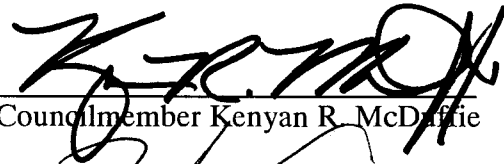


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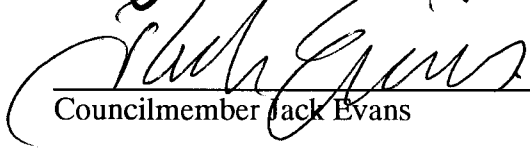
2 Chairman Phil Mendelson

3 

4 Councilmember Kenyan R. McDuffie

5 

6 Councilmember David A. Catania

7 

8 Councilmember Jack Evans

9
10 AN ACT

11
12 _____
13
14 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

15
16 _____
17
18 Councilmember Kenyan R. McDuffie introduced the following bill, which was referred to

19 _____.

20
21 To amend Title 47 of the District of Columbia Code to establish a 9% Low-Income Housing Tax
22 Credit.

23
24 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
25 act may be cited as the "Low-Income Housing Tax Credit Act of 2014".

26
27 Sec. 2. Title 47 of the District of Columbia Code is amended as follows:

28
29 (a) The table of contents for the title is amended by adding the chapter designation

30 "Chapter 48. District of Columbia Low-Income Housing Tax Credit."

31 (b) A new Chapter 48 is added to read as follows:

32 "CHAPTER 48. DISTRICT OF COLUMBIA LOW-INCOME HOUSING TAX
33 CREDIT.

34 "Sec.

35 "47-4801. Definitions.

36 "47-4802. Credit established.

37 "47-4803. Eligibility.

- 1 “47-4804. Recapture.
- 2 “47-4805. Additional filings.
- 3 “47-4806. Transfer, sale or assignment.
- 4 “47-4807. Compliance.
- 5 “47-4808. Expiration of credits.
- 6 “47-4809. Efficiency.
- 7 “47-4810. Fees.
- 8 “47-4811. Rulemaking.
- 9 “§ 47-4801. Definitions.

10 “For the purposes of this chapter, the term:

11 “(1) “Administrative costs” means the costs of the Department to administer,
12 manage, and monitor the low-income housing tax credit program, including personnel costs.

13 “(2) “Department” means the Department of Housing and Community
14 Development, or its successor agency.

15 “(3) “Developer” means a person or entity that proposes to cause the construction
16 of affordable housing using tax credits provided under the District of Columbia Low-Income
17 Housing Tax Credit Program.

18 “(4) “Director” means the Director of the Department of Housing and
19 Community Development.

20 “(5) “Low-Income Housing Tax Credit Program” means the program authorized
21 by section 42 of the Internal Revenue Code [26 U.S.C. § 42].

22 “(6) “Qualified Project” means a rental housing development that receives an
23 allocation of Federal 9% Low-Income Housing Tax Credits from the Department.

1 “(7) “User fee” means a fee charged by the Department to a developer in
2 connection with the District of Columbia Low-Income Housing Tax Credit Program, including
3 application, reservation, allocation, and monitoring fees.

4 “§ 47-4802. Credit established.

5 “(a) There is established a District of Columbia low-income housing tax credit. The
6 Department may authorize annually under this chapter total tax credits equal to the credit ceiling
7 allocated to the District of Columbia by the federal Internal Revenue Service in accordance with
8 26 U.S.C. § 42(h)(3)(c).

9 “(b) Unless otherwise provided in this section, the Department shall authorize, allocate,
10 administer, and determine eligibility for the District of Columbia low-income housing tax credit
11 and allocate the credit in accordance with the standards and requirements as set forth in section
12 42 of the 1986 Internal Revenue Code, as amended and in effect for the taxable year; provided,
13 that the combined federal and District of Columbia low-income housing tax credit shall be the
14 least amount necessary to ensure financial feasibility of a project.

15 “(c) The Department shall allocate the total available District of Columbia low-income
16 housing tax credit among as many qualified District of Columbia projects as fiscally feasible,
17 with the goal of increasing the stock of affordable housing units.

18 “(d) Only qualified projects are eligible for a District of Columbia low-income housing
19 tax credit award. The Department shall award an equal number of Federal and District of
20 Columbia low-income housing tax credits to a qualified project.

21 “§ 47-4803. Eligibility.

1 “(a) A taxpayer may receive a District of Columbia tax credit with respect to a qualified
2 project, provided that the Department issues an eligibility statement for that qualified project.
3 This credit shall be termed the District of Columbia low-income housing tax credit.

4 “(b) The total District of Columbia low-income housing tax credit available to a qualified
5 District of Columbia project shall be authorized and allocated by the Department based on the
6 qualified project’s need for the credit for economic feasibility.

7 “(c) The District of Columbia low-income housing tax credit shall be taken against the
8 income or franchise taxes imposed under this title, claimed equally for 10 years, subtracted from
9 the amount of District of Columbia tax otherwise due for each taxable period and shall not be
10 refundable. Any amount of the low-income housing tax credit that exceeds the tax due for a
11 taxable year may be carried forward to any of the 10 subsequent taxable years.

12 “(d) All or any portion of District of Columbia tax credits issued in accordance with the
13 provisions of this section may be allocated to parties who are eligible under the provisions of
14 subsection (a) of this section. An owner of a qualified project shall certify to the Chief Financial
15 Officer the amount of credit allocated to such owner. The owner of the qualified project shall
16 provide to the Chief Financial Officer appropriate information so that the low-income housing
17 tax credit can be properly allocated.

