

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

*Codification
District of
Columbia
Official Code*

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To amend, on a temporary basis, the Fiscal Year 2010 Budget Support Second Emergency Act of 2009 and the Fiscal Year 2010 Budget Support Act of 2009 to clarify the taxation of transfers of economic interests in cooperative housing associations, to clarify that security interest instruments related to cooperative housing associations are exempt from the recordation tax, and to provide for the exemption from taxation of transfers of economic interests in limited-equity cooperative housing associations.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Cooperative Housing Association Economic Interest Recordation Tax Temporary Amendment Act of 2009”.

Sec. 2. Section 7091 of the Fiscal Year 2010 Budget Support Second Emergency Act of 2009, effective October 15, 2009 (D.C. Act 18-207; 56 DCR 8228), is amended to read as follows:

“Sec. 7091. The District of Columbia Deed Recordation Tax Act of 1962, approved March 2, 1962 (76 Stat. 11; D.C. Official Code § 42-1101 *et seq.*), is amended as follows:

Note,
§ 42-1102

“(a) Section 302 (D.C. Official Code § 42-1102) is amended as follows:

“(1) Paragraph (16) is repealed as of October 1, 2009.

“(2) Paragraph (27) is amended by striking the word “and”.

“(3) Paragraph (28)(B)(ii)(II) is amended by striking the period and inserting a semicolon in its place.

“(4) New paragraphs (29) and (30) are added to read as follows:

“(29) Beginning October 1, 2009, a security interest instrument pertaining to a cooperative housing association; and

“(30) Beginning October 1, 2009, a deed of economic interest pertaining to a limited-equity cooperative, as defined under D.C. Official Code § 47-802(11).”.

“(b) Section 302b (D.C. Official Code § 42-1102.02) is amended by adding a new subsection (c) to read as follows:

Note,
§ 42-1102.02

“(c) Notwithstanding any other provision of this section, every transfer of an interest in a cooperative housing association in connection with the grant, transfer, or assignment of a

proprietary leasehold or other proprietary interest, in whole or in part, shall be a transfer of an economic interest. This subsection shall apply as of October 1, 2009.”.

“(c) Section 303 (D.C. Official Code § 42-1103) is amended as follows:

Note,
§ 42-1103

“(1) Subsection (a)(2) is amended by striking the period and inserting the phrase “; provided, that, beginning October 1, 2009, in the case of a transfer of an economic interest in a cooperative housing association that is in connection with a grant, transfer, or assignment of a proprietary leasehold or other proprietary interest where the consideration allocable to the real property is less than \$400,000, the rate of tax shall be 2.2%.” in its place.

“(2) Subsection (c) is amended by striking the period and inserting the phrase “; provided further, that, beginning October 1, 2009, in the case of a deed that evidences a transfer of an economic interest in a cooperative housing association, the cooperative housing association shall be jointly and severally liable with the parties to the deed for the payment of taxes imposed by this section regardless of whether the cooperative housing association itself is a party to the deed.” in its place.”.

Sec. 3. Section 7091 of the Fiscal Year 2010 Budget Support Act of 2009, passed on 4th reading on September 22, 2009 (Enrolled version of Bill 18-203), is amended to read as follows:

“Sec. 7091. The District of Columbia Deed Recordation Tax Act of 1962, approved March 2, 1962 (76 Stat. 11; D.C. Official Code § 42-1101 *et seq.*), is amended as follows:

“(a) Section 302 (D.C. Official Code § 42-1102) is amended as follows:

Note,
§ 42-1102

“(1) Paragraph (16) is repealed as of October 1, 2009.

“(2) Paragraph (27) is amended by striking the word “and”.

“(3) Paragraph (28)(B)(ii)(II) is amended by striking the period and inserting a semicolon in its place.

“(4) New paragraphs (29) and (30) are added to read as follows:

“(29) Beginning October 1, 2009, a security interest instrument pertaining to a cooperative housing association; and

“(30) Beginning October 1, 2009, a deed of economic interest pertaining to a limited-equity cooperative, as defined under D.C. Official Code § 47-802(11).”.

“(b) Section 302b (D.C. Official Code § 42-1102.02) is amended by adding a new subsection (c) to read as follows:

Note,
§ 42-1102.02

“(c) Notwithstanding any other provision of this section, every transfer of an interest in a cooperative housing association in connection with the grant, transfer, or assignment of a proprietary leasehold or other proprietary interest, in whole or in part, shall be a transfer of an economic interest. This subsection shall apply as of October 1, 2009.”.

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“(1) Subsection (a)(2) is amended by striking the period and inserting the phrase “; provided, that, beginning October 1, 2009, in the case of a transfer of an economic interest in a cooperative housing association that is in connection with a grant, transfer, or assignment of a

proprietary leasehold or other proprietary interest where the consideration allocable to the real property is less than \$400,000, the rate of tax shall be 2.2%.” in its place.

“(2) Subsection (c) is amended by striking the period and inserting the phrase “; provided further, that, beginning October 1, 2009, in the case of a deed that evidences a transfer of an economic interest in a cooperative housing association, the cooperative housing association shall be jointly and severally liable with the parties to the deed for the payment of taxes imposed by this section regardless of whether the cooperative housing association itself is a party to the deed.” in its place.”.

Sec. 4. Fiscal impact statement.

The Council adopts the fiscal impact statement of the Chief Financial Officer as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 5. Effective date.

(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), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

(b) This act shall expire after 225 days of its having taken effect.

Chairman
Council of the District of Columbia

Mayor
District of Columbia