

PUBLIC HEARING ON

**Friendship Heights Business Improvement District
Amendment Act of 2023, Bill 25-149**

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

Council of the District of Columbia

Thursday, June 8, 2023, at 10:00 a.m.



Testimony of

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**Glen Lee
Chief Financial Officer
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Good morning, Chairman McDuffie and Members of the Committee on Business and Economic Development. I am Bazil Facchina, Assistant General Counsel in the Office of the General Counsel for the Office of the Chief Financial Officer (OCFO). I am pleased to testify for the OCFO on Bill 25-149, the “Friendship Heights Business Improvement District Amendment Act of 2023” (the Bill).

In general, the Bill creates a new Friendship Heights Business Improvement District (BID). The Bill specifies the boundaries of the new BID and provides the BID tax rates applicable to the various types of nonexempt property within the BID.

As a general matter, the BID prepares the roll of properties liable for the BID tax and the amounts of BID taxes that each property must pay. This roll is provided to the Office of Tax and Revenue (OTR), which then certifies the roll, issues the BID bills to the BID taxpayers, and collects the remittances from these taxpayers, which are then paid to the BID. As a result, the BID handles most of the administrative work of preparing the BID roll and computing the BID tax imposed on each property subject to the BID.

There are some administrative matters that should be considered in starting up the BID billing process. BID bills are issued in advance of the half

tax year to which they apply, so the billing for the first half of Tax Year 2024 would be issued in August 2023. Normally, the BIDs submit their rolls to OTR in June or July for this billing cycle. If the Bill does not become law in time to allow the timely submission of the BID roll for this billing, the BID would not be able to start collecting funds until the following billing cycle in the spring of 2024. If this is a concern, the Council may wish to consider emergency legislation to bring the BID into existence before the permanent law takes effect.

Additionally, the Bill should provide a specific effective date for the BID beginning with the first day of the Tax Year (October 1) or second half of the Tax Year (April 1) to avoid the complications that would arise with billing for only part of a half Tax Year.

The Bill also provides reduced amounts of BID tax for residential units that are income restricted under Federal or District housing programs. The Bill should provide a method for easily identifying these units, such as by a certification by the BID or a District agency, so that the BID roll can be reliably certified and the need to issue corrective bills can be minimized.

Thank you for the opportunity to testify. This concludes my testimony, and I am happy to answer any questions you may have at this time.