

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

*Codification
District of
Columbia
Official Code*

2001 Edition

2002 Winter
Supp.

West Group
Publisher

To amend Chapter 8 of Title 47 of the District of Columbia Official Code to repeal the real property Class 1 reporting requirements due to the mergence of occupied residential real property into one class pursuant to the Tax Parity Act of 1999; to modify the homestead deduction and senior citizen reduced tax liability provisions; to reduce the filing burden of eligible owners; to extend the eligibility for the homestead deduction and senior citizen reduced tax liability benefits to all qualified owners; and to simplify classification, homestead, and senior citizen effective dates.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Homestead and Senior Citizen Real Property Tax Act of 2002".

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

(a) The table of contents for Chapter 8 is amended as follows:

(1) Strike the section designation "47-850. Residential property tax relief - Deductions from estimated market values of properties owned by single families or cooperative housing associations." and insert the section designation "47-850. Same - Homestead deduction for houses and condominium units." in its place.

(2) Add the section designations "47-850.01. Residential property tax relief - Homestead deduction for cooperative housing associations. 47-850.02. Residential property tax relief - One-time filing, notification of change in eligibility, liability for tax, audit. 47-850.03. Residential property tax relief - Transfer of homestead to revocable trust. 47-850.04. Residential property tax relief - No homestead when multiple homesteads claimed." after the section designation "47-850. Residential property tax relief - Homestead deduction for houses and condominium units."

(3) Strike the section designations "47-851. Residential property tax relief- Report on assessment changes for highest assessed properties. 47-852. Residential property tax relief - Report on exemptions and deductions. 47-853. Residential property tax relief - Authorized annual adjustments. 47-854. Residential property tax relief - Forms, procedures and regulations. 47-855. Residential property tax relief - Applicability of provisions. 47-856.

Residential property tax relief - Severability of provisions.” and insert the section designations “47-851. Repealed. 47-852. Repealed. 47-853. Repealed. 47-854. Repealed. 47-855. Repealed. 47-856. Repealed.” in their place.

(b) Section 47-813 is amended as follows:

Amend
§ 47-813

(1) Subsection (c-3)(5) is repealed.

(2) Subsection (d-1) is amended as follows:

(A) Paragraph (2) is repealed.

(B) Paragraph (5) is amended to read as follows:

“(5)(A) Whenever the classification of real property shall change, the owner shall notify the Mayor within 30 days of the change. If the owner fails to notify timely, the real property shall be reclassified 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. The Mayor may require the owner, any person with legal or equitable title, and any person in the household of the owner to supply information to determine whether the real property remains occupied and entitled to the Class 1 classification.

“(B) Notwithstanding subparagraph (A) of this paragraph, if the real property is transferred and continued to qualify for the classification 30 days or less before the date of execution of the deed of transfer, the grantor shall not be required to notify the Mayor of the change in classification.

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

(3) Paragraph (6) is amended to read as follows:

“(6) If real property changes classification during the period October 1 through March 31 of the tax year, the real property shall be taxed at the rate of the new classification for the entire tax year. If real property changes classification during the period April 1 through September 30, the real property shall be taxed at the rate of the new classification for the second installment only.”.

(4) A new paragraph (7) is added to read as follows:

“(7)(A) The Mayor may contract with a collection agency inside or outside of the District to verify the contents of any filings and returns and the eligibility of the real property to a classification under this section.

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

“(C) At the discretion of the Mayor:

“(i) 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

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

“(D) 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 section. If the information is provided to a collection agency under this paragraph, the collection agency shall not disclose the information to a third party, other than the owner (or his or her representative), unless the Mayor would be authorized by law to make the disclosure. 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 \$1,000, 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 Corporation Counsel in the name of the District of Columbia.”

(5) A new subsection (d-2) is added to read as follows:

“(d-2) If real property tax is owing as a result of an erroneous or improper classification, the following shall apply:

“(1) If the real property was transferred, the grantor shall be personally liable for the amount of the delinquent real property tax which was not paid timely during the period when the grantor owned the real property, 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 because of the erroneous or improper classification, and shall be collected in the manner prescribed under Chapter 44.

