

ENROLLMENT(S)



(5)

COUNCIL OF THE DISTRICT OF COLUMBIA

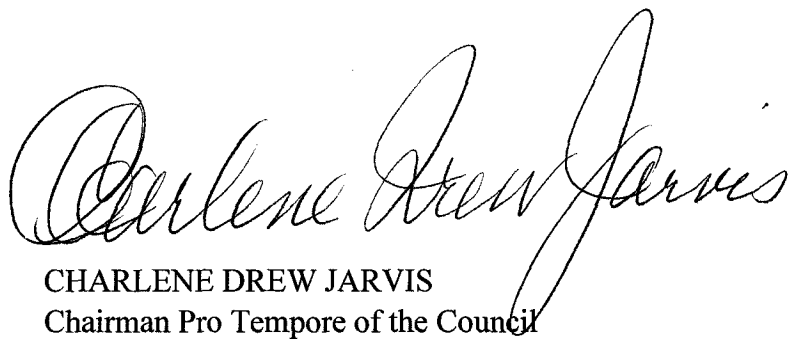
NOTICE

D.C. LAW 11-219

"BNA Washington, Inc., Real Property Tax Deferral Temporary Amendment Act of 1996".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P.L. 93-198 "the Act", the Council of the District of Columbia adopted Bill No. 11-817, on first and second readings, September 17, 1996 and October 1, 1996, respectively. Following the signature of the Mayor on October 18, 1996, pursuant to Section 404(e) of "the Act", and was assigned Act No. 11-433, and published in the November 15, 1996, edition of the D.C. Register (Vol. 43 page 6176) and transmitted to Congress on January 15, 1997 for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 11-219, effective April 9, 1997.



CHARLENE DREW JARVIS
Chairman Pro Tempore of the Council

Dates Counted During the 30-day Congressional Review Period:

Feb.	3,4,5,6,7,10,11,12,13,24,25,26,27,28
Mar.	3,4,5,6,10,11,12,13,14,17,18,19,20,21
Apr.	7,8

ENROLLED ORIGINAL

AN ACT
D.C. ACT 11-433

*Codification
District of
Columbia
Code
1997 Supp.*

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

OCTOBER 18, 1996

To amend, on an temporary basis, the real property tax deferral procedure to provide for the deferral of real property taxes on certain real property.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "BNA Washington, Inc., Real Property Tax Deferral Temporary Amendment Act of 1996".

Sec. 2. The District of Columbia Real Property Tax Revision Act of 1974, approved September 3, 1974 (88 Stat. 1058; D.C. Code § 47-801 *et seq.*), is amended by adding a new section 435a to read as follows:

*Note,
New Section
47-845.1*

"Sec. 435a. (a) Notwithstanding any other laws or regulations, the Mayor may enter into an agreement with The Bureau of National Affairs, Inc. ("BNA"), and BNA Washington, Inc. ("BNAW"), to defer, up to 10 years, any real property tax liability on property located on Lots 109 and 883 of Square 24, popularly known as 1227-1231 25th Street, N.W., Washington, D.C., or any real property in the District of Columbia acquired for headquarters and principal operations as an addition to, or substitute for, the 25th Street address during the term of any deferral agreement.

"(b) The Mayor is authorized to enter into a written agreement ("Agreement") with BNA and BNAW, on such terms and conditions as the Mayor deems to be in the best interest of the District, the purpose of which is to provide BNA and BNAW incentives to continue their current occupancy and usage of the specified real property or any similar District property substituted therefore for which real property tax relief is to be granted and in which BNA and BNAW maintain their headquarters and principal operations including, but not limited to, production, editorial, home office sales, and home office operations, and to expand their business operation by committing to the lease or purchase of an additional 95,000 square feet of office space in the District of Columbia.

"(c) The amount of real property tax owed during an approved deferment period shall not constitute delinquent taxes nor shall BNA and BNAW be assessed any interest or penalty for the deferment period. The deferral shall be prospective and shall apply only to the specified tax years.

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"(d) Taxes, including penalties and interest thereon, deferred under this section shall constitute a preferential lien upon the real property which shall be payable immediately by the seller, transferor, or conveyer whenever the real property is sold, transferred, or conveyed in any manner, to an entity other than BNAW or a wholly-owned subsidiary of BNA or whenever additional co-owners (other than BNA or a wholly-owned subsidiary of BNA) are added to the real property.

"(e) In no event shall the deferral granted pursuant to this section be transferable.

