

PUBLIC HEARING

ON

BILL 19-20 “New Issue Bond Program Tax Exemption Amendment Act of 2011”

**Before the
Committee on Finance and Revenue**

The Honorable Jack Evans, Chairman

**April 13, 2010, 10:00 AM
John A. Wilson Building, Room 120**



**Testimony of
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**Natwar M. Gandhi
Chief Financial Officer
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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 19-20, “New Issue Bond Program Tax Exemption Amendment Act of 2011.”

In general, the Bill would amend the deed recordation tax law to provide an exemption for security instruments granting a security interest in real property to be developed for affordable housing that are funded in whole or in part through the issuance of bonds by the District of Columbia Housing Finance Agency (“DCHFA”) pursuant to the U.S. Department of Treasury’s New Issue Bond Program (“NIBP”). Security instruments exempted under this bill would be limited to those securing credit enhancements, such as letters of credit, issued by for-profit organizations, where such credit enhancements are required in connection with affordable housing financing provided by DCHFA under the NIBP. The bill will apply retroactively and prospectively to any affordable housing transactions that receive funding through the issuance or sale by DCHFA of bonds under the NIBP.

Currently, security instruments of for-profit organizations are not covered by the existing exemptions from the recordation tax, and so, if exempting these

instruments is determined to be good policy, enactment of this Bill is necessary to accomplish this.

The Office of Tax and Revenue has some suggestions for technical corrections to the Bill, which are set forth in an attachment 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

On page 1, line 36, insert the word “housing” after the word “affordable” and before the phrase “that are funded in whole or in part”.

On page 1, line 37, insert the word “of” after (“DCHFA”) and before the phrase “bonds pursuant to the” .