“(2) Notwithstanding paragraph (1) of this subsection, if the real property was transferred and the grantee failed to record timely a deed under § 47-1431, the real property shall be liable for the amount of the delinquent real property tax which 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 which was not paid timely, together with interest and penalty as provided in this chapter for the late payment of real property tax.”

(6) Subsection (e) is repealed.

(c) Section 47-849 is amended to read as follows:

“For purposes of §§ 47-850 through 47-850.04, the term:

“(1) “Residence” means the principal place of residence within the District of an individual, shareholder, or member, who is domiciled in the District.

“(2) “Homestead” means:

“(A) In the case of real property improved by a house or a condominium, an individual's residence that:

Amend
§ 47-849

“(i) Comprises a dwelling unit;

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

“(iii) Is owned in whole or in part by the individual.

“(B) In the case of real property owned by a cooperative housing association that is Class 1 Property, as defined under § 47-813, a shareholder’s or member’s residence that:

“(i) Comprises a dwelling unit; and

“(ii) By reason of his ownership of stock or membership certificate, a proprietary lease, or other evidence of membership, is occupied by right by the shareholder or member.”.

(d) Section 47-850 is amended to read as follows:

“§ 47-850. Same - Homestead deduction for houses and condominium units.

“(a) For purposes of levying the real property tax during a tax year, the Mayor shall deduct \$30,000 from the estimated market value of real property which qualifies as a homestead. The deduction shall be apportioned equally between each installment during a tax year and shall not be carried forward or carried back.

“(b) To qualify the homestead and receive the deduction, the individual shall complete and file with the Mayor an application in a form prescribed by the Mayor. The individual shall certify, under penalty of perjury, the information provided on the application form and the application form shall be filed in the manner prescribed by the Mayor. The Mayor may require the individual to provide any information which the Mayor 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 Mayor 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 supply information after the homestead has been granted to determine whether the real property remains a homestead and entitled to the deduction.

“(c) 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 for the entire tax year. Notwithstanding subsection (a) 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 ½ of the deduction for the second installment only.

“(d) An individual may only claim one lot as a homestead. If a homestead comprises more than one lot, the deduction may only be applied against the estimated market value of one lot and the other lots shall not receive the deduction. Only one person in a household shall be entitled to claim a homestead in the District.

“(e) The real property tax bill shall indicate whether the real property is receiving the deduction.”.

(e) New sections 47-850.01 through 47-850.04 are added to read as follows:

Amend
§ 47-850

ENROLLED ORIGINAL

“§ 47-850.01. Same - Homestead deduction for cooperative housing associations.

**Amend
§ 47-850.01**

“(a) For purposes of levying the real property tax during a tax year, the Mayor shall deduct from the assessed value of the real property owned by a cooperative housing association, as determined under § 47-820.01, \$30,000 for each homestead located therein. The deduction shall be apportioned equally between each installment during a tax year and shall not be carried forward or carried back.

“(b) The cooperative housing association shall only receive a deduction for one homestead of a shareholder or member, even though he or she may occupy more than one dwelling unit. The cooperative housing association shall not receive a deduction for a homestead if the basis of the deduction is another person in the household of the shareholder or member. Only one person in the household of the shareholder or member shall be entitled to claim a homestead in the District.

“(c) In order for the cooperative housing association to qualify a dwelling unit as a homestead and receive the deduction, the shareholder or member shall complete and file with the Mayor an application in a form prescribed by the Mayor. The shareholder or member shall certify, under penalty of perjury, the information provided on the application form and the application form shall be filed in the manner prescribed by the Mayor. The Mayor may require the shareholder or member to submit any information which the Mayor 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 Mayor 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 homestead has been qualified to determine whether the cooperative housing association remains entitled to the deduction for the homestead for the dwelling unit.

“(d) The Mayor 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 such shareholders or members for return to the Mayor. Officers and managers of a cooperative housing association shall supply such other information as the Mayor may require.

“(e) If a properly completed and approved application is filed during the period October 1 through March 31 of the tax year, the cooperative housing association shall receive the deduction for the entire tax year. Notwithstanding subsection (a) of this section, if a properly completed and approved application is filed during the period April 1 through September 30 the cooperative housing association shall receive ½ of the deduction for the second installment only.

