

# **Nonprofit Stormwater Infrastructure Incentive Amendment Act of 2017, Bill 22-453**

**Before the Committee on Finance and Revenue**

**The Honorable Jack Evans, Chairman**

**April 30, 2018, 10:00 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. My name is Basil Facchina, Assistant General Counsel for the Office of Tax and Revenue. I am pleased to present testimony on Bill 22-453, the “Nonprofit Stormwater Infrastructure Incentive Amendment Act of 2017.”

The Bill would amend section 47-1005 of the District of Columbia Official Code to provide that buildings or grounds exempt from real property taxation would not lose exemption simply because they are used to generate Stormwater Retention Credits certified in accordance with applicable regulations.

Section 47-1005 applies to real property that is otherwise exempt from taxation. It generally provides that property used to generate income from activities unrelated to the owner’s exempt purposes cannot maintain exemption. Exempt property used to generate stormwater retention credits could become taxable under this rule because it is being used to generate income from nonexempt or profit-seeking activities. In these transactions, property is generally leased to a business entity which installs and maintains the stormwater retention infrastructure and sells the resulting stormwater credits to third parties. The leasing of property to a for-profit business ordinarily results in the loss of the property’s exemption. Exemption

could also be lost if the owner of the property installs the stormwater retention infrastructure itself and sells the resulting stormwater retention credits.

Because the possibility of losing an existing tax exemption may discourage owners of exempt property from participating in stormwater retention projects, this Bill may facilitate their participation in these projects.

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