Mr. GROVER. I am troubled by your language "other financial liability." Are you talking about increased insurance cost or what do you have in mind?

Mr. MULLIGAN. We don't have a thing in mind, sir. It is a broad escape clause, a protective clause.

Mr. CRAMER. Will the gentleman yield? We struck that out. It is not now in the bill.

Mr. GROVER. When you refer to improvements, the new terminal is also contemplated. You don't mean to get an exemption from taxation on the new terminal, do you?

Mr. MULLIGAN. We would pay taxes on the new passenger station.

Mr. GRAY. Will the gentleman yield? Is it not a fact that the Washington Terminal Co. paid this year better than $300,000 in taxes?

Mr. MULLIGAN. Yes, sir.

Mr. GRAY. And if the gentleman would continue under this arrangement to pay the District of Columbia those taxes, it was his feeling if he added in the taxes on the improvements it would be in the lease. We felt it would be better to keep the rental payments lower and the Washington Terminal Co. will continue to pay the assessed valuation they are now paying?

Mr. MULLIGAN. Yes. In other words, we will continue to pay taxes on a station as we are today.

Mr. CRAMER. Will the gentleman yield? Is it your understanding that the language relating to taxes and increased value by reason of improvements made on the property, that there shall not be an increased assessed valuation, refers to all improvements including paragraph (4) for a new railroad terminal as well as those constructed for the Federal Government?

Mr. MULLIGAN. No, sir.

Mr. CRAMER. The bill as drafted says:

> The District of Columbia shall not, during the term of any lease entered into by the United States and the Washington Terminal Company pursuant to this Act, include in the assessed valuation of the leased properties for tax purposes any increase in value by reason of the improvements made on such properties by said company in meeting its obligations under any lease or agreement made pursuant to this Act.

You will note it refers to the assessed valuation of "leased properties"?

Mr. MULLIGAN. Yes, sir

Mr. CRAMER. The new terminal facility will not be a "leased property"; is that correct?

Mr. MULLIGAN. That is correct.

Mr. CRAMER. Therefore, the increased valuation of the new terminal facility could result in an increased assessed valuation and this bill would not preclude the District of Columbia from making such an increased assessed valuation?

Mr. MULLIGAN. As written that is correct, and that is one of the matters I would cover in my supplemental statement for the record.

Mr. CRAMER. Would the bill as drafted cause any change in maximum figure for annual rental?

Mr. MULLIGAN. No.

Mr. CRAMER. The bill as drafted specifically would not permit any addition. That is the top limit?

Mr. MULLIGAN. Yes.