"(f) As a condition to the grant of tax benefits under this section, BNA and BNAW shall submit to the Mayor by March 31st of each tax year an affidavit, signed under penalty of perjury. The affidavit shall contain the following averments or documentation of same establishing that after reasonable investigation, the undersigned have determined that BNA and BNAW:

"(1) Have met and intend to continue to meet the requirements applicable to the receipt of the real property tax deferral pursuant to the Agreement;

"(2) Are in compliance with the terms of all public benefit agreements entered into with the District;

"(3) Have recorded as an obligation all unpaid taxes on the subject property in their financial statements;

"(4) Are not now receiving and do not now have pending any other application for forgiveness of the obligation to pay any taxes, or for the abatement of real property tax liability imposed by the District;

"(5) Are not delinquent in the payment of taxes, assessments, fees, or other indebtedness to the District; and

"(6) Are not in violation of the laws and regulations of the District.

"(g) The Mayor shall make an annual determination of the compliance by BNA and BNAW with the requirements of this section and the Agreement under this section.

"(1) If the Mayor determines that BNA and BNAW are in compliance, the Mayor shall issue to BNA and BNAW and to the Director of the Department of Finance and Revenue ("Director") a certificate of compliance.

"(2) If the Mayor determines that BNA and BNAW are not in compliance, and after the Mayor gives to BNA and BNAW written notice and a reasonable time to cure the noncompliance or default, the Mayor shall issue to BNA and BNAW and to the Director a certificate of noncompliance and shall direct that BNA and BNAW be billed for the assessment based on the accumulated tax liability as if the deferment had not been approved. The Mayor may waive, in whole or in part, interest and penalties, when, in his judgment, such waiver would be in the public interest.

"(h) Any assessment pursuant to a determination of default shall be due and payable by March 31st following the end of the tax year in which the certificate of noncompliance was issued.

"(i) If BNA and BNAW are aggrieved by any assessment of accumulated real property tax, penalty and interest on real property owned by BNAW covered by the Agreement and this

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section, BNA and BNAW may, within 6 months after notice of said assessment, appeal from the assessment in the same manner and to the same extent as provided in sections 3 and 4 of Title IX of the District of Columbia Revenue Act of 1937, approved May 16, 1938 (52 Stat. 371; D.C. Code § 47-3303 and 47-3304).

"(j) The Mayor is authorized to develop the necessary forms and procedures, and to promulgate regulations, necessary to carry out the provisions of this section."

Sec. 3. Section 5 of Title IX of the District of Columbia Revenue Act of 1937, approved May 16, 1938 (52 Stat. 372; D.C. Code § 47-3305), is amended by adding a new subsection (e) to read as follows:

Note, Section
47-3305

"(e) If BNA and BNAW are aggrieved by any assessment of real property tax, penalty and interest on the subject real property made in pursuance of section 435a(h) of the District of Columbia Real Property Tax Revision Act of 1974, approved September 3, 1974 (88 Stat. 1058; D.C. Code § 47-801 *et seq.*), BNA and BNAW may within 6 months after notice of said assessment, appeal from said assessment in the same manner and to the same extent as provided in sections 3 and 4 title IX of the District of Columbia Revenue Act of 1973, approved May 16, 1938 (52 Stat. 371; D.C. Code § 47-3303 and 47-3304)."

Sec. 4. Fiscal impact statement.

The Bureau of National Affairs, Inc. ("BNA"), and its subsidiary, BNA Washington, Inc. ("BNAW"), currently pay approximately \$4 million annually in direct taxes to the District. In addition to these direct taxes, District tax revenue is also generated through BNA business activity in the District. Specifically, a fair percentage of products and services are purchased in the District as a result of BNA's current operations. The District, therefore, has a second tier stream of tax revenue as a result of BNA's presence.

BNA currently employs approximately 1,100 people in the District, including 300 District residents. Beyond the expenditures described above, District tax revenue is generated indirectly through the expenditures of these employees at the retail, restaurant, and hotel establishments in the District.

The District will benefit if BNA expands its operation. First, BNA will increase its office space by purchasing or leasing an additional 95,000 square feet. At a minimum, the 95,000 square feet of office space will generate approximately \$275,000 in additional real property tax revenue. As part of the expansion, sales and use taxes and personal property taxes will increase by approximately \$100,000 annually. And, pending the final decision to remain in the District, BNA is planning at least \$8,000,000 in expenditures to replace office equipment for current operations which will generate immediate sales and use tax revenue of roughly \$400,000 and a stream of personal property tax revenue across the next several years of about \$100,000 per year. These revenues alone will account for roughly \$875,000 additional revenue for the coming year, with at least \$475,000 annually in subsequent years.

Some components of revenue growth cannot be quantified at this time. The expansion also should substantially increase corporate franchise tax liabilities of BNA in the District, due

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to increased net income and to growth in the apportionment factor that determines how much of corporate net income is taxable by the District. New employees also will add to additional revenue for the District, as a result of spending while in the District.

BNA's projected job growth rate in the District is 2.5% annually over the next 10 years. This will yield approximately 56 new jobs within the first 2 years, 144 new jobs within the first 5 years, and approximately 275 new jobs over the 10-year period. BNA has agreed to work with the District in developing a plan to ensure that a percentage of these jobs go to District residents.

