phil Mendelson** **Chairman, Council of the District of Columbia**
FROM:	**Glen M. Lee** **Chief Financial Officer**
DATE:	**July 24, 2025**
SUBJECT:	**Tax Abatement Financial Analysis - "Robert F. Kennedy Campus Redevelopment Act of 2025"**
REFERENCE:	**Bill 26-0288**

Findings

The "Robert F. Kennedy Campus Redevelopment Act of 2025" (the "Bill") would, among other things, provide certain tax exemptions in connection with the proposed development of a new football stadium and ancillary facilities on the RFK Campus (the "Stadium Project"). The Bill authorizes the lease of the RFK Campus to Pro-Football LLC (the "Team" or the "Commanders") and its affiliates (collectively, the "Master Developer"). The Master Developer will construct and operate an approximately 65,000-seat stadium (the "Stadium") and its parking facilities with approximately 8,200 spaces, as well as other residential and commercial facilities on the RFK Campus. The Bill provides exemptions from the following: (a) real property or possessory interest tax on the Stadium and parking facilities serving the Stadium, (b) deed recordation taxes associated with the Developer's leasehold interest in the Stadium and the parking facilities, (c) sales and use taxes for parking charges at Stadium-serving facilities subject to a lease between the District and the Master Developer, and (d) taxes on the sale of Personal Seat Licenses ("PSLs") for National Football League ("NFL") home games.

The Office of the Chief Financial Officer ("OCFO") finds that the tax exemptions as proposed in the Bill are not financially necessary for the Team to continue to operate as a business entity, based on the financial impact to the Stadium and parking facilities, the anticipated increase in the team's value from the Stadium, and the Team's commitment to addressing remaining funding gaps with equity. However, without the exemptions, the taxes imposed would be considered exceptionally high relative to other recent NFL stadium deals, which may be considered by the team in its relocation decision. The OCFO is unable to determine the amount of tax exemption necessary to serve as an adequate economic incentive to prevent the Team from exploring a stadium agreement elsewhere.

Background

On April 28, 2025, the Mayor announced a deal with the Team to build a new football stadium for the Commanders and to redevelop portions of the RFK Campus. The deal terms are summarized in an executed term sheet (the "Term Sheet") between the District of Columbia (the "District") and the Team. The Bill, originally introduced by the Mayor as a subtitle of the Fiscal Year 2026 Budget Support Act of 2025, incorporates aspects of the proposed terms that require enactment of legislation.

The property described as the RFK Campus is an approximately 180-acre property owned by the United States Government, which transferred jurisdiction to the District in January 2025. The Term Sheet stipulates the provisions of the agreement between the District and Master Developer pertaining to several leased parcels at the RFK Campus. The Master Developer will redevelop these leased parcels consistent with the Term Sheet provisions and the agreements that follow. In the first phase of the Stadium Project, the Master Developer will build an approximately 65,000 seat, state-of-the-art Stadium, standalone structures for Stadium parking, and Team administrative offices on the leased parcels. Subsequent phases of the Stadium Project will include additional parking structures to replace the interim surface parking that will be available to the Master Developer at the time of the Stadium opening. Through sublease arrangements with development partners, mixed-use development will be constructed on certain parcels (not subject to the requested exemptions) surrounding the Stadium. District leases will be conveyed for an annual rent of $1.00. The District will retain ownership of the Stadium and parking facilities, while the Master Developer will be responsible for constructing, operating and maintaining them. The Master Developer will have the right to receive and retain all operating revenues generated at the Stadium and Stadium parking facilities.

Other elements of the Term Sheet specify details of the financing arrangements for the Stadium Project, including the District's financial contributions. Specifically, the District will contribute capital funds toward the construction of parking garages, public infrastructure and Stadium site infrastructure.

Financial Analysis

The Exemptions and Abatements Information Requirements Act of 2011 requires the analysis provided by the OCFO to contain certain information. The required information is included below.

(A) Terms of the Exemptions

The "Robert F. Kennedy Campus Redevelopment Act of 2025" provides exemptions from the following taxes.

1. *Real property tax and possessory interest tax.* The Bill would exempt each parcel and improvement on the RFK Campus on which the Stadium and standalone parking facilities that serve the Stadium are constructed or will be constructed, as long as the leases are in effect. According to the Team, the leases for the Stadium and parking facilities are expected to be effective at the start of the construction period, targeted for early in calendar year 2027, to be ready for occupancy in 2030. The initial term of the leases is 30 years following substantial completion of the Stadium, with four 5-year extension terms available.