18 “(e) In the event that recapture of District of Columbia low-income housing tax credits is
19 required pursuant to subsection (a) or (b) of section 4804, any statement submitted to the Chief
20 Financial Officer as provided in this section shall include the proportion of the District of
21 Columbia credit required to be recaptured, the identity of each taxpayer subject to the recapture,
22 and the amount of credit previously allocated to such taxpayer.

1 “(f)(1) A tax credit allowed under this section shall not be denied to the taxpayer with
2 respect to any qualified project merely by reason of a right of first refusal held by the tenants, in
3 cooperative form or otherwise, or resident management corporation of such building or by a
4 qualified nonprofit organization, as defined in Section 42 of the 1986 Internal Revenue Code, as
5 amended and in effect for the taxable year, or government agency to purchase the qualified
6 District of Columbia project after the close of the compliance period for a price which is not less
7 than the minimum purchase price determined under paragraph (2).

8 “(2) The minimum purchase price shall be an amount equal to the sum of the
9 principal amount of outstanding indebtedness secured by the building, other than indebtedness
10 incurred within the 5-year period ending on the date of the sale pursuant to paragraph (1), and all
11 federal and District taxes attributable to such sale.

12 “§ 47-4804. Recapture.

13 “(a) The owner of a qualified project eligible for the District of Columbia low-income
14 housing tax credit shall submit, at the time of filing the project owner’s state tax return, a copy of
15 the eligibility statement issued by the department with respect to such qualified project. In the
16 case of failure to attach the eligibility statement, a credit under this section shall not be allowed
17 with respect to such qualified project for that year until the copy is provided to the Office of Tax
18 and Revenue.

19 “(b) If under Section 42 of the 1986 Internal Revenue Code, as amended and in effect for
20 the taxable year, a portion of any federal low-income housing tax credits taken on a low-income
21 qualified project is required to be recaptured, the District of Columbia low-income housing tax
22 credit authorized by this chapter with respect to such qualified District of Columbia project shall
23 also be recaptured. The District of Columbia recapture amount shall be equal to the amount of

1 the District of Columbia low-income housing tax credits previously claimed times a fraction, the
2 numerator of which shall be the amount of recaptured federal low-income housing tax credits
3 and the denominator of which shall be the amount of federal low-income housing tax credits
4 previously claimed.

5 “§ 47-4805. Additional filings.

6 “The Chief Financial Officer or the Department may require the filing of additional
7 documentation necessary to determine the eligibility or accuracy of a tax credit claimed under
8 the provisions of this chapter through the promulgation of regulations.

9 “§ 47-4806. Transfer, sale, or assignment.

10 “(a) All or any portion of tax credits issued in accordance with the provisions of this
11 section may be transferred, sold, or assigned.

12 “(b) An owner or transferee desiring to make a transfer, sale or assignment as described
13 in subsection (a) of this section shall submit to the Chief Financial Officer a statement which
14 describes the amount of District of Columbia low-income housing tax credit for which such
15 transfer, sale, or assignment of District of Columbia low-income housing tax credit is eligible.
16 The owner shall provide to the Chief Financial Officer appropriate information so that the low-
17 income housing tax credit can be properly allocated.

18 “(c) In the event that recapture of District of Columbia low-income housing tax credits is
19 required pursuant to section 4803, any statement submitted to the Chief Financial Officer as
20 provided in subsection (b) of this section shall include the proportion of the District of Columbia
21 low-income housing tax credit required to be recaptured, the identity of each transferee subject to
22 recapture, and the amount of credit previously transferred to such transferee.

23 “§ 47-4807. Compliance.

1 “The Department, in consultation with the Chief Financial Officer, shall monitor and
2 oversee compliance with the District of Columbia low-income housing tax credit program and
3 may promulgate regulations requiring the filing of additional documentation deemed necessary
4 to determine continuing eligibility for the District of Columbia low-income housing tax credit.
5 The Department or the Chief Financial Officer shall report specific occurrences of
6 noncompliance to appropriate state, federal, and local authorities.

7 “§ 47-4808. Expiration of credits.

8 “Except for unused credits carried forward pursuant to subsection (c) of section 4803, and
9 except for credits claimed under regulations promulgated by the department consistent with the
10 special rule set forth in paragraph (2) of subsection (f) of section 42 of the 1986 Internal Revenue
11 Code, as amended and in effect for the taxable year, a qualified District of Columbia project shall
12 not be eligible for any District of Columbia low-income housing tax credits for more than 11
13 taxable years.

14 “§ 47-4809. Efficiency.

15 “The Department may pursue methods of enhancing the efficiency of the District of
16 Columbia low-income housing tax credit program including but not limited to: pursuing opinions
17 from the United States department of treasury’s internal revenue service in the form of general
18 counsel memoranda, private letter rulings and other notices, rulings or guidelines and reviewing
19 other state low income housing tax programs which utilize an option for taxpayers to receive
20 such tax credit in the form of a loan generated by transferring the credit to a designated state
21 entity.”

22 “§ 47-4810. Fees.

1 “The Department may charge a user fee equal to up to 1% of the District of Columbia
2 low-income housing tax credits awarded to a qualified project to pay for the administrative costs
3 associated with the program. The user fee will be deposited into the Low-Income Housing Tax
4 Credit Fund, as established in D.C. Official Code § 42-2853.

5 “§ 47-4811. Rulemaking.

6 “(a) The Mayor shall issue rules to implement this Chapter.

7 “(b) The Chief Financial Officer shall issue rules to implement section 4805.”.

8 Sec. 3. Fiscal impact statement.

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

12 Sec. 4. Effective date.

13 This act shall take effect following approval by the Mayor (or in the event of veto by the
14 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as
15 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
16 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
17 Columbia Register.