

# ENROLLMENT(S)

(5)



ENROLLED ORIGINAL

AN ACT  
D.C. ACT 12-84

*Codification  
District of  
Columbia  
Code  
1998 Supp.*

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA  
MAY 23, 1997

To amend 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 1997".

Sec. 2. The District of Columbia Real Property Tax Revision Act of 1974, approved September 3, 1974 (88 Stat. 1051; D.C. Code § 47-801 *passim*), is amended by adding a new section 435a to read as follows:

**Note, Section  
47-845.1**

"Sec. 435a. (a) Notwithstanding any other law or regulation, 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 Lot 109 and Lot 883 of Square 24, popularly known as 1227-1231 25th Street, N.W., Washington, D.C., or any 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 with incentives to continue their current occupancy and usage of the real property specified in subsection (a) of this section, or any similar District property substituted therefor, 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

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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.

"(d) Taxes, including penalty 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, except as provided in section 426a and subsection (i) of this section;

"(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

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after the Mayor gives to BNA and BNAW written notice and a reasonable time to cure the noncompliance or default and BNA and BNAW fail 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 or her judgment, such waiver would be in the public interest.

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

"(i)(1) If BNA and BNAW are aggrieved by any assessment of accumulated real property tax, penalty, and interest on real property owned by BNA or BNAW covered by the Agreement and this section, BNA and BNAW may appeal from the assessment in the same manner and to the same extent as provided in section 426a and 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); provided, however, that the deferred real property taxes need not first be paid.

"(2) At the termination of the 10-year deferral period, BNA and BNAW shall be responsible for the payment of the deferred real property tax notwithstanding the pendency of any administrative or judicial challenge to a real property tax levy or assessment."

"(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 (as added by Bill 11-818), 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)."

Sec. 4. (a) The Mayor shall submit to the Council, not later than September 16, 1997, proposed legislation to establish comprehensive standards for the provision of incentives by the District government to maintain existing employers in the District and to attract new employers to the District.

Note, Section  
47-845.1

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(b) The proposed economic development incentives legislation shall be structured to meet the following goals:

- (1) Provide substantial employment and training opportunities for District residents;
- (2) Allow the District to be competitive with other jurisdictions in the region;
- (3) Be attractive enough to employers to affect their retention or relocation decisions; and
- (4) Operate in a manner that is as revenue-neutral or revenue-positive as is feasible.

(c) The proposed legislation may include, but not be limited to, the following components:

(1) Tax credits for new hires of a specified minimum number of District residents, within a certain time period, which could be applied against the employer's franchise tax; provided, the tax credits should be allowed in all areas of the District, but the amount of the tax credit should be greater in targeted, economically depressed areas;

(2) Customized free industrial work force training of District residents;

(3) A restructured and expanded state enterprise zone program;

(4) Special incentives for employers that establish or operate a foreign trade zone and hire District residents; and,

(5) A mechanism within the office of the Assistant City Administrator for Economic Development mandated to:

(A) Compile and maintain a list, and usage-related data base, of all public and private incentives available in the District;

(B) Publicize and market the incentives available to employers;

(C) Design a cost-benefit analysis model for assessing incentive proposals; and

(D) File an annual report to the Mayor and Council on economic development incentives in the District and legislative recommendations for improvements in this area.

Sec. 5. (a) Notwithstanding any other law, if the Mayor does not submit the proposed legislation outlined in section 4 on or before September 16, 1997, the Mayor, until the proposed legislation is submitted by the Mayor and received in the Office of the Secretary to the Council, shall not reduce or defer the tax liability, including interest and penalties, or negotiate, or enter into, an agreement for the reduction or deferment of any tax liability, including interest and penalties, of any taxpayer liable to the District for the payment of any tax, including interest and penalties.

Note, Section  
47-845.1

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(b) Notwithstanding any other law, if the Mayor does not submit the proposed legislation outlined in section 4 on or before September 16, 1997, one position in the Office of the Assistant City Administrator for Economic Development shall be abolished by November 17, 1997, and the savings from the abolishment shall be allocated to the District's accumulated budget deficit.

(c) Subsection (a) of this section shall not apply to the tax deferment provided by section 435a of the District of Columbia Real Property Tax Revision Act of 1974 (as added by the BNA Washington, Inc., Real Property Tax Deferral Amendment Act of 1996 (D.C. Act 11-514)).

Sec. 6. The BNA Washington, Inc., Real Property Tax Deferral Amendment Act of 1996, signed by the Mayor on December 24, 1996 (D.C. Act 11-514) is amended as follows:

(a) Section 4 (D.C. Code § 47-845.1, note) is amended by striking the phrase "March 25" and inserting the phrase "September 16" in its place.

