

Harmonious Living Amendment Act of 2024, Bill 25-750

**Before the
Committee of the Whole
The Honorable Phil Mendelson, Chairman**

Council of the District of Columbia

**September 24, 2024, 1:00 p.m.
Room 123
John A. Wilson Building**



**Comments by
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Thank you, Chairman Mendelson, for the opportunity to provide comments on the Harmonious Living Amendment Act of 2024, Bill 25-750 (“Bill”).

While the Bill contains a number of provisions dealing with sound attenuation in residential properties, my comments will be limited to section 5 of the Bill, which generally provides, beginning in tax year 2023, a deduction from the assessed value of certain types of residential real property located in an entertainment or activity area, as defined in the Bill, of expenses paid to install sound attenuation measures that achieve no less than 10 dBA of additional interior sound level reduction. The amount of the assessed value reduction could not exceed \$50,000 per residential dwelling unit in a qualified property, per tax year. Properties eligible for the assessment reduction generally consist of residential real property used for non-transient dwelling purposes with no more than 5 dwelling units, or single condominium dwelling unit. A cooperative building would also be eligible provided at least half of the dwelling units are occupied by shareholders or members of the co-op.

While not commenting on the merits of providing an incentive of this nature, there are certain aspects of the proposed assessment deduction that present administrative issues for the Office of Tax and Revenue (“OTR”). First, while the Bill commences benefits in tax year 2023, the benefit should be available no earlier than tax year 2025 to permit OTR to better coordinate with other regulatory

provisions of the Bill, to avoid the necessity of adjusting tax liabilities for prior tax years, and to allow OTR time to implement the provisions of the Bill as enacted.

Additionally, the Bill does not make clear whether the deduction is only applicable for the tax year that the expenditure occurs or whether the deduction applies in subsequent tax years as well. If the deduction continues in subsequent tax years, there is no provision specifying when the assessment deduction for the property ends or providing for monitoring of the property's continued qualification for the deduction.

Furthermore, the effect that these expenditures would have on a property's assessed value is not clear; it seems unlikely that a property's assessed value would be increased by the amount of these expenditures. Finally, the Bill also does not provide an easily administered mechanism for establishing that the 10 dBA sound reduction test has been met, such as a certification from the Department of Buildings or another agency with expertise in such matters.

Alternatively, we suggest that consideration be given to other mechanisms for providing this incentive, such as providing grants to reimburse these expenses or another form of tax relief, such as a rebate or allowing these expenses as a deduction in figuring the property owner's District income tax, rather than capitalizing them in the property's cost basis.

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