



COUNCIL OF THE DISTRICT OF COLUMBIA

THE JOHN A. WILSON BUILDING
1350 PENNSYLVANIA AVENUE, NW
WASHINGTON, D.C. 20004

KENYAN R. McDUFFIE
Councilmember, Ward 5
Chair Pro Tempore
Chair, Committee on Business and
Economic Development

Committee Member
Transportation and the Environment
Recreation, Libraries and Youth Affairs
Housing and Executive Administration

May 25, 2021

Nyasha Smith, Secretary
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W.
Washington, DC 20004

Dear Secretary Smith,

Today, I am introducing the “Protecting Local Area Commercial Enterprises Amendment Act Of 2021” (The “PLACE Act”).

Please find enclosed a signed copy of the legislation.

This legislation establishes the legacy business assistance program to provide a commercial lease renewal process and financial assistance to landlords and eligible legacy business. A legacy business is one that has been continuously eligible for certification as a local business enterprise for 15 consecutive years, or as a small business enterprise for 10 consecutive years and contributed to the history or identity of the District. The legislation would create grants of up to \$50,000 a year for businesses that have operated in DC for at least 10 years.

Additionally, landlords and certain legacy businesses will have the opportunity for a tax abatement. If a landlord enters into a real property lease with a qualified legacy business, that landlord may receive an abatement of the portion of the tax that represents the legacy business’s pro rata share. To be eligible, the landlord must be liable for that share of the tax under the lease and must maintain that lease at or below market rate. An application for a rebate of the tax must be timely made and the landlord must have paid the tax.

Lastly, the bill will amend the Procurement Practices Reform Act of 2010 to require that revenue collected through a 1% Discount Fee of total sales on the DC Supply Schedule be used for the Program.

It is my hope that the Council will move this legislation forward quickly in Council Period 24, as we look to recover from the economic challenges presented in the past year.

Should you have any questions, please contact Alicia Difazio, Committee Director, at adifazio@dccouncil.us, or 202-374-4221.

Best,

A handwritten signature in blue ink, appearing to read "K.R. McDuffie". The signature is stylized and fluid.

Kenyan R. McDuffie


Councilmember Kenyan R. McDuffie

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the Small and Certified Business Enterprise Development and Assistance Act of 2005 to establish the legacy business assistance program to provide a commercial lease renewal process, financial assistance to landlords and eligible legacy businesses; and to amend the Procurement Practices Reform Act of 2010 to provide that revenue collected from the 1% Discount Fee of total sales invoiced on the DC Supply Schedule be used for the legacy business program.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the “Protecting Local Area Commercial Enterprises Amendment Act of 2021”.

Sec. 2. The Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 et seq.), is amended as follows:

(a) Section 2302 (D.C. Official Code § 2-218.02) is amended as follows:

(1) Paragraph (5B) is redesignated as paragraph (5C).

(2) A new paragraph (5B) is added to read as follows:

34 “(5B) “Discount fee” means the charge and collection fee on all sales, purchase
35 orders, delivery orders, task orders, and purchase card transactions made under contracts
36 awarded to contractors under the DC Supply Schedule.”.

37 (3) New paragraphs (11A) and (11B) are added to read as follows:

38 “(11A) “Landlord” means a person or entity that is liable for the property taxes of
39 a commercial property.”

40 “(11B) “Legacy business” means a business enterprise that has:

41 “(A) Been continuously eligible for certification as a local business
42 enterprise for 15 consecutive years or as a small business enterprise for 10 consecutive years;

43 “(B) Contributed to the history of the District of Columbia or to the
44 identify of a particular neighborhood or community in the District; and

45 “(C) Demonstrated a commitment to maintaining the physical features or
46 traditions that define its business.”

47 (b) A new part D-i is added to read as follows:

48 “part D-I. Program for legacy businesses.

49 “Sec. 2377. Legacy Business Program.

50 “(a) There is established within the Department the Legacy Business Program to assist
51 legacy businesses, which shall:

52 “(1) Establish an application process to approve and register a legacy business;

53 “(2) Maintain a registry of each legacy business;

54 ”(3) Establish and maintain a publicly accessible, online listing of legacy
55 businesses;

56 “(4) Promote and raise awareness of legacy businesses;

57 “(5) Develop criteria to evaluate on an annual basis the effectiveness of the
58 Legacy Business Program; and

59 “(6) Survey the needs of legacy businesses and make recommendations to further
60 support them, which may include recommending the establishment of programs that offer
61 business, financial, and technical assistance, lease renewal and acquisition assistance, workshop
62 trainings, and stabilization grants, or other programs or initiatives to assist legacy businesses.

63 “(b)(1) The Department may issue business improvement or stabilization grants to a
64 legacy business that enrolls in the Legacy Business Program.

65 “(2) No eligible business enterprise shall receive assistance, unless the business
66 enterprise provides documentation to the Department showing that the eligible business
67 enterprise has operated in the same location for at least 10 years; and is financially healthy and
68 would be likely to continue operating but for rising rent.

69 “(3) The Department may impose reasonable conditions on an eligible business
70 enterprise, including requiring the successful completion of approved technical assistance
71 training, in order to receive assistance pursuant to this act.

72 “(4) The Department may award a grant to an eligible business enterprise that has
73 provided the documentation required by this section. No grant shall exceed \$50,000 per year, and
74 no small business enterprise shall be eligible to receive more than 5 grants over the life of the
75 Legacy Business Program. The Department may utilize community development financial
76 institutions to provide grants directly to a legacy business.”

