

PUBLIC HEARING
ON
BILL 17-0809, “CLOSE UP FOUNDATION SALES TAX
EXEMPTION ACT OF 2008”

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

October 8, 2008, 10:00 a.m.
Room 120, John A. Wilson Building



Testimony of
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Mr. Chairman and members of the Committee, my name is Stephen Cordi, Deputy Chief Financial Officer for the Office of Tax and Revenue. I am pleased to present testimony today on Bill 17-0809, the “Close Up Foundation Sales Tax Exemption Act of 2008.”

The Close Up Foundation is an Internal Revenue Code, Section 501(c)(3) nonprofit organization engaged in providing educational opportunities for visiting middle and high school students. When it maintained an office in the District of Columbia, it qualified for a District of Columbia sales tax exemption certificate. It has, however, relocated its office to Virginia. In accordance with Section 47-2005(3)(c) of the D.C. Official Code, which specifies that, in order for a semi-public institution to be entitled to sales tax exemption, “... such institution must be located within the District...,” the Office of Tax and Revenue declined to reissue its certificate.

The Close Up Foundation has provided our General Counsel’s Office with a substantial amount of information as to its activities within the District of Columbia. That information is still under review. At the

end of the day, however, that information is unlikely to override the clear statutory requirement that the institution itself be located within the District. For this reason, we believe that, if the Council wishes to continue the exemption for the Close Up Foundation, legislation would be required.

Bill 17-0809 is entitled, “Close Up Foundation Sales Tax Act of 2008.” The text of the legislation is, however, broad enough to include other organizations and, indeed, any private or parochial school in the country which has an American government or civics program. To the extent any such group provided training, conducted tours or arranged for accommodations in the District of Columbia, it would, of course, be “doing business in the District” within the meaning of the proposed legislation. If the Committee would prefer a narrower exemption, we would be glad to provide what assistance we can.

I very much appreciate the opportunity to testify on this legislation.

