

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend section 47-863 of the District of Columbia Official Code to provide an exemption from real property taxes for District domiciled residents who have owned a residence in the District for at least 20 consecutive years immediately preceding the effective tax year provided, that the resident is 70 years of age or older, has an annual household adjusted gross income of less than \$60,000 and less than \$12,500 in household interest and dividend income, and owns the residence receiving the exemption.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Senior Citizen Real Property Tax Relief Act of 2014”.

Sec. 2. Section 47-863 of the District of Columbia Official Code is amended as follows:

(a) Subsection (a) is amended as follows:

(1) Paragraph (1A) is amended by striking the phrase “, in whole or in part,” both times it appears.

(2) A new paragraph (1B) is added to read as follows:

“(1B) “Exempt household” means:

“(A) In the case of a house or condominium, an individual’s residence:

“(i) That comprises a dwelling unit;

“(ii) That is Class 1 Property, as defined in § 47-813, and contains not more than 5 dwelling units; and

“(iii) That is owned at least 50% by the individual who:

“(I) Is 70 years of age or older;

“(II) Has a household adjusted gross income of less than \$60,000 and less than \$12,500 of household interest and dividend income; and

“(III) Has owned a residence in the District for at least 20 consecutive tax years immediately preceding the half tax year for which the exemption shall be in effect; and

“(B) In the case of a cooperative housing association that is Class 1 Property, as defined in § 47-813, a shareholder's or member's residence:

“(i) That comprises a dwelling unit;

“(ii) That is owned at least 50% by the individual who:

“(I) Is 70 years of age or older;

“(II) Has a household adjusted gross income less than \$60,000 and less than \$12,500 of household interest and dividend income; and

“(III) Has owned a residence in the District for at least 20 consecutive tax years immediately preceding the half tax year for which the exemption shall be in effect; and

“(iii) That, by reason of the ownership of stock or membership certificate, a proprietary lease, or other evidence of membership, is occupied by right by the shareholder or member with at least a 50% interest, which permits the occupation of the dwelling unit.”.

(3) Paragraph (2) is amended to read as follows:

“(2) “Household adjusted gross income” means the adjusted gross income of all persons residing in a household, as determined by each person’s federal income tax year ending immediately before the beginning of the real property tax year during which the deduction provided under subsection (b) of this section or the exemption provided under subsection (b-1) of this section shall be applicable, excluding the adjusted gross income of any person who is a tenant by virtue of a written lease for fair market value.”.

(4) A new paragraph (2A) is added to read as follows:

“(2A) “Household interest and dividend income” means the total income amount reported on Schedule B of Treasury Form 1040 of all persons residing in a household, as determined by each person’s federal income tax year ending immediately before the beginning of the real property tax year during which the deduction provided under subsection (b) of this section or the exemption provided under subsection (b-1) of this section shall be applicable, excluding the adjusted gross income of any person who is a tenant by virtue of a written lease for fair market value.”.

(b) A new subsection (b-1) is added to read as follows:

“(b-1)(1) An exempt household shall be exempt from real property tax for the tax year in which the exempt household qualifies for the real property tax exemption.”.

(c) Subsections (c), (d), (e), and (f) are amended to read as follows:

“(c) (1) In the case of a house or condominium, to qualify the eligible household to receive the deduction or exempt household to receive the exemption, the individual shall complete and file with the Chief Financial Officer of the District of Columbia (“CFO”) an application in a form prescribed by the CFO requesting the deduction or the exemption. The individual shall certify, under penalty of perjury, the information provided on the application and file the application in the manner prescribed by the CFO. The CFO may require the individual to provide any information that the CFO considers necessary, including all taxpayer identification numbers of the individual, any other owner, any person with legal or equitable title, and any person in the household of the individual. The CFO may also require the individual, any other owner, any person with legal or equitable title, and any person in the household of the individual to submit information after the deduction or exemption has been allowed to determine whether the real property remains an eligible or exempt household and entitled to the deduction or exemption.

