

Downtown DC Business Improvement District Amendment Act of 2016, Bill 21-905

Before the Committee on Finance and Revenue

The Honorable Jack Evans, Chairman

**November 16, 2016, 11:00 AM
Room 120, John A. Wilson Building**



**Testimony of
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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 and Revenue. I am pleased to present testimony on Bill 21-905, the “Downtown DC Business Improvement District Amendment Act of 2016.”

In general, the Bill would amend the law governing Business Improvement Districts (BIDs) to provide that residential (class 1) property located within the Anacostia, Southwest and Downtown DC BIDs can, with certain exceptions, be subjected to the BID tax. The Bill also provides that the board of a condominium association of a property located within the Downtown DC BID can petition to join that BID. Finally, the Bill expands the categories of BID tax rates for the Downtown DC BID by providing a \$120 annual tax for each unit of nonexempt residential property. In the case of an affordable housing unit, the tax is computed by applying the Area Median Income percentage limit required to occupy the unit to the per-unit BID tax otherwise applicable. The Bill authorizes a 3-percent annual increase in the per-unit BID tax.

The Office of Tax and Revenue (OTR) is concerned that difficulties in billing additional BID taxes arising from the inclusion of new properties in the BID could result if the additional taxes are effective at the time the inclusion occurs.

Generating pro-rated or corrected bills for the newly-included properties could create processing difficulties for OTR. For this reason, BID taxes resulting from the expansion of the BID to include new properties should be effective beginning with the half tax year following the effective date of the expansion. For example, new properties added to a BID late in a half year would require corrected bills, as the BID tax probably would not be reflected in the bills generated for that half year under the usual billing procedures. For ease of administration, OTR is suggesting that new properties added to a BID should have an effective date of the following October 1 or April 1, to better synchronize with OTR's property tax billing cycle. Suggested language to accomplish this result is attached to my testimony.

In addition, OTR would like to suggest other technical changes in the Bill, and these are appended to my testimony.

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

ATTACHMENT TO TESTIMONY
Bill 21-905

Lines 25, 33 and 34—Elsewhere in the law, the BID for the downtown area is referred to as “Downtown BID”, not “DowntownDC BID”. The references to this entity should be consistent and reflect its official name.

Line 32—The word “board” should not be capitalized.

Lines 36-37—a new paragraph (2) should be added to provide as follows:

“(2) striking the period at the end of subparagraph (iii) and replacing it with a semi-colon;”

Line 44—A new subsection (d) should be added to read as follows:

“(d) Section 15 (D.C. Official Code § 2-1215.15) is amended as follows:

(1) Subsection (d) is amended by striking the last sentence thereof and replacing it with the following sentence:

“BID taxes related to real properties affected by a geographic or taxable real property tax base expansion of the BID shall be effective as of the beginning of the half tax year following the date the expansion becomes effective.”