AN AMENDMENT #1

Bill 23-4760, “Fiscal Year 2021 Budget Support Act of 2020”
July 28, 2020
ANS version

Amendment 1. Subtitle VII-M QHTC Tax Incentive Modification (page 242)

Beginning on line 4652, section 7152(b) is amended as follows:

(a) Paragraph (1) is amended to read as follows:

“(1) Section 47-1803.03(a)(18) is amended as follows:

“(A) Subparagraph (A) is amended by striking the phrase “the lesser of $25,000 (or $40,000 in the case of a Qualified High Technology Company (“QHTC”))” and inserting the phrase “the lesser of $25,000” in its place.

“(B) Subparagraph (B) is repealed.”.

(b) A new paragraph (3A) is added to read as follows:

“(3A) Section 47-1817.03 is amended as follows:

“(A) Subsection (a) is amended by striking the phrase “imposed by § 47-1817.06” and inserting the phrase “imposed by § 47-1807.02” in its place.

“(B) Subsection (a-1) is amended by striking the phrase “imposed by § 47-1817.06” and inserting the phrase “imposed by § 47-1807.02” in its place.”.

Rationale: The Qualified High Technology Company amendment moved at first reading inadvertently repealed all of §47-1803.03(a)(18) instead of only the QHTC portion. Repealing all of paragraph (18) would have a significant fiscal impact because elements of it are applied to non-QHTC businesses. Subsection (a) corrects that error. Subsection (b) is necessary to correct a cross reference to a section that is being repealed to instead reference the regular franchise tax rate, rather than the repealed QHTC rate.

Beginning on line 2091, section 2172 is amended by striking the phrase “approved August 22, 1974 (88 Stat. 647; 42 U.S.C. § 5308)(“program”), to provide a gap subsidy resource source for program-eligible affordable housing acquisition and rehabilitation projects in Fiscal Year 2021” and inserting the phrase “approved August 22, 1974 (88 Stat. 647; 42 U.S.C. § 5308), to provide a gap subsidy resource source for Community Development Block Grant-eligible affordable housing acquisition and rehabilitation projects in Fiscal Year 2021 that also meet the criteria for the use of money in the Housing Preservation Fund, established by section 2032 of the Housing Preservation Fund Establishment Act of 2017, effective December 13, 2017 (D.C. Law 22-33; D.C. Official Code § 1-325.351), or the Housing Production Trust Fund, established by section 3 of the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2802)” in its place.

Rationale: This amendment restores the reference to projects that would meet the criteria for funding in the Housing Preservation Fund and the Housing Production Trust Fund.
COUNCIL OF THE DISTRICT OF COLUMBIA
Office of the Budget Director

Jennifer Budoff
Budget Director

FISCAL IMPACT STATEMENT

TO: The Honorable Phil Mendelson
   Chairman, Council of the District of Columbia

FROM: Jennifer Budoff, Budget Director

DATE: July 28, 2020

SHORT TITLE: B23-0760, the Fiscal Year 2021 Budget Support Act of 2020

TYPE: Amendment

REQUESTED BY: Chairman Phil Mendelson

Conclusion
This amendment is necessary to avoid an unintended adverse impact on the District’s budget and financial plan.

Background
This amendment would modify the QHTC Tax Incentive Modification Amendment Act by not repealing Section 47-1803.03(a) 18, Subparagraph (A) and clarifying that there shall be allowed as a deduction for the cost of property elected to be treated as not chargeable to capital account under section 179 of the Internal Revenue Code of 1986 an amount equal to the lesser of $25,000 or the actual cost of the property for the year the property is placed in service. Without this amendment the maximum deduction would be equal to the federal, which is more than $1 million. In addition, this amendment would clarify that a Qualified High Technology Company shall be allowed a credit against the tax on corporations imposed by § 47-1807.02, rather than the tax on Qualified High Technology Companies imposed by § 47-1817.06, which has been repealed.

Finally, this amendment would unstrike language that any affordable housing projects that receive funds pursuant to section 108 of the Housing and Community Development Act of 1974 also meet the criteria for the use of money in the Housing Preservation Fund or the Housing Production Trust Fund.
MEMORANDUM

TO: Chairman Phil Mendelson

FROM: Nicole L. Streeter, General Counsel

DATE: July 28, 2020

RE: Legal sufficiency determination for Amendment to the Amendment in the Nature of a Substitute to Bill 23-760, the Fiscal Year 2021 Budget Support Act of 2020

The measure is legally and technically sufficient for Council consideration.

The amendment would amend subtitle II-R of the amendment in the nature of a substitute to the engrossed version of the Fiscal Year 2021 Budget Support Act of 2020, the Affordable Housing Loan Fund Authorization Amendment Act of 2020, to clarify that the purpose of DHCD’s application to HUD shall be to provide a gap subsidy resource source for Community Development Block Grant-eligible affordable housing acquisition and rehabilitation projects in Fiscal Year 2021 that also meet the criteria for the use of money in the Housing Preservation Fund, established by section 2032 of the Housing Preservation Fund Establishment Act of 2017, effective December 13, 2017 (D.C. Law 22-33; D.C. Official Code § 1-325.351), or the Housing Production Trust Fund, established by section 3 of the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2802).

I am available if you have any questions.