“(2)(A) For a cooperative housing association to qualify and receive the deduction or exemption, the shareholder or member shall complete and file with the CFO an application in a form prescribed by the CFO. The shareholder or member shall certify, under penalty of perjury, the information provided on the application and file the application in the manner prescribed by

the CFO. The CFO may require the shareholder or member to provide any information that the CFO considers necessary, including the taxpayer identification numbers of the shareholder or member, any other person with an ownership or membership interest, and any person in the household of the shareholder or member. The CFO may also require the shareholder or member, any other person with an ownership or membership interest, and any person in the household of the shareholder or member to submit information after the deduction or exemption has been granted to determine whether the cooperative housing association remains entitled to the deduction or exemption for the eligible or exempt household, as applicable.

“(B) The CFO may require the officers or managers of the cooperative housing association to distribute the application forms to its shareholders or members and to collect the completed application forms from the shareholders or members for return to the CFO. Officers and managers of a cooperative housing association shall submit such other information as the CFO may require.

“(C) The deduction or exemption shall be passed on to the eligible or exempt household, as applicable, by the cooperative housing association during the corresponding tax year.

“(d) If a properly completed and approved application is filed during the period October 1 through March 31 of the tax year, the real property shall receive the deduction or exemption, as applicable, for the entire tax year. Notwithstanding subsection (b) of this section, if a properly completed and approved application is filed during the period April 1 through September 30, the real property shall receive half of the deduction or shall be exempt for half of the tax year, as applicable, which shall be applied to the second installment only.

“(e) The application filed by the individual, shareholder, or member shall apply to the initial tax year, or applicable installment, and to any succeeding tax year for which the deduction or exemption is allowed.

“(f)(1) If the eligible household no longer qualifies for the deduction or exemption, the applicant (or former owner if there is no applicant) shall notify the CFO of the date of the change in eligibility within 30 days after the change in eligibility. If the applicant (or former owner if there is no applicant) fails to notify the CFO timely, the deduction or exemption shall be rescinded without limitation for each tax year. Penalty and interest shall be added from the day the correct amount of tax was due but not paid.

“(2) Notwithstanding paragraph (1) of this subsection, if the eligible or exempt household, as applicable, is transferred and continued to qualify for the deduction 30 days or less before the date of execution of the deed of transfer, the applicant shall not be required to notify the CFO of the change in eligibility.

“(3) If the tax is paid within 30 days of the corresponding bill, timely notification of the change in eligibility shall preclude assessment of penalty and interest.

“(4) If the change in eligibility occurs during the period October 1 through March 31 of the tax year, the deduction or exemption shall be disallowed for the entire tax year.

“(5) Notwithstanding subsection (a) of this section, if the change in eligibility occurs during the period April 1 through September 30, the real property shall receive half of the deduction or shall be exempt for half of the tax year, as applicable, which shall be applied to the first installment only.

“(6)(A) Notwithstanding the rescission of the deduction or exemption pursuant to paragraphs (4) and (5) of this subsection, if the applicant's required ownership interest in the real property is transferred to a new owner, shareholder, or member who does not apply or qualify for the deduction or exemption, as applicable, the real property shall be entitled to the apportioned amount of the deduction or exemption applicable to the installment payable during the half tax year during which the ownership interest was transferred. At the end of the half tax year, the deduction or exemption shall cease.

“(B) If the applicant purchases another real property or interest in a housing cooperative for which he or she shall make application for the deduction or exemption, and the application and purchase occurs during the same half tax year when the transfer occurred, subsections (i) and (j) of this section shall not apply to the extent that both real properties may benefit from the deduction or exemption during that half tax year and, thereafter, only the newly purchased real property or housing cooperative in which the applicant acquired newly an interest shall benefit from the applicant's deduction or exemption.

“(C) Notwithstanding the foregoing, a real property shall not benefit from more than one deduction or exemption in any half tax year; provided, that in the case of a housing cooperative, the real property shall not benefit from more than one deduction or exemption related to an eligible or exempt household, as applicable, in any half tax year.”.

(d) Subsection (f-1) is repealed.