“§ 47-850.02. Same - One-time filing, notification of change in eligibility, liability for tax, audit.

**Amend
§ 47-850.02**

“(a) The application form filed by the individual, shareholder, or member shall apply to the initial tax year, or applicable installment, and to any succeeding tax year thereafter for which

the deduction is allowed.

“(b)(1) If a real property no longer qualifies as a homestead, the applicant shall notify the Mayor of the date of the change in eligibility within 30 days after the change in eligibility. If the applicant fails to notify timely, the deduction 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 real property is transferred and continued to qualify as a homestead 30 days or less before the date of execution of the deed of transfer, the applicant shall not be required to notify the Mayor 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 (for which notification is required under this subsection) occurs during the period October 1 through March 31 of the tax year, the real property shall not be entitled to any deduction during the tax year.

“(5) Notwithstanding §§ 47-850(a) and 47-850.01(a), if the change in eligibility (for which notification is required under this subsection) occurs during the period April 1 through September 30, the real property shall be entitled to ½ of the deduction, which shall be applied to the first installment only.

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

“(1) Except in the case of cooperative housing associations, if the real property was transferred, the applicant shall be personally liable for the amount of the delinquent real property tax which was not paid timely during the period when the applicant had an ownership interest in the homestead, 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 homestead was transferred and the grantee failed to record timely 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 which was not timely paid, 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 which was not paid timely, together with interest and penalty as provided in this chapter for the late payment of real property tax.

“(d)(1) The Mayor may contract with a collection agency inside or outside of the District to verify the contents of any application form or return for the purposes of determining the eligibility of any homestead.

ENROLLED ORIGINAL

“(2) All funds collected by the collection agency and belonging to the District shall be remitted to the Mayor not less than once a month. Forms to be utilized for the remittances may be prescribed by the Mayor. The Mayor 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 Mayor:

“(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) 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 Mayor would be authorized by law to make the disclosure. 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 \$1,000, 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 Corporation Counsel in the name of the District of Columbia.

“§ 47-850.03. Same - Transfer of homestead to revocable trust.

Amend
§ 47-850.03

“The eligibility of a real property for the deduction provided in §§ 47-850 and 47-850.01 shall not be affected by the transfer of the real property into a revocable trust if the transfer is without consideration and the real property remains the residence of the applicant-grantor before and after the transfer.

“§ 47-850.04. Same - No homestead when multiple homesteads claimed.

Amend
§ 47-850.04

“If an individual, shareholder or member claims more than one homestead in the same tax year, and has not timely notified the Mayor of all changes in eligibility, the Mayor shall disallow the deduction for all homesteads claimed by the individual, shareholder, or member.”.

(f) Sections 47-851 through 47-856 are repealed.

Repeal
§§ 47-851 -
47-856

(g) Section 47-863 is amended to read as follows:

Amend
§ 47-863

“(a) For the purposes of this section, the term:

“(1) “Adjusted gross income” shall have the same meaning as in section 62 of the Internal Revenue Code of 1986, approved August 16, 1954 (68A Stat. 17; 26 U.S.C. § 62).

“(2) “Household adjusted gross income” means the adjusted gross income of all persons residing in a household, excluding the adjusted gross income of any person who is a tenant by virtue of a written lease for fair market value.

“(3) “Residence” means the principal place of residence in the District of an individual, shareholder, or member, who is domiciled in the District.

“(4) “Senior’s 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 therein;

“(iii) That is owned at least 50%, in whole or in part, by the individual who is 65 years of age or older; and

“(iv) Wherein the household adjusted gross income is less than \$100,000.

“(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 occupied by the shareholder or member who is 65 years of age or older;

“(iii) Wherein the household adjusted gross income is less than \$100,000; and

“(iv) That, by reason of his or her 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.

“(b)(1)(A) In the case of a house or condominium, a senior’s household shall be eligible for a 50% deduction in computing real property tax liability.

“(B) If a homestead deduction under § 47-850 is allowed, the deduction as provided in this paragraph shall be computed by multiplying 50% by an amount equal to the estimated market value of the senior’s household less the homestead deduction under § 47-850.

“(C) The deduction under this paragraph shall be apportioned equally between each installment during a tax year and shall not be carried forward or carried back.