Note, Section  
47-845.15  
Note, Section  
47-845.1

(b) Section 5 (D.C. Code § 47-845.1, note) is amended by striking the phrases "March 25" wherever it appears and "May 26" and inserting the phrases "September 16" and "November 17" respectively, in their place.

Sec. 7. Fiscal impact statement.

The Bureau of National Affairs, Inc., and BNA Washington, Inc., 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 presence.

BNA currently employs approximately 1,100 people in the District, including 300 District residents. Beyond the expenditure described above, District tax revenue is generated indirectly through the expenditures of these employees at 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 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 \$100,000 annually. And, pending the final decision to remain in the District, BNA is planning at least \$8,000,000 in expenditure 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.

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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.

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 necessary, the District will identify reduction offsets to permit this net reduction in direct tax revenue.

It is important to note that BNA Washington, Inc., Real Property Deferral Temporary Amendment Act of 1997 allows the Executive to defer up to ten years any real property tax liability on any property in the District of Columbia acquired by the BNA Washington for headquarters and principal operations as an addition to, or substitute for, the 25th Street address during the term of any deferral agreement. The above analysis is based on the assumption that the BNA Washington's newly leased property of 95,000 square feet which generates approximately \$275,000 in additional real property tax revenue will not be granted deferral of any real property taxes up to ten years. The Executive has entered into a contract with the BNA Washington and not granted any deferral of real property tax on this newly leased property of 95,000 square feet. If the Executive decides to give any deferral of real property tax on this property at a later time, the negative fiscal impact will be much higher than mentioned in the above analysis.

Sec. 8. The provisions of this act shall apply to the tax year beginning October 1, 1996, and ending September 30, 1997, and for each tax year thereafter through September 30, 2007.

Note,  
Sections  
47-845.1  
47-3305


Sec. 9. The BNA Washington, Inc., Real Property Tax Deferral Temporary Amendment Act of 1996, approved October 18, 1996 (D.C. Act 11-433; 43 DCR 6176), is repealed.

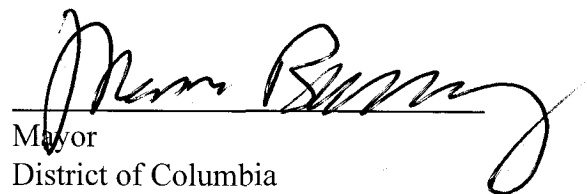
Sec. 10. (a) This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), approval by the Financial Responsibility and Management Assistance Authority as provided in section 203(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 116; D.C. Code § 47-392.3(a)), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Self-

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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.

  
Acting Chairman  
Council of the District of Columbia

  
Mayor  
District of Columbia

APPROVED: May 23, 1997





## COUNCIL OF THE DISTRICT OF COLUMBIA

COUNCIL PERIOD TWELVE

RECORD OF OFFICIAL COUNCIL VOTE

B12-135

Docket No. \_\_\_\_\_

[ ] ITEM ON CONSENT CALENDAR

☒ ACTION & DATE

ADOPTED FIRST READING, 03-04-97

☒ VOICE VOTE

APPROVED

RECORDED VOTE ON REQUEST

ABSENT

CHMN. CLARKE AND THOMAS

[ ] ROLL CALL VOTE - Result \_\_\_\_\_

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

X - Indicates Vote AB - Absent NV - Present not Voting

CERTIFICATION RECORD

*[Signature]*  
Secretary to the Council

*[Signature]* 9/1997  
Date

[ ] ITEM ON CONSENT CALENDAR

☒ ACTION & DATE

ADOPTED FINAL READING, 05-06-97

☒ VOICE VOTE

APPROVED

RECORDED VOTE ON REQUEST

ABSENT

ALL PRESENT

[ ] ROLL CALL VOTE - Result \_\_\_\_\_

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Cropp					Jarvis					Thomas, Sr.				
Allen					Mason									
Brazil					Patterson									
Chavous					Schwartz									
Evans					Smith, Jr.									

X-indicates no AB-Absent NV-Present not voting

CERTIFICATION RECORD

*[Signature]*  
Secretary to the Council

*[Signature]* 9/1997  
Date

[ ] ITEM ON CONSENT CALENDAR

[ ] ACTION &amp; 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. Cropp					Jarvis					Thomas, Sr.				
Allen					Mason									
Brazil					Patterson									
Chavous					Schwartz									
Evans					Smith, Jr.									

X - Indicates Vote AB - Absent NV - Present not Voting

CERTIFICATION RECORD

Secretary to the Council

Date