(e) A new subsection (f-2) is added to read as follows:

“(f-2) Within 45 days from the date of the notice rescinding or denying the deduction or exemption, the owner may petition for an administrative review of the rescission or denial and appeal from a final determination thereof to the same extent as if the appeal were filed under § 47-825.01a(d)(2).”.

(f) Subsections (g), (h), (i), (j), and (k) are amended to read as follows:

“(g) If real property tax is owing as a result of an erroneous or improper deduction or exemption, the following shall apply:

“(1) Except in the case of a cooperative housing association, if the eligible household was transferred, the applicant or former owner, and not the real property shall be personally liable for the amount of the delinquent real property tax that was not paid timely during the period when the applicant or former owner had an ownership interest in the eligible or exempt household, as applicable, together with interest and penalty at the same rate as provided in this chapter for the late payment of real property tax. The tax shall be considered due on the date that the total amount of real property tax was due but unpaid and shall be collected in the manner prescribed under Chapter 44.

“(2) Notwithstanding paragraph (1) of this subsection, if the eligible or exempt household was transferred and the grantee failed to timely record a deed under § 47-1431 (or other evidence of the transfer in the case of a cooperative housing association), the real property shall be liable for the amount of the delinquent real property tax that was not paid timely, together with interest and penalty as provided in this chapter for the late payment of real property tax.

“(3) In all other cases, the real property shall be liable for the amount of the delinquent real property tax that was not paid timely, together with interest and penalty as

provided in this chapter for the late payment of real property tax; provided, that the CFO may establish a payment plan to collect the delinquent taxes.

“(h) The eligibility of an eligible or exempt household for the deduction or exemption, as applicable, shall not be affected by the transfer of the eligible or exempt household into a revocable trust if the transfer is without consideration and the eligible or exempt household remains the residence of the applicant-grantor before and after the transfer.

“(i) No other person in the household of the individual, shareholder, or member shall claim a deduction or exemption for an eligible or exempt household in the District. The cooperative housing association shall not receive a deduction or exemption for an eligible household if the basis of the deduction or exemption is another person in the household of the shareholder or member.

“(j) If an individual, shareholder, or member claims more than one eligible or exempt household in the same tax year, and has not timely notified the CFO of all changes in eligibility, the CFO shall disallow the deduction or exemption for all eligible or exempt households claimed by the individual, shareholder, or member.

“(k)(1) The CFO may contract with a collection agency inside or outside of the District to verify the contents of any application or return for the purposes of determining the eligibility of any eligible or exempt household.

“(2) All funds collected by the collection agency and belonging to the District shall be remitted to the CFO not less than once a month. Forms to be utilized for the remittances may be prescribed by the CFO. The CFO may require that the collection agency furnish a bond securing compliance with the provisions of this subsection and the contract with the District.

“(3) At the discretion of the CFO:

“(A) The collection agency may charge a collection fee not in excess of 25% of the total amount of the delinquent taxes, excluding penalties and interest, that is actually collected; or

“(B) The collection agency may be remunerated by fee, percentage of taxes collected, or both.

“(4)(A) Notwithstanding any other provision contained in this title, confidential information related to the owner of the real property may be provided to a collection agency for purposes of collecting a delinquent tax under this chapter. If the information is provided to a collection agency under this subsection, the collection agency shall not disclose the information to a third party, other than the owner (or his or her representative), unless the CFO would be authorized by law to make the disclosure.

“(B) A collection agency, or employee of a collection agency, violating the provisions of this subsection shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than the amount set forth in § 22-3571.01(b)(4) or imprisoned for not more than 180 days, or both. All prosecutions under this paragraph shall be brought in the Superior Court of the District of Columbia on information by the Attorney General for the District of Columbia in the name of the District of Columbia.”.

Sec. 3. Applicability.

This act shall apply as of October 1 of the fiscal year in which it is funded and included 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 in the District of Columbia Register.

Sec. 4. Fiscal impact statement.

The Council adopts the March 4, 2014, 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.

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.

Chairman
Council of the District of Columbia

Mayor
District of Columbia