

COUNCIL OF THE DISTRICT OF COLUMBIA
D.C. Law 20-86, effective February 22, 2014
(Delayed Applicability)

20 DCSTAT 2950

AN ACT

Bill 20-70
Act 20-256
effective
December 31,
2013

Codification
District of
Columbia
Official Code
2001 Edition
Historic
Music
Cultural
Institutions
Expansion
Tax
Abatement
Act of 2013

To amend Chapter 46 of Title 47 of the District of Columbia Official Code to conditionally and temporarily exempt Historic Music Cultural Institutions and property used by them from certain real property, recordation, and transfer taxes and assessments.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Historic Music Cultural Institutions Expansion Tax Abatement Act of 2013”.

Sec. 2. Chapter 46 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by adding a new section designation to read as follows:

“47-4662. Historic Music Cultural Institutions.”.

(b) A new section 47-4662 is added to read as follows:

“§ 47-4662. Historic Music Cultural Institutions.

“(a) For the purposes of this section, the term:

“(1) The term “Expanded Music Cultural Use Property” means real property in the District of Columbia leased or purchased by an HMCI that is capable of supporting one or more buildings larger in size than the Historic Music Cultural Property leased or owned by the HMCI immediately prior to the lease or purchase of the expanded use property, where the principal purpose of the lease or purchase is to relocate the HMCI into that expanded use property; provided, that the expanded use property is used to continue and to increase the HMCI’s ability to present live music performances in the District, and to further the goal of expanding public access to live music and other entertainment and employment opportunities in, as well as increasing revenue for, the District.

“(2) “Historic Music Cultural Institution” or “HMCI” means an organization, whether organized for private gain or not, operating a Historic Music Cultural Property for a minimum of 45 years, and which, in each of the 5 calendar years preceding the effective date of this section, hosted a minimum of 100 live musical performances at the Historic Music Cultural Property that were open to the public.

“(3) “Historic Music Cultural Property” means real property in the District of Columbia owned or leased by an HMCI and used by the HMCI to stage live musical performances for the public and associated activities. A Historic Music Cultural Property includes the music venue, including a stage for performances and seating area for an audience, as well as portions of

New
§ 47-4662

the building or buildings that are dedicated to food or beverage service or preparation and used exclusively by the HMCI, supporting office spaces used exclusively by the HMCI, and spaces occupied exclusively by directly affiliated nonprofit music-oriented cultural organizations, together with associated grounds.

“(b) The tax imposed by Chapter 8 of this title with respect to an Expanded Music Cultural Use Property purchased or leased by an Historic Music Cultural Institution shall be abated for the period commencing with the beginning of the month following the date that a deed, memorandum of lease, or other document reflecting the HMCI’s current and full ownership or possessory interest, as applicable, in the property, that is effective at least as of the date of recordation, is recorded and ending upon the end of the 10th real property tax year following the real property tax year in which such recording occurs; provided, that the HMCI’s interest in the real property is recorded within one year prior to or within 5 years after the effective date of this section.

“(c) If a document reflecting an Historic Music Cultural Institution’s ownership or lease of an Expanded Music Cultural Use Property is recorded within one year prior to or within five years after the effective date of this section, the difference of any real property taxes imposed on the Expanded Music Cultural Use Property at a rate in excess of the rate of tax under § 47-812 prescribed for class 2 property, as defined by § 47-813, for the applicable tax year, during the tax year that the document reflecting the HMCI’s interest is recorded, or during any of the 4 preceding tax years, shall be, along with associated penalty and interest, abated and forgiven to the extent the taxes, penalties, and interest have not been paid on or before the recordation date.

“(d)(1) Any document reflecting a transfer, assignment, or other disposition of an Expanded Music Cultural Use Property to a Historic Music Cultural Institution, and any security interest instrument with respect to such property given by an Historic Music Cultural Institution to a third party lender, including an assignment of leasehold interest in the real property, shall be exempt from the tax imposed by § 42-1103.

“(2) Any transfer, assignment, or other disposition of all or any portion of an Historic Music Cultural Property or an Expanded Music Cultural Use Property by a Historic Music Cultural Institution shall be exempt from the tax imposed by § 47-903.

“(e)(1)(A) The exemption or abatement of real property, recordation, and transfer taxes pursuant to this section shall not exceed \$200,000 in any given fiscal year (provided that any amount not used in a fiscal year may be carried over to a subsequent fiscal year) and, in the aggregate, shall not exceed \$2 million.

“(B) The Mayor shall certify to the Office of Tax and Revenue the amount of exemption or abatement that is allowable with respect to each Historic Music Cultural Institution, Historic Music Cultural Property or Expanded Music Cultural Property for each fiscal year.

“(2) No Historic Music Cultural Institution, Historic Music Cultural Property or Expanded Music Cultural Property shall be entitled to receive any one exemption, abatement, or forgiveness provided under this section more than once.

“(3)(A) During the time that any Expanded Music Cultural Use Property is receiving the abatement provided under subsection (b) of this section, at least 50% of any new employees hired by the Historic Music Cultural Institution owning or leasing the property shall be residents of the District.

“(B) The Mayor shall certify to the Office of Tax and Revenue that these conditions have been met and shall inform the Office of Tax and Revenue if these conditions are no longer met.

“(4) If the Expanded Music Cultural Use Property is leased by the Historic Music Cultural Institution, the abatement provided under subsection (b) of this section shall be allowable only to the extent that the benefit of the abatement is passed on to the HMCI in the form of reduced rent.

“(5) An Historic Music Cultural Institution owning or leasing property receiving the real property tax abatement under subsection (b) of this section shall furnish the reports required pursuant to § 47-1007 and, if the property fails to qualify for the relief provided by subsection (b) of this section, the HMCI shall advise the Office of Tax and Revenue of the failure in the report filed for the year in which the property fails to so qualify. If the HMCI leases property and files the report required pursuant to § 47-1007, the owner of the property shall not be required to file the report pursuant to § 47-4702.

“(6) An Expanded Music Cultural Use Property shall be entitled to receive the real property tax abatement provided under subsection (b) of this section only during the time that the Historic Music Cultural Institution owns or leases the real property and uses that real property for the activities described in subsection (a)(3) of this section.

“(7)(A) The tax benefits provided by this section shall be subject to the provisions of §§ 42-1108.01, 47-903(e), 47-1005, and 47-1009.

“(B) The Office of Tax and Revenue shall administer the relief provided under this section in the same manner as an exemption granted pursuant to § 47-1002.

“(8) In the course of providing any tax or fee abatement, forgiveness, or exemption pursuant to this act, the Mayor, or his designee, shall provide cooperative assistance to an Historic Music Cultural Institution to facilitate the prompt, efficient, and coordinated review of any permit or license application, or application to transfer a permit or license, made necessary by a change of music venue location, including a license or permit associated with food and beverage service, demolition and construction, or utility hook-ups.”.

Sec. 3. Applicability.

This act shall apply upon the inclusion of its fiscal effect in an approved budget and financial plan, as certified by the Chief Financial Officer to the Budget Director of the Council in a certification published by the Council in the District of Columbia Register.

**Delayed
Applicability**

COUNCIL OF THE DISTRICT OF COLUMBIA
D.C. Law 20-86, effective February 22, 2014
(Delayed Applicability)

20 DCSTAT 2953

Sec. 4. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report 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.

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.