“(2)(A) In the case of a cooperative housing association, the Mayor shall deduct from the estimated market value of the real property of the cooperative housing association an amount equal to 50% of the difference of the estimated market value of the senior’s household and any homestead deduction under § 47-850.01. The estimated market value of the senior’s household shall be determined in the same manner as the cooperative housing association was assessed under § 47-820.01, including any prorations thereunder.

“(B) The deduction under this paragraph shall be apportioned equally between each installment during a tax year and shall not be carried forward or carried back.

“(c)(1) In the case of a house or condominium, and to qualify the senior’s household to receive the deduction, the individual shall complete and file with the Mayor an application in a

form prescribed by the Mayor. The individual shall certify, under penalty of perjury, the information provided on the application form and the application form shall be filed in the manner prescribed by the Mayor. The Mayor may require the individual to provide any information which the Mayor 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 Mayor 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 has been allowed to determine whether the real property remains a senior's household and entitled to the deduction.

“(2)(A) For the cooperative housing association to qualify and receive the deduction, the shareholder or member shall complete and file with the Mayor an application in a form prescribed by the Mayor. The shareholder or member shall certify, under penalty of perjury, the information provided on the application form, and the application form shall be filed in the manner prescribed by the Mayor. The Mayor may require the shareholder or member to provide any information which the Mayor 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 Mayor 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 has been granted to determine whether the cooperative housing association remains entitled to the deduction for the senior's household.

“(B) The Mayor 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 Mayor. Officers and managers of a cooperative housing association shall submit such other information as the Mayor may require.

“(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 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 ½ of the deduction, which shall be applied to the second installment only.

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

“(f)(1) If the senior's household no longer qualifies for the decrease or deduction, the applicant shall notify the Mayor of the date of the change in eligibility within 30 days after the change in eligibility. If the applicant fails to notify timely, the deduction 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 senior’s household 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 Mayor 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 (for which notification is required under this subsection) occurs during the period October 1 through March 31 of the tax year, the deduction shall be disallowed for the entire tax year.

“(5) Notwithstanding subsection (a) of this section, if the change in eligibility (for which notification is required under this subsection) occurs during the period April 1 through September 30, the real property shall receive ½ of the deduction, which shall be applied to the first installment only.

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

“(1) Except in the case of cooperative housing associations, if the senior’s household was transferred, the applicant shall be personally liable for the amount of the delinquent real property tax which was not paid timely during the period when the applicant had an ownership interest in the senior's household, 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 senior’s 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 which was not timely paid, 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 which was not paid timely, together with interest and penalty as provided in this chapter for the late payment of real property tax.

“(h) The eligibility of a senior’s household for the deduction shall not be affected by the transfer of the senior’s household into a revocable trust if the transfer is without consideration and the senior’s 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 for a senior’s household in the District. The cooperative housing association shall not receive a deduction for a senior’s household if the basis of the deduction is another person in the household of the shareholder or member.

“(j) If an individual, shareholder, or member claims more than one senior’s household in

the same tax year, and has not timely notified the Mayor of all changes in eligibility, the Mayor shall disallow the deduction for all senior's households claimed by the individual, shareholder or member.

“(k)(1) The Mayor may contract with a collection agency inside or outside of the District to verify the contents of any application form or return for the purposes of determining the eligibility of any senior's household.

“(2) All funds collected by the collection agency and belonging to the District shall be remitted to the Mayor not less than once a month. Forms to be utilized for the remittances may be prescribed by the Mayor. The Mayor 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 Mayor:

“(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) 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 Mayor would be authorized by law to make the disclosure. 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 \$1,000, 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 Corporation Counsel in the name of the District of Columbia.

“(l) In the case of a house or a condominium, the real property tax bill shall indicate whether the real property is receiving the decrease.”.

Sec. 3. Applicability.

Section 2 shall apply as of October 1, 2001, except insofar as the retroactive application results in an increase of tax to the real property or owner thereof.

Sec. 4. The Council adopts the fiscal impact statement in the committee report 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)).

Note,
§§ 47-813,
47-849,
47-850,
47-850.01-
47-850.04,
47-851-
47-856,
47-863

ENROLLED ORIGINAL

Sec. 5. 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