2. *Deed recordation tax.* The Bill would exempt deeds, including the leases, for the parcels on which the Stadium and stand-alone parking facilities that serve the Stadium are constructed or will be constructed from deed recordation taxes. Absent the exemption, the Master Developer will have liability for recordation taxes when the leases are executed and recorded.

3. *Sales and use tax exemption on Personal Seat License* (PSL) *sales.* The Master Developer will sell PSLs to future season ticket holders during the Stadium construction period in exchange for the right to purchase season tickets to Commanders games and as a partial pre-payment on season tickets. The proceeds from the one-time sale of PSLs will be contributed to the funding sources for the construction of the Stadium.[1] The Bill would exempt the gross receipts from the sale of or charges for PSLs from sales and use tax that would ordinarily be applicable to tickets sold for admission to sporting events, including the additional 4.25% tax on tickets authorized by the Bill.

4. *Parking sales and use tax exemption.* The Bill would exempt the gross receipts from the sale of or charges for the service of parking (or storing motor vehicles) on the RFK Campus, where parking is provided on land leased by the District to the Master Developer. Parking revenue would commence and would be taxed once parking facilities (including interim parking) are available. The exemption would last for the term of the leases.

(B) Value of the Exemption

Table 1 below summarizes the estimated value of the proposed exemptions by type. The estimated value is $61.3 million during the financial plan period (FY 2027-2029) with a total value of $1.48 billion through FY 2059, which is the anticipated end of the initial term of the leases. [2]

[1] The Bill authorizes the District to sell Stadium seat rights to the Master Developer and apply proceeds of the purchase price to stadium construction costs, per NFL rules. The Master Developer will use the seat rights to sell PSLs to fans, and any proceeds in excess of the cost to purchase the Stadium Seat Rights will be applied to construction costs, per NFL rules.

[2] The exemptions would be extended if the leases remain in effect by exercising the optional extension periods.

Table 1: Estimated Value of the Proposed Tax Exemptions ($ Millions)

Tax Exemption	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	TOTAL FY 2025-2029	Total FY 2030-2059	TOTAL VALUE THROUGH FY 2059
Real Property or Possessory Interest Tax – Stadium and Underlying Land	-	-	0.71	0.71	0.71	2.13	1,159.40	1,161.53
Real Property or Possessory Interest Tax - Parking Facilities and Underlying Land	-	-	0.38	0.38	0.38	1.15	191.78	192.94
Deed Recordation Tax	-	-	0.45	-	-	0.45	-	0.45
Sales and Use Tax on Personal Seat Licenses	-	-	13.09	21.68	22.83	57.60	4.27	61.88
Sales and Use Tax on Parking	-	-	-	-	-	-	65.40	65.40
Total	**-**	**-**	**$14.63**	**$22.78**	**$23.93**	**$61.34**	**$1,420.85**	**$1,482.19**

Prior to completion and use of the Stadium, expected in 2030, the exempted taxes would include: (1) deed recordation taxes at the time that the Stadium and parking leases are recorded,[3] and (2) possessory interest taxes[4][5][6] on the leased land on which the Stadium and parking facilities are constructed. Real property taxes during the construction period are not considered because improvements under construction are generally not assessed until substantial construction has occurred. Tax liability on PSL sales would occur at the time of sale. The estimate assumes the Team's PSL sales[7] would occur in tranches throughout the construction period until the opening of the Stadium.

Upon completion of the Stadium, the estimate increases the value of the exempted possessory interest taxes to include the leasehold value of the Stadium and parking improvements.[8] Exemption

[3] The consideration value was determined by allocating proportionally the value of existing RFK Campus tax lot (SSL 1128 0805) to the parcels subject to this abatement.

[4] The estimate is applicable only if the general real property tax exemption for District- owned real property per D.C. Official Code § 47-1002(1), (2) is not applicable.

[5] The assessed values used to calculate possessory interest tax was estimated to be i) land value only for the period between lease execution and substantial completion of the Stadium and parking, and ii) combined land value and replacement cost of the Stadium and parking facilities thereafter. Assessed value inflation was assumed to be 0% for the duration of the Term.

[6] While the Stadium was assessed using conventional methods for real property (e.g. construction cost), the Stadium's scale, unique use and lack of comparable improvements that are fully taxable results in a lack of precedent for this estimate.

[7] Sales taxes on PLSs are based on the Team's preliminary estimate of PSL gross receipts.

