

Business Improvement Districts Tax Exemption Amendment Act of 2017, Bill 22-585

Before the Committee on Business and Economic Development

The Honorable Kenyan McDuffie, Chairperson

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Room 123, John A. Wilson Building**



**Comments by
Bazil Facchina
Assistant General Counsel
Office of Tax and Revenue**

**Jeffrey S. DeWitt
Chief Financial Officer
Government of the District of Columbia**

Thank you for the opportunity to submit written comments on Bill 22-585, the “Business Improvement District Tax Exemption Amendment Act of 2017.”

In general, the Bill would add a new provision to the District’s tax law providing Business Improvement District (BID) corporations with a comprehensive exemption from District taxation. The Bill generally provides that a BID corporation, its property, income and transactions, shall be exempt from all District taxation, including sales, use, franchise, gross sales or receipts, income, personal or real property, transfer or excise taxes. The BID corporation is to obtain any certificate required to evidence or substantiate its exemption that may be required by law or regulation. The Bill provides, however, that BID corporations must still pay employment or withholding taxes. Finally, the Bill forgives BID corporation liabilities for any past District taxes exempted under its provisions.

Current law does not provide a comprehensive District tax exemption for BID corporations. Rather, exemption is determined under the law governing each type of tax. Because the requirements for exemption vary from tax to tax, BID corporations cannot be assured of automatic exemption from all District taxes. For instance, while BID corporations, which are generally organized and operated as nonprofit business leagues, can qualify for exemption from District income or franchise taxes, they may not be able to qualify for exemption from paying sales and use tax on purchases, because the sales and use tax exemption is generally limited to charities. Accordingly, if it is determined that a general tax exemption

should be accorded to BID corporations, enactment of this Bill is necessary to accomplish that result. The Bill language is technically sufficient to achieve this objective.