

Dupont Circle Business Improvement District Amendment Act of 2017, Bill 22-559

Before the Committee on Finance and Revenue

The Honorable Jack Evans, Chairman

**December 18, 2017, 10:00 AM
Room 120, John A. Wilson Building**



**Testimony of
Frank Bessenyei
Chief – Assessment Services Division
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. My name is Frank Bessenyei, Division Chief of the Assessment Services Division. I am pleased to present testimony today on Bill 22-559, the “Dupont Circle Business Improvement District Amendment Act of 2017.”

In general, the Bill would authorize creation of a Business Improvement District (BID) within designated portions of the Dupont Circle area. The Bill describes the boundaries of the proposed BID, specifies the type of properties on which a tax to finance the BID’s operations is to be imposed and the rate of this tax. Initially, the amount taxed per tax year would be \$0.09 per \$100 of the assessed value of all Class 2, 3, and 4 Property until \$70,000,000 has been collected. The remaining balance of the assessment would be taxed at \$0.02 per \$100 of the assessed value of all Class 2, 3, and 4 Property for the first year and increase by \$0.05 per \$100 each year afterwards, until the BID tax is \$0.09 per \$100. The BID tax will be \$120 for each hotel room and motel room, as well as for each unit in a Class 1 Property that contains five or more units that were placed into service after July 17, 1985. The Bill also provides for an annual 3% increase in the BID tax by a 2/3 vote of the board of the BID corporation. However, all tax amounts will remain fixed for the first 5 years.

The cost of BID services is financed by a BID tax, which is imposed with respect to real property located within the BID area. This tax is billed and

collected semi-annually, in the same manner as real property taxes. Historically, the BIDs provided the billing data to OTR's Real Property Tax Administration (RPTA) so it could in turn generate BID tax bills using a stand-alone system that was solely built to manage such a task. In an effort to streamline and improve the efficiency of the BID billing, collection process, and the customer service delivery, in July of 2016 the Real Property Tax Administration (RPTA) migrated the BID billing operation to their Integrated Tax System. As a result of this process enhancement, RPTA is able to bill and collect BID taxes more effectively, and most importantly, to complete timely and accurate disbursement of such taxes back to the specific BIDs, which greatly impact on how the BIDs manage the wide spectrum of additional services to their community. In addition, the general customer service to the business community was also greatly enhanced in many ways, such as their direct access to the most updated BID tax bill through OTR's public website and the implementation of the BID online payment portal.

Preparations for the upcoming BID billing are underway. BIDs must submit billing data, including the list of properties to be billed and the amounts of the BID tax to be billed for each property, to RPTA by January 5, 2018 in order for RPTA to begin the process of checking the information provided against RPTA's records, consulting with the BIDs on corrections or adjustments, and generating the bills, all of which must take place by mid-to late February. These bills are in turn issued by the BIDs at the end of February and payments are due by March 31, 2018. If

the proposed BID is not established and is not able to submit the necessary information according to RPTA's established billing schedule, RPTA may not be able to include this new BID in the upcoming billing cycle.

For purposes of administration, the BID's registration should be effective at the beginning of a half tax year, October 1 or April 1. This way the BID tax can be billed in a full six-month increment simultaneously with other BID tax bills issued by OTR.

Thank you, Chairman Evans, for the opportunity to comment on this Bill. I would be happy to answer any questions at this time.