

# D.C. TAX REVISION COMMISSION

Monthly meeting  
January 3, 2023  
441 4th Street, NW  
(One Judiciary Square)  
Conference Room 1112  
Minutes

**Commissioners in attendance:** Anthony A. Williams (chair), Glen Lee (ex officio), Gregory McCarthy, Carolyn Rudd, Yesim Sayin, Erica Williams (online), Rahsaan G. Bernard, Rashad Young

**Other participants:** Nicholas Johnson (Tax Revision Commission director), Elissa Borges (Assistant general counsel, OCFO)

Mr. Williams called the meeting to order at 6:30 pm.

Mr. Johnson explained the schedule for the Spring (available on the TRC website) and introduced the topic of Tax Administration as the main focus of the evening. He noted that the Tax Revision Commission will consider tax administration recommendations as part of its final recommendations to be submitted in the fall.

Mr. Lee discussed his three main goals as a tax administrator: to get the rules right, to educate taxpayers, and work with the taxpayers to properly pay taxes. He then introduced Ms. Borges and the work the OCFO has been doing to modernize aspects of the tax system.

Ms. Borges presented an overview of the OCFO's proposed Tax Administration Modernization and Simplification Act of 2022 to be submitted to the DC Council and Mayor for consideration this year. [Note: Presentation slides are available on the TRC website.] She explained that this is a revenue neutral package that they don't expect to be controversial. Changes would improve efficiency, transparency, and allow taxpayers to more easily interact with the DC tax system. The main proposals are as follows, with Commissioner comments included if any were made.

- Lower the electronic payment requirement for all taxes except individual income taxes from \$5,000 to \$1,000. Ms. Sayin asked how many and what type of businesses this would affect, and Ms. Borges responded that OCFO would get back to the Commission on that.
- Authorize OTR to send or receive several notices by regular mail or electronic means, rather than only regular mail.
- Authorize virtual examinations or in person examinations at an alternative location at the discretion of the OCFO.
- Authorize the recorder of the deeds to promulgate regulations to implement an electronic mandate for recording.
- Conforming to the IRS withholding guidance and changes made in the TCJA.
- Correct an inconsistency with the minimum corporate tax to clarify both that the amount of the minimum tax for UBs with annual gross receipts of \$12,000 or less are not subject to the minimum tax as well as that the minimum tax for both corporations and UBs is based on "annual total gross receipts" rather than "District gross receipts". Mr. McCarthy and Ms. Sayin asked

whether these changes would bring in extra revenue and which and how many businesses would be affected. Ms. Borges stated that it would likely fall on large multinational corporations that shift receipts out of the District to avoid the minimum tax and would follow up with the Commission with more data.

- Conform the interest rate on refund requests to the rate applied to all other tax refunds.
- Change the due date for the second half real property tax bills from September 15 to September 30.
- Eliminate the requirement for homeowners to separately apply for the Homestead Deduction at the expiration of the Lower Income Homeownership Tax Abatement Program. Instead, homeowners would automatically receive the Homestead Deduction. Mr. Young requested to see if was possible to make the Homestead Deduction retroactive or automatic. Ms. Borges said OCFO would investigate that.
- Authorizes CFO to cancel or postpone a tax sale via rulemaking.
- Harmonizes laws related to real property tax exemptions and annual reporting by property owners to existing administrative practice. Mr. Young requested the ability to receive the exemption even if they are late to respond.
- Repeal several obsolete tax provisions.

Following the presentation, Commissioners were invited to respond and ask questions. Mr. Bernard asked how to enhance support for taxpayers when paying taxes. Mr. Lee said they recently completed a self-audit and those changes can be done without legislation. Mr. McCarthy recommended determining how many people and/or businesses would be affected by each proposal as well as to make it clear when taxpayers would benefit from a proposal. Mr. A. Williams expressed that this package of recommendations should be moving through the Tax Revision Commission process rather than as a standalone package. Ms. E Williams responded that ten years is a long time to wait to make changes and there is still plenty of work to be done on tax administration by the Commission. She also wanted to know of other ways to automatically enroll taxpayers for deductions and credits.

Mr. Johnson asked the Commissioners what other tax administration problems the Commission should look into. Mr. A. Williams wanted to know what other great tax administrations are doing and if the OCFO is doing the same. Mr. McCarthy expressed concern about Clean Hands with other Commissioners registering their concern as well. Ms. Sayin said personal property exemptions aren't automatic, which can make complying with Clean Hands difficult. She also recommended we reach out to businesses that frequently deal with tax administration. Her final recommendation was to ensure the land value to property tax valuation was accurate since there is interest in a land value tax. Mr. Bernard wants to ensure the view of taxpayers East of the Anacostia river are taken into account. The discussion of tax administration concluded.

Mr. Johnson described upcoming plans for public input, and Commission members offered suggestions for ways to expand input.

The meeting was adjourned at 8:00 pm.

Submitted by: Mike Hegeman, Senior Research Associate.