

**PUBLIC HEARING**

**ON**

**Bill 18-1001”Central Union Mission Real Property Tax  
Exemption and Equitable Tax Relief Act of 2010”**

**Before the  
Committee on Finance and Revenue  
The Honorable Jack Evans, Chairman  
and the  
Committee on Economic Development  
Councilmember Kwame Brown, Chairman**

**November 22, 2010, 11:00 AM  
John A. Wilson Building, Room 412**



**Testimony of  
Bazil Facchina  
Assistant General Counsel  
Office of Tax and Revenue**

**Natwar M. Gandhi  
Chief Financial Officer  
Government of the District of Columbia**

Good morning Chairman Evans and members of the Committee on Finance and Revenue. I am Bazil Facchina, Assistant General Counsel, for the Office of Tax and Revenue. I am pleased to present testimony on Bill 18-1001, the “Central Union Mission Real Property Tax Exemption and Equitable Tax Relief Act of 2010.”

In general, the Bill would add a section to the District of Columbia Tax Code providing tax relief to various specified properties in Square 2895 owned by the Central Union Mission.

The Bill currently provides that the specified properties will be exempt from all taxation during the time that they are owned by Central Union Mission and are not used for commercial purposes, subject to the conditions generally applicable to exemptions administratively granted by the Office of Tax and Revenue.

In general, these properties are vacant or are not currently being used for the owner’s exempt purposes. As such, they would not qualify for exemption under the general real property tax exemption provisions, which generally require that property be used for religious or charitable purposes in order to qualify for exemption. As a result, the only way that the properties can be relieved of the obligation to pay real property tax is by the enactment of this Bill.

I would like to note a few technical matters concerning the Bill as currently drafted. First of all, the September 25, 2006 effective date of the exemption currently stated in the Bill should be modified because the Central Union Mission did not acquire ownership of the properties until after that date. The Bill should be amended to substitute a revised effective date that corresponds to the date that an administrative real property tax exemption would have taken effect for these properties, and I have attached suggested language as an addendum to my testimony.

Secondly, the Bill as drafted may not relieve the Central Union Mission of liability for recordation or transfer taxes otherwise applicable to the Mission's acquisition and disposition of these properties. In general, the recordation and transfer taxes are imposed with respect to the transaction transferring the land, rather than on the land itself, and are personal liabilities of the parties to a land transfer transaction. Accordingly, simply exempting the real property from taxation may not be sufficient to relieve the Central Union Mission of liability for the recordation tax on the acquisition of the properties and for transfer tax on the disposition of the properties. The Mission would have been relieved of liability for these taxes had the properties been administratively exempted from real property tax. I have

attached suggested language providing relief from these taxes as an addendum to my testimony.

Thank you, Chairman Evans, for the opportunity to comment on this bill. I would be happy to answer any questions at this time.

## Attachment

In the heading of the Bill, add the words “recordation and transfer” after the words “real property”.

Strike the word “all” from subsection (b) of section 2 and substitute “real property”.

Strike the phrase “beginning September 25, 2006” from subsection (b) of section 2 and insert a new subsection (c) after subsection (b) to read as follows:

(c) Subsection (b) shall be effective as to Lots 825 and 826 in Square 2895 as of November 1, 2006 and as to Lots 830 and 831 in Square 2895 as of August 1, 2007.

In subsection (b) of Section 2, add a new subsection (b) to new section 47-\_\_\_\_ to read as follows:

“(b) The transfer of any of the properties described in subsection (a) by Central Union Mission, Inc. shall be exempt from the tax imposed by Chapter 9 of Title 47.”.

After Section 2, add a new Section 3 to read as follows:

Sec. 3. Equitable recordation tax relief.

The Council orders that all recordation taxes, interest, penalties, fees, and other related charges assessed against Central Union Mission, Inc. with respect to the real property described as Lots 825, 826, 830 or 831 in Square 2895 for any conveyance or transfer prior to the effective date of this act, shall be forgiven, and any payments already made shall be refunded.

Existing sections 3 and 4 should be renumbered 4 and 5, respectively.