

**Rediscover Equitable Central Occupancy Vitality
and Encourage Resilient Yield (RECOVERY)
Amendment Act of 2021, Bill 24-454**

**Before the
Committee on Business and Economic Development
The Honorable Kenyan McDuffie, Chairman**

Council of the District of Columbia

**November 22, 2022, 9:00 a.m.
Virtual Meeting Platform**



**Comments by
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Thank you for the opportunity to provide comments on the Rediscover Equitable Central Occupancy Vitality and Encourage Resilient Yield (RECOVERY) Amendment Act of 2021, Bill 24-454 (Bill).

In general, the Bill would create real property, recordation, and transfer tax abatements for real property located in the Downtown and Golden Triangle BIDs that is (1) certified eligible by the Deputy Mayor for Planning and Economic Development and (2) developed or redeveloped for housing, hotel, retail, restaurant, or entertainment uses.

An eligible business in these BIDs may also receive an exemption from the District's sales tax, allowing it to make tax-free purchases of goods and services. The Office of Tax and Revenue (OTR) would issue an exemption certificate to a business once the Mayor has certified it. To claim the exemption, a copy of this certificate would be given to a vendor when an exempt purchase is made. The Mayor may also make grants to eligible businesses located in these BIDs in the amount of the sales and use taxes paid by the businesses.

The Bill, as drafted, provides that each tax benefit provided will be certified by the Mayor to OTR and specifies the information to be included in each certification. Accordingly, the tax benefits provided by the Bill appear administrable by OTR.

OTR has some suggested technical amendments to the Bill. These suggested amendments are appended to these comments for the Committee's consideration.

There are some features of the Bill that the Committee may wish to review while considering the Bill. Granting an exemption for 35 years may be longer than needed to accomplish the Bill's objectives. A shorter period of 10 to 15 years may be sufficient. Also, will an exemption continue if ownership of the property changes? Additionally, applicants should be required to obtain a Clean Hands Certification in order to qualify for an exemption.

We are available to respond to any further questions you may have on this Bill.

Suggested Amendments

Amend Section 4(a) to read as follows:

Sec. 4. Rediscover Equitable Central Occupancy Vitality and Encourage Resilient Yield (RECOVERY) Tax Relief.

“(a) A business certified as eligible pursuant to subsection (d) of this section shall be exempt from the gross sales tax imposed by Chapters 20 and 22 of Title 47 of the District of Columbia Code for the period set forth in subsection (c) of this section and as provided under § 47-2005(41); provided, that:

Add a new section, Section 5, to read as follows:

Sec. 5. Section 47-2005 of the District of Columbia Official Code is amended by adding a new subparagraph (41) to read as follows:

“(41) Sales to business certified as eligible pursuant to § 47-859.07.”.