

A BILL

IN THE COUNCIL OF DISTRICT OF COLUMBIA

To amend, on an emergency basis, due to congressional review, Chapter 10 of Title 47 of the District of Columbia Official Code to provide a real property tax exemption to the properties designated as Lots 824 and 826, Square 2950, to provide recordation and transfer tax exemptions for documents recorded with respect to such properties, to require the developer to spend a certain percentage of its total project budget with certified and small business enterprises, and to require the developer to report that spending to the Department of Small and Local Business Development.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Children's Hospital Research and Innovation Campus Equitable Tax Relief Congressional Review Emergency Act of 2021".

Sec. 2. Chapter 10 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:

“§ 47-1099.10. Children's Hospital Research and Innovation Campus tax exemptions.”.

(b) A new section 47-1099.10 is added to read as follows:

34 “§ 47-1099.10. Children’s Hospital Research and Innovation Campus tax exemptions.

35 “(a) Only that portion of real property currently described for assessment and taxation
36 purposes as Square 2950, Lot 808, which is to be subdivided in part into Square 2950, Lots 824
37 and 826, effective for tax year 2020, and the buildings located thereon (“Property”), owned by
38 Children’s National at Walter Reed, LLC, a wholly-owned subsidiary of Children’s Hospital, a
39 District of Columbia nonprofit corporation, shall remain exempt from real property taxation to
40 the extent the Property is validly exempt as of the day before the date any lease is granted to
41 certain business entities known as Building 52/53 NMTC Borrower, LLC, and Building 54
42 NMTC Borrower, LLC (controlled directly or indirectly by Children’s Hospital), and for the
43 period during which the Property is eligible to receive federal tax benefits, including New
44 Markets Tax Credits under 26 U.S.C. § 45D, Opportunity Zone tax benefits under 26 U.S.C. §
45 1400Z-1, *et seq.*, or Historic Rehabilitation Tax Credits under 26 U.S.C. § 47; provided, that the
46 Property shall be subject to subsection (c) of this section and §§ 47-1007 and 47-1009. The
47 Property shall be subject to the provisions of §§ 47-1005, 47-1007 and 47-1009 where a sublease
48 or lease is made to another entity (other than the certain business entities referenced in this
49 subsection) that would not qualify for exemption under § 47-1002 if it were both the owner and
50 user of the property.

51 “(b) Any transfer, assignment, or other disposition of all or any portion of the Property,
52 including an assignment of leasehold interest in the Property or a sublease of the Property,
53 between Children’s National at Walter Reed, LLC, and Children’s Hospital, any business entity
54 controlled directly or indirectly by Children’s Hospital, or a security interest instrument,

55 including a deed of trust, secured by the Property or any interest therein, shall be exempt from
56 the tax imposed by §§ 42-1103 and 47-903.

57 “(c)(1) The buildings located on the Property, owned by Children’s National at Walter
58 Reed, LLC, or any subsidiary of Children’s Hospital (“Children’s”) shall remain exempt from
59 real property taxation; provided, that for any contract entered into for architectural design
60 services, construction services, or materials (“services and materials”) needed for the
61 development, remodel, or construction of Phase II of the Children’s National Research &
62 Innovation Campus Children’s submits to the Department of Small and Local Business
63 Development (“Department”) for approval a plan to set and adhere to an annual goal to spend at
64 least 35% of its adjusted budget (“spend goal”) spread out over the remaining term of the federal
65 tax credit with small business enterprises (“SBE”), as defined in section 2302(16) of the Small
66 and Certified Business Enterprise Development and Assistance Act of 2005, effective October
67 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.02(16)) (“CBE Act”).

68 “(2) The adjusted budget shall consist of costs associated with the services and
69 materials listed in paragraph (1) of this subsection, all construction costs less qualifying
70 expenses, including acquisition and financing related costs, those construction-related costs in
71 areas with no SBE representation, and government fees and permit costs.

72 “(3) If there are insufficient SBEs to fulfill the annual spend goal set forth in
73 paragraph (1) of this subsection, then Children’s may count its spend with qualified and certified
74 business enterprises, as defined in section 2302(1D) of the CBE Act, toward its annual spend
75 goal.

76 “(4) Pursuant to section 2351 of the CBE Act, Children’s may request a waiver in
77 writing to the Director of the Department. The Director may approve the waiver if Children’s
78 reasonably demonstrates that there is insufficient market capacity for the goods or services that
79 comprise the project and that the lack of capacity leaves Children’s commercially incapable of
80 achieving its subcontracting requirements at a project level.

81 “(d)(1) The Department shall certify Children’s annual spend numbers and submit
82 certification of that spend to the Office of Tax and Revenue.

83 “(2) If Children’s fails to meet its SBE spend goal, it will forfeit its tax exemption
84 for the following tax year.

85 “(3) If Children’s exceeds its SBE spend goal for any one year, the excess spend
86 will be attributed to the subsequent year’s goal.”.

87 Sec. 3. Forgiveness of taxes.

88 The Council orders that all recordation and transfer taxes, interest, and penalties assessed
89 or assessable with respect to Document Numbers 2019065986, 2019065987, 2019065988,
90 2019065989, 2019065990, 2019065991, 2019065992, and 2019065993 recorded by the
91 Recorder of Deeds on June 24, 2019, be forgiven and any tax paid thereon be refunded.

92 Sec. 4. Applicability.

93 This act shall apply as of February 4, 2021.

94 Sec. 5. Fiscal impact statement.

95 The Council adopts the fiscal impact statement in the committee report for the Children’s
96 Hospital Research and Innovation Campus Equitable Tax Relief Act of 2020, enacted on

97 December 22, 2020 (D.C. Act 23-546; 68 DCR 00110), as the fiscal impact statement required
98 by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006
99 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

100 Sec. 6. Effective date.

101 This act shall take effect following approval by the Mayor (or in the event of veto by the
102 Mayor, action by the Council to override the veto), and shall remain in effect for no longer than
103 90 days, as provided for emergency acts of the Council of the District of Columbia in section
104 412(a) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 788;
105 D.C. Official Code § 1-204.12(a)).

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