Further, it can be assumed that a percentage of the other new hires will locate in the District.

BNA pays approximately \$770,000 per year in real property tax. The proposed legislation provides for deferral of some real property taxes for a period of up to 10 years. There is a total impact on the District of about \$2 million, due to foregoing timely property tax payments in exchange for a full repayment in 10 years. By entering into this agreement, however, the District will continue to receive more than \$3.5 million each year in other types of taxes paid directly to the District by BNA.

The annual net cash impact of the real property tax deferral for BNA is the annual revenue loss of \$770,000 minus annual revenue gains of about \$875,000 in the first year and at least \$475,000 in subsequent years. In the first year, the net impact is beneficial to the District, resulting in about \$100,000 in additional revenue. In subsequent years, the impact may be negative by as much as \$300,000. To the extent that is necessary, the District will identify reduction offsets to permits this net reduction in direct tax revenue.

An intangible but very significant impact of the proposed legislation will be retention of one of the District's oldest businesses and largest employers. Losing BNA to a surrounding jurisdiction could reflect negatively on the District's ability to maintain its core business base. Also, this legislation demonstrates the District's commitment and effectiveness in creatively working with business in a manner competitive with other jurisdictions to address cost issues. Further, it plays a positive role in creating a "business-friendly" image for the District. To be competitive, the District must look beyond its current financial problems and create the climate for future economic development. The legislation not only enables the District to retain a valuable corporate resident, but also sends a message that the District is working to create a favorable business environment.

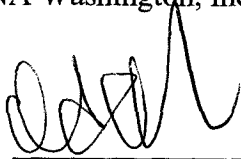
Sec. 5. (a) This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), approval by the Financial Responsibility and Management Assistance Authority as provided in section 203(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 116; D.C. Code § 47-392.3(a)), and a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in the District of Columbia Register.

(b) This act shall expire after 225 days of its having taken effect or upon the effective

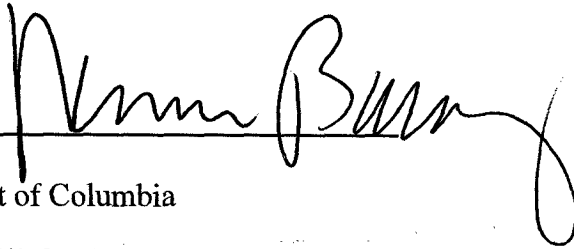
Note,
New Section
47-845.1
Note, Section
47-3305

ENROLLED ORIGINAL

date of the BNA Washington, Inc., Real Property Tax Deferral Act of 1996, whichever occurs first..



Chairman
Council of the District of Columbia



Mayor
District of Columbia

APPROVED: October 18, 1996



COUNCIL OF THE DISTRICT OF COLUMBIA

COUNCIL PERIOD ELEVEN

RECORD OF OFFICIAL COUNCIL VOTE

B11-817

Docket No. _____

☐ ITEM ON CONSENT CALENDAR☒ ACTION & DATE _____ADOPTED FIRST READING, 09-17-96
APPROVED☒ VOICE VOTE _____

RECORDED VOTE ON REQUEST _____

LIGHTFOOT AND RAY

ABSENT _____

☐ ROLL CALL VOTE - Result _____

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Clarke					Jarvis					Smith, Jr.				
Brazil					Lightfoot					Thomas, Sr.				
Chavous					Mason					Whittington				
Cropp					Patterson									
Evans					Ray									

X - Indicates Vote

AB - Absent

NV - Present not Voting

CERTIFICATION RECORD

[Signature]
Secretary to the Council

October 4, 1996
Date

☒ ITEM ON CONSENT CALENDAR☒ ACTION & DATE _____

ADOPTED FINAL READING, 10-01-96

☒ VOICE VOTE _____

RECORDED VOTE ON REQUEST _____

APPROVED

LIGHTFOOT

ABSENT _____

☐ ROLL CALL VOTE - Result _____

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Clarke					Jarvis					Smith, Jr.				
Brazil					Lightfoot					Thomas, Sr.				
Chavous					Mason					Whittington				
Cropp					Patterson									
Evans					Ray									

X-indicates no

AB-Absent

NV-Present not voting

CERTIFICATION RECORD

[Signature]
Secretary to the Council

October 4, 1996
Date

☐ ITEM ON CONSENT CALENDAR☐ ACTION & DATE _____☐ VOICE VOTE _____

RECORDED VOTE ON REQUEST _____

ABSENT _____

☐ ROLL CALL VOTE - Result _____

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Clarke					Jarvis					Smith, Jr.				
Brazil					Lightfoot					Thomas, Sr.				
Chavous					Mason					Whittington				
Cropp					Patterson									
Evans					Ray									

X - Indicates Vote

AB - Absent

NV - Present not Voting

CERTIFICATION RECORD

Secretary to the Council

Date