[8] The exemption would apply to parking facility improvements owned by the Master Developer.

values include the estimated sales and use taxes imposed on charges that the Master Developer receives for motor vehicle parking on the RFK Campus once the Stadium is operational. [9]

Note that since the Stadium site – as federally owned land – is currently tax-exempt, there is no revenue loss (i.e. revenue currently being collected that the District would forego) with these proposed abatements.

The Exemptions and Abatements Information Requirements Act of 2011 requires certain information from the Applicant pertaining to political contributions and contracts held by the Applicant if the total estimated value of the abatement or exemption is $250,000 or more. According to the Applicant, it has not made any political contributions since the introduction of the Bill nor does the Applicant hold any contracts with the District other than the Term Sheet.

(C) Purpose of the Abatement

According to the Team, the exemptions included in the Bill will provide an incentive for the Master Developer to build the Stadium Project and to host all home games of the Commanders along with other large-scale programming and events. The exemptions are needed, according to the Team, to offset the greater costs of building a new stadium and parking on the RFK Campus compared to other potential venues in Maryland and Virginia.

(D) Summary of the Proposed Community Benefits

The community benefits described by the Team are provided in Attachment A.

(E) Financial Analysis and Advisory Opinion

The OCFO's Office of Finance and Treasury reviewed information provided by the Team pertaining to the ownership structure and financial projections for the Stadium and parking garages. This was supplemented with interviews and explanations from the Team's senior staff, as well as market research and consultation with sports facility advisors. However, financial information for the parent company of the Master Developer – which is owned by a consortium of investors and can be a source of equity for these projects – was unable to be disclosed due to NFL restrictions.

The relevant tax exemptions for the Stadium and parking facilities are described separately, and their analyses are as follows.

Parking Facilities: Applicable tax exemptions for the parking facilities include: (1) Real property tax and possessory interest tax exemption for parking facilities (land and improvements) provided by

[9] The value is based on parking revenue from the NFL games and approximately 20 projected additional Stadium events that would fill the approximately 8,200 parking spaces available. The estimate does not include parking charges for smaller events at the Stadium or for non-event uses such as commuter parking. The estimate assumes that the Master Developer will not construct other non-Stadium parking facilities for which it could charge fees.

the Bill, (2) Deed recordation tax exemption for the lease of the parking facilities, and (3) Sales and use tax exemption.

- *Real Property/Possessory Interest and Deed Recordation Tax Exemptions for Parking Facilities (Exemptions 1 & 2):* Assuming that the general real property tax exemption for Federal or District-owned real property is not applicable,[10] the real property tax exemption provided in the Bill would provide the exemption for this real property. The real property, possessory interest and deed recordation taxes on the underlying land for the parking facilities represent a very small share of the Master Developer's overall expected cost outlay of the Stadium and parking facilities during the construction period – estimated to be less than 0.5% - and should be able to be absorbed by the Master Developer. Given the District's subsidy of the capital costs of structured Stadium parking, the reduction in revenue caused by the imposition of real property and possessory interest taxes is not expected to cause the construction and operation of parking to be financially infeasible.

- *Parking Sales and Use Tax Exemption (Exemption 3):* According to the Team, the 8,200 parking spaces provided for the 65,000-seat Stadium represent one of the lowest parking numbers compared to other NFL stadiums. Sales taxes are ultimately paid by the purchaser and collected by the seller of the goods or service (in this case, the entity managing the facility for the Master Developer or, potentially, an online marketplace facilitator). The sales tax raises the total price paid by the consumer, but because the number of parking spaces is limited, and demand for parking is anticipated to be strong, the Master Developer is likely to be able to pass on the 18 percent tax with little or no pressure for reduction of parking charges. This means that the consumer would largely absorb the additional cost of the sales tax imposition if not exempted. Furthermore, given the District's subsidy of the capital costs of structured Stadium parking, any reduction in revenue caused by the imposition of sales tax is not expected to cause the construction and operation of parking to be financially infeasible.

Consequently, the OCFO has determined that the exemptions for real property and possessory interest, deed recordation and parking sales tax are not financially necessary for the Master Developer to build, lease or operate the parking facilities.

Stadium: Applicable tax exemptions for the Stadium include: (4) Real property tax and possessory interest tax exemption for Stadium (land and improvements), (5) Deed recordation tax exemption for the Stadium lease, and (6) PSL sales tax exemption.

