

PUBLIC HEARING
BILL 15-520, “TEACHER TAX CREDIT AMENDMENT
ACT OF 2003”

Before the
Committee on Education, Libraries and Recreation
Council of the District of Columbia

The Honorable Kevin P. Chavous, Chairman

January 7, 2004, 1:00 p.m.
Council Chamber



Testimony of
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Good afternoon, Chairman Chavous and members of the committee. I am William Bowie, acting general counsel of the Office of Tax and Revenue (OTR). I am pleased to come before you on behalf of the Office of the Chief Financial Officer (OCFO) to present testimony on Bill 15-520, the “Teacher Tax Credit Amendment Act of 2003.”

Summary of the Bill

Bill 15-520 would amend section 7(a) of the Government Employer-Assisted Housing Amendment Act of 1999 by extending the real property tax assistance and income tax credit to public school teachers and public charter school teachers who are first-time homebuyers in the District. Presently, only police officers who are first-time homebuyers in the District enjoy these benefits.

Bill 15-520 will permit teachers to benefit from a phase-in of the real property tax on their new homes over a five-year period. In the first year, the teachers will owe only 20% of the tax bill on their new property. In the second, third, fourth and fifth years, 40%, 60%, 80%, and 80%, respectively, will be owed.

Concerning the income tax credit, Bill 15-520 will permit teachers who are first-time homebuyers in the District to benefit from a \$2,000 income tax credit for a five-year period. This credit does not result in a refund if less than the amount of the credit is owing in tax, and the credit cannot be carried forward or back.

Suggested Applicability and Technical Amendments

OTR recognizes the intent of Bill 15-520, which is to encourage teachers to become District residents and homeowners. However, we would like to suggest applicability and technical amendments to the bill for purposes of clarification.

First, certification to OTR of the qualifying employees should be performed by an appropriate agency. Presently, the Department of Housing and Community Development certifies the eligible police officers for the assistance and credits. Such role could be expanded to include teachers.

Second, the income tax credit should be made applicable to tax periods beginning after December 31, 2003. Such applicability date would allow OTR to timely update its forms in time for the April 2005 filing season.

Third, the real property tax assistance should be made effective for applications filed on or after April 1, 2004. Such effective date will permit the certifying agency to develop forms and work out the mechanics of certification to OTR. Additionally, this effective date will allow the assistance to first apply for all of Tax Year 2005 for those who initially apply during the period April 1, 2004, through September 30, 2004, thereby easing administration of the program.

Fourth, the real property tax assistance and income tax credits should apply only for residences purchased after December 31, 2003, and not for residences which may have been purchased in the distant past.

Fifth, the bill should clarify that the real property tax credits in section 7(a) of the Government Employer-Assisted Housing Amendment Act of 1999 are awarded

on the net amount of tax owing, after any deductions for the homestead or senior citizen programs, or credits for the tax cap.

Sixth, and as purely technical suggestions, in the bill the phrase should be “ public school teachers or public charter school teachers” in lieu of “public school teacher or public charter school teacher”; also, the phrase should be “or teacher” in lieu of “teacher”.

OTR would be happy to work with the committee to arrive at mutually agreeable and effective language that satisfies the intent of this proposed legislation and that serves the interest of taxpayers and the District.

Thank you, Mr. Chairman, for the opportunity to testify. I will be happy to answer any questions you might have.

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