

Higher Education Tax Exemption Act of 2015

Before the Committee on Finance and Revenue

Council of the District of Columbia

Chairman Jack Evans

**January 7, 2016, 10:00 AM
Room 120, John A. Wilson Building**



**Testimony of
Bazil Facchina
Assistant General Counsel
Office of Tax and Revenue**

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

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. I am Bazil Facchina, Assistant General Counsel for the Office of Tax Revenue. I am pleased to testify today on Bill 21-488, the “Higher Education Tax Exemption Act of 2015.”

In general, the Bill would create a new category of property exempt from real property taxation, consisting of a building belonging to a nonprofit foundation exempt from federal income taxes under section 501(a) of the Internal Revenue Code (Code) as an organization described in section 501(c)(3) of the Code that is leased, for at least a one-year term, to a college or university that is not organized or operated for private gain which embraces the generally recognized relationship of teacher and student, that uses the building to provide dormitory, classroom and related facilities for its students.

Under current law, real property cannot qualify for exemption simply because it is owned by a section 501(c)(3) organization. Where property is owned by one organization and used by another, an exemption is available only if both the owner and user are within the classes exempted under the law. The bill would extend eligibility for exemption to property owned by any 501(c)(3) organization, regardless of whether it was related to the college or university leasing the property, as long as the property was used for the specified purposes. The exemption provided by this bill would not

apply to property leased by institutions other than colleges or universities, such as schools which provide education below a college level.

As with the other categorical exemptions provided under this statute, the property owner would be required to apply to the Office of Tax and Revenue to receive this exemption. Any exemption granted under this provision would generally be effective based on the time that the application was filed, and no exemption would be available for periods prior to the filing of the application.

Thank you, Chairman Evans, for the opportunity to comment on this Bill. I would be glad to answer any questions on these matters.