

Public Hearing on
Bill 21-688, the “Displacement
Prevention Amendment Act of 2016”

Before the
Committee on Housing and Community Development
The Honorable Anita Bonds, Chairperson

Committee on Finance and Revenue
The Honorable Jack Evans, Chairperson

Council of the District of Columbia

October 20, 2016, 10:00 A.M.
John A. Wilson Building, Room 500



Testimony of Elissa F. Borges
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Good morning, Chairperson Bonds, Chairperson Evans, and members of the Committees on Housing and Community Development and Finance and Revenue. I am Elissa Borges, Assistant General Counsel, for the Office of Tax and Revenue of the District of Columbia. I am pleased to present testimony today on Bill 21-688 (“Bill”), the “Displacement Prevention Amendment Act of 2016.” My testimony is limited to Title I of the bill regarding expansion of the Schedule H credit.

The District of Columbia (the “District”) currently provides a refundable income tax credit up to \$1,000 for all residents who meet certain criteria. The credit is claimed on the Schedule H tax form so this credit has become known as the “Schedule H credit.” Claimants seeking the Schedule H credit must be residents of the District who either own or rent their principal place of residence in the District and pay real property taxes on that residence. The credit is calculated based on either the amount of property tax or a percentage of rent paid by the claimant if those payments exceed a certain percentage of the federal adjusted gross income of the claimant’s tax filing unit. The tax filing unit includes the claimant, the claimant’s dependents, and the claimant’s spouse or domestic partner. The eligible income amount is capped at \$50,000 or, for eligible seniors, 70 years and older, at \$60,000. With regard to determining the amount of real property taxes paid, for homeowners, the amount is the actual property taxes paid by the

claimant. For renters, the amount of property taxes paid is deemed to be 20% of the rent paid by the claimant.

The Bill would expand the Schedule H credit for residents located in census tract 73.04, census tract 74.04, census tract 98.04, and census tract 104 in two ways. First, the cap on the Schedule H credit would be increased to \$2,000. Second, the percentage of rent paid that is deemed payment of property taxes will increase from 20% to 30%. The \$1,000 cap and the 20% of rent would remain unchanged for all other District residents not living in the four specific census tracts.

The new changes to Schedule H will present several administrative challenges for the Office of Tax and Revenue. The Office of Tax and Revenue is in the process of working with the Committee on Finance and Revenue and community advocates to simplify the existing Schedule H form to make it more user friendly for eligible claimants. These changes, however, may substantially increase the length of the Schedule H form and instructions and may make eligible residents less likely to complete and file the forms necessary to receive the credit.

More significantly, the Office of Tax and Revenue is unable systemically to match addresses with census tracts to determine if a Schedule H claimant is in one of the census tracts. Therefore, all tax returns claiming the expanded Schedule H credit will have to be flagged and reviewed manually to confirm that the claimant

is eligible for the expanded credit. This will be difficult to administer and will necessarily delay the processing of all returns claiming a Schedule H credit.

Finally, as a minor technical point, the Bill indicates that it seeks to amend Section 47-1806.06 of the D.C. Official Code by adding “a new paragraph (3A).” There are several provisions in Section 47-1806.06 and it is not clear which specific provision the new paragraph (3A) is intended to amend. Accordingly, it is suggested that the Bill state that it is amending Section 47-1806.06 (a).

Thank you, Chairperson Evans and Chairperson Bonds, for the opportunity to comment on this bill. I would be happy to answer any questions at this time.