77 “(c) Beginning October 1, 2020, if a qualified legacy business enters into a real property
78 lease with a landlord that is subject to tax pursuant to Chapter 8 of Title 47 of the District of
79 Columbia Official Code (“tax”), the landlord shall receive an abatement of the tax that represents

80 the legacy business's pro rata share of the tax levied for the tax year on the real property (or
81 portion thereof) that the legacy business leases if:

82 "(1) The landlord is liable under the lease for its pro rata share of the tax;

83 "(2) The landlord maintains a lease with a legacy business that is at or below market rate;

84 "(3) An application for the rebate of the tax is made on or before December 31 of the
85 succeeding tax year; and

86 "(4) The landlord paid the tax.

87 "(d) Beginning October 1, 2020, if a qualified legacy business enters into a triple net
88 lease that is subject to tax pursuant to Chapter 8 of Title 47 of the District of Columbia Official
89 Code ("tax"), the legacy business shall receive an abatement of the tax that represents the share
90 of the tax levied for the tax year on the real property (or portion thereof) that the legacy business
91 leases if:

92 "(1) The legacy business is liable under the lease for its share of the tax;

93 "(2) An application for the rebate of the tax is made on or before December 31 of the
94 succeeding tax year; and

95 "(e) The Department shall submit to the Mayor a review of each approved and registered
96 legacy business every year to confirm the legacy business's continued eligibility in the program.

97 "Sec. 2378. Notification to Office of Tax and Revenue.

98 "(a)(1) The Mayor shall notify the Office of Tax and Revenue ("OTR") of such
99 termination, waiver or extension of any abatement provided to a legacy business. The
100 notification shall identify:

101 "(A) The property to which the notice applies by square and lot number;

102 “(B) The full legal name of the landlord, including the taxpayer
103 identification number;
104 “(C) The tax or taxes to which the notice applies;
105 “(D) The portion of the property ineligible;
106 “(E) The date on which the property became or will become ineligible;
107 and

108 “(F) Any other information OTR shall require to administer the
109 termination, waiver or extension.

110 “(2) The Mayor shall notify OTR if any owner or property certified as eligible
111 under this act becomes ineligible for the exemptions provided by this act. The notification shall
112 identity:

113 “(A) The property to which the notice applies by square and lot or parcel
114 or reservation number;

115 “(B) The full legal name of the landlord, including taxpayer identification
116 number;

117 “(C) The tax or taxes to which the notice applies;

118 “(D) The portion of the property ineligible;

119 “(E) The date on which the taxpayer or property became ineligible; and

120 “(F) Any other information OTR shall require to administer the
121 termination of the exemption.

122 (3) OTR shall administer the exemption provided under this section in the same
123 manner as the exemptions provided under § 47-1002, and properties exempted under subsection

124 (a) of this section shall be subject to §§ 47-1005, 47-1007, and 47-1009, except that an owner
125 shall not be required to file an application with OTR to qualify for an exemption.

126 “Sec, 2379. Protections.

127 “(a) If, under the Legacy Business Program, before an owner of a commercial property
128 may enter into a new lease or issue a notice to vacate, the landlord shall give the legacy business
129 an opportunity to re- negotiate the lease at a price and term that is not more than 20% above
130 market rate.

131 “(b) If a landlord received any financial assistance under the legacy business program, if
132 at the appropriate time, a landlord decides to sell or contracts to sell the accommodation to a
133 third party, it must not be more than 20% above market rate.

134 “(c) The Mayor shall:

135 “(1) On an annual basis, review the efficiency and effectiveness of the Legacy
136 Business Program;

137 “(2) File with the Chairperson of the Committee on Business and Economic
138 Development, or its successor committee, an annual report on activities, changes, and the
139 estimated relief granted through the Legacy Business Program; and

140 “(3) Conduct annual audits, publish annual reports, hold public hearings, and take
141 annual assessments as is necessary to project the continued need for relief under the legacy
142 business registry program.

143 “Sec. 2380. Rules.

144 “(a) The Mayor may issue rules to implement the provisions of this part. Any proposed
145 rules shall be submitted to the Council in accordance with section 2372”.

146 “(b) On or before December 31 of each year, the Mayor shall provide a report to the
147 Council detailing:

148 “(1) The number of eligible business enterprises receiving assistance
149 pursuant to this act;

150 “(2) The number and dollar amount of grants made; and

151 “(3) An evaluation of the impact of each grant on the operation of small
152 business enterprises receiving assistance.”.

153 Sec. 3. Section 1103(d) of the Procurement Practices Reform Act of 2010, effective Apr. 8,
154 2011, (D.C. Law 18-371; D.C. Official Code 2-361.03(d)), is amended to read as follows:

155 “(d) Any revenue collected from the 1% Discount Fee of total sales invoiced on the DC
156 Supply Schedule shall be used for the Legacy Business Program, established by section 2377 of
157 the Protecting Local Area Commercial Enterprises Amendment Act of 2019, as introduced on
158 September 17, 2019 (Bill 23-__).”.

159 Sec. 4. Fiscal impact statement.

160 The Council adopts the fiscal impact statement in the committee report as the fiscal
161 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
162 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

163 Sec. 5. Effective date.

164 This act shall take effect following approval by the Mayor (or in the event of veto by the
165 Mayor, action by the Council to override the veto), a 30-day period of congressional review as
166 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
167 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1), and publication in the District of
168 Columbia Register.