- *Real Property/Possessory Interest and Deed Recordation Tax Exemptions for the Stadium (Exemptions 4 & 5):* If the general real property tax exemption for District- owned real property[11] is not applicable to the Stadium, then the real property tax exemption provided by the Bill would be the basis for exemption of the Stadium. Assuming the Stadium is assessed at its replacement cost, the annual value of its tax exemption is estimated to be approximately

[10] D.C. Official Code § 47-1002(1), (2).

[11] D.C. Official Code § 47-1002(2) (exempting from real property tax "[p]roperty belonging to the District of Columbia and used for governmental purposes (as determined by the Mayor), unless otherwise provided by law".

$50.4 million. Should the Master Developer be liable for this tax, it could widen the capital funding gap for the Stadium by an estimated $400-$500 million, based on the reduced amount of debt that Stadium revenues could support.

- *PSL Sales Tax Exemption (Exemption 6):* The price for PSLs generally depends on the size, affluence and fanbase of the local market. Their offering price will likely be determined after additional in-depth evaluation of a "market clearing" price. Therefore, a sales tax on a PSL, incorporated into the offering price, should result in a commensurate reduction in price and PSL revenue to the Team. Estimates suggest an 11.25 percent sales tax could widen the capital funding gap by about $50-$55 million. However, OCFO discussions with sports facility advisors indicate it is currently difficult to project PSL revenue with much accuracy, as many recent NFL stadiums in comparable cities have raised more PSL revenue than what the Team is projecting.

Short of any additional public financing, the Team – likely using equity from the parent company – would be responsible for filling in any Stadium funding gaps with additional equity. The financial decisions of sports team owners may be driven by non-monetary benefits (e.g. prestige, civic responsibility), indirect monetary benefits (e.g. strategic overlap with other business interests or tax advantages), and return on investment. One of the key determinants of return on investment is the long-term appreciation of the sports team's value. According to Forbes, NFL team valuations have increased on average 298 percent over the last decade.[12] The Commanders were valued at $6.25 billion in 2024 in connection with their current stadium in Landover, MD.[13] This represents a $200 million increase over its transaction price a year earlier. If completed, the new Commanders Stadium is intended to be one of the premier stadiums in the country and would include many optional features to enhance the fan experience, increase revenue and likely raise the Team valuation. This, in turn, would help close the funding gap created by the tax liability, augmented by the Team's real estate development rights around the Stadium. Based on these factors, along with the commitment from the parent company to resolve remaining funding gaps with equity, the OCFO believes the Master Developer has the financial capability to cover the Stadium's real property and possessory interest, deed recordation, and PSL sales tax liabilities.

While the OCFO concludes that the tax exemptions are not financially necessary for the Master Developer to operate as a going concern under the proposed agreement, the purpose of this legislation is to provide an incentive to locate the Stadium and Team at the site. Without exception, construction of every new NFL stadium developed since 2009 included use of certain forms of public financing and tax incentives to attract and retain NFL franchises. Nearly all recent NFL stadiums have received real property tax exemptions, and stadiums that have not been so exempted often make payments far less than under a tax assessment conventionally based on a replacement cost. Based on OCFO discussions with sports facility advisors, the annual amount of estimated tax liability the Team would need to cover without these exemptions would be exceptionally high compared to the tax

[12] "NBA Franchises Outpacing NFL Teams in Value Growth, Forbes Finds". Sports Illustrated, 2024 https://www.si.com/nba/nba-franchises-outpacing-nfl-teams-in-value-growth-forbes-list

[13] "The NFL's Most Valuable Teams 2024" Forbes, 2024. https://www.forbes.com/sites/justinteitelbaum/2024/08/29/the-nfls-most-valuable-teams-2024/

liability from other recent NFL deals, if the general real property tax exemption for District-owned property were not to apply. As tax exemptions have been customary in recent NFL stadium deals, the lack of an exemption would be appropriately considered by a team in making a decision to locate in the District. However, the OCFO is unable to determine the amount of exemption necessary to prevent the Team from exploring a stadium agreement elsewhere.

Conclusion

The OCFO finds that the tax exemptions as proposed in the Bill are not financially necessary for the Team to continue to operate as a business entity, based on the financial impact to the Stadium and parking facilities, the anticipated increase in the team's value from the Stadium, and the Team's commitment to addressing remaining funding gaps with equity. However, as an economic incentive for relocating the Stadium to the District, the OCFO is unable to determine the amount of tax exemption necessary to prevent the Team from exploring a relocation agreement elsewhere.

Attachment A: Team's Summary of Community Benefits
(according to the Applicant)

Total Stadium Investment by the Washington Commanders: $2,700,000,000

- $2.7 billion for vertical construction of the roofed stadium – the largest, single private investment in the District's history.

Projected Stadium Tax Benefits / Revenue:

- In Year 1:
    - $1.3 billion gross stadium revenues in 2030
        - 57% of this revenue will be net new to DC
    - In 2030, anticipated annual revenue stadium impacts are:
        - $800.3 million direct spending
        - $1.1 billion total output
    - In 2030, anticipated annual stadium fiscal impacts are: $63.7 million, which includes:
        - $15.8 million in income taxes
        - $2 million in hotel taxes
- Over the life of the project:
    - Net new stadium impacts:
        - $14.9 billion in direct spending
        - $20.6 billion in total output
        - 14,000 construction jobs
        - $3.9 billion personal earnings
    - Stadium fiscal impacts: the total tax revenues are: $2.4 billion
        - $753.8 million in sales and food and beverage taxes
        - $958.1 million in ticket taxes
        - $609.4 million in income taxes
        - $88.7 million in hotel taxes

Total Parking Investment: $329 million

- Combination of Commanders and Events DC funding for multiple parking garages on Day 1.
- At full buildout, the campus will have approximately 8,000 parking spaces for Game Day and everyday.

Total Jobs Created From the Stadium and Parking: 16,000

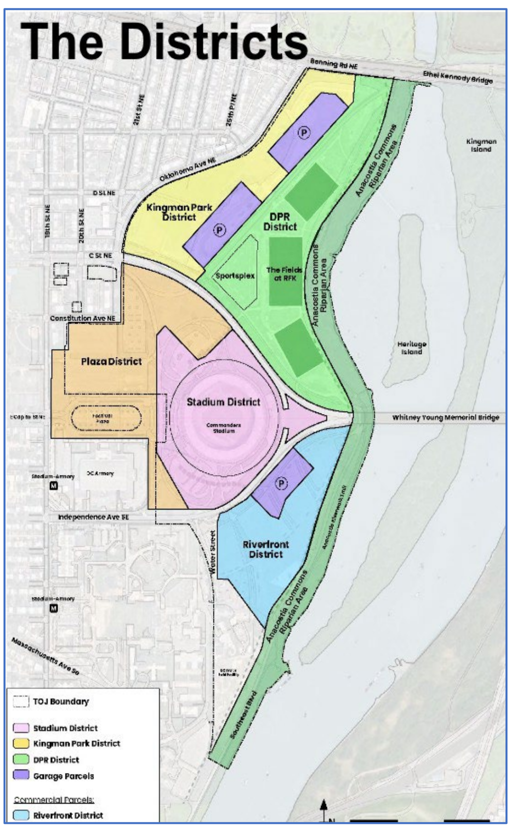
- 2,000 permanent full-time and part-time jobs.

- 14,000 construction jobs.

Land Use:

- The 65,000-seat stadium will only occupy 11% of the site (16% total with parking), leaving over 80% of the site ripe with space and opportunity.
    - Since the stadium will have a roof, it will be able to host events year-round.
        - 1.4 million attendees per year
        - 140,000 hotel room nights per year
        - 10+ Commanders Events
        - 20+ Concerts
        - 100+ Private and other events
        - 200+ Activations per year
- In addition to the stadium, the Washington Commanders will be responsible for activating and developing multiple parcels of land around the stadium with restaurants, entertainment venues, hotels, housing, green space, and more.

A Multi-Use Hub with 6 Distinct 'Districts': The RFK site will be split for numerous amenities.



- **Plaza District**
  - Stadium-supporting Entertainment District and Festival Plaza with housing, hotels, retail, and restaurants.
- **Stadium District**
  - Super Bowl ready stadium and new home of the Washington Commanders.
- **Riverfront District**
  - Waterfront community anchored by housing, retail, and restaurants.
- **Kingman Park District**
  - Housing and recreation community.
- **Recreation District**
  - Recreation hub centered around the Fields at RFK and a state-of-the-art SportsPlex.
- **Anacostia Commons**
  - 30-acre stretch of riverfront community commons, anchored by the Anacostia River Trail.

Additional benefits via the ancillary development:

- 5,000-6,000 new homes, including a minimum of 1,500-1,800 or 30% affordable homes
- 200+ activation days and 40 major events at the stadium
- 30% of the campus will be dedicated to parks, trails, and green space
- The Fields at RFK will be preserved, creating opportunities for DC's youth
- A multi-use, state-of-the-art, $89 million SportsPlex facility will be built to serve the District.
- $202 million investment for roadways, utilities infrastructure and WMATA capacity study