

AN ACT

*Codification
District of
Columbia
Official Code*

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Chapter 46 of Title 47 of the District of Columbia Official Code to exempt the CareFirst, Inc., headquarters building project from sales and use taxes during the construction phase of this project and to grant certain employment tax credits to CareFirst, Inc., for each new District of Columbia resident hired during a period of 5 years.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "CareFirst Economic Assistance Act of 2004".

Sec. 2. Chapter 46 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by adding the section designation "47-4602. Tax credit to CareFirst for wages to qualified employees; sales tax exemption." at the end.

New
§ 47-4602

(b) A new section 47-4602 is added to read as follows:

"§ 47-4602. Tax credit to CareFirst for wages to qualified employees; sales exemption for construction.

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

"(1) "CareFirst " means CareFirst, Inc., a Maryland non-stock corporation, which is the sole member of Blue Cross Blue Shield of the National Capital Area and licensed to do business in the District as Group Hospitalization and Medical Services, Inc.

"(2) "CareFirst Project " means the acquisition, construction, installing, and equipping of an office complex located at 840 First Street, N.E., and designated as square 675, lot 848 (Record lot 297), consisting of:

"(A) An approximately 244,000 square foot office building;

"(B) Parking of approximately 200 spaces; and

"(C) Other auxiliary improvements.

"(3) "Qualified employee " means an individual subject to the District's personal income tax who is not currently employed in a facility owned or operated by CareFirst and is

hired to fill a position of indefinite duration consisting of a minimum of 35 hours per week for not less than 50 weeks per year, which position is created by CareFirst.

“(4) “Tax year“ means any calendar year or portion of a calendar year in which District income taxes are due and payable.

“(b)(1) Subject to the limitations of paragraphs (2), (3), (4), and (5) of this section, for 5 consecutive tax years beginning with the first tax year during which the CareFirst Project is occupied, for each qualified employee hired by CareFirst that exceeds the number of employees employed by CareFirst during the immediately preceding tax year, commencing after December 31, 2002, and that otherwise meets the requirements of this section, CareFirst shall be allowed a credit against the tax imposed by § 47-1807.02 not to exceed \$1,000 for each qualified employee hired. Notwithstanding the foregoing, a credit shall not be allowed for qualified employees hired after December 31, 2005.

“(2) The aggregate amount of credits earned by CareFirst under this subsection shall be determined as of the last calendar day of the first year in which the credit is sought. The maximum annual credit allowed under this section shall not exceed:

“(A) Fifty percent of the wages paid to qualified employees during the tax year in which the credit is claimed pursuant to paragraph (6) of this subsection; or

“(B) The total of franchise, personal property, and income taxes imposed on the CareFirst during the tax year in which the credit is sought.

“(3) Allocations of credits shall:

“(A) Be made over 60 consecutive months, commencing with the respective month in which each qualified employee is hired;

“(B) Be allowed ratably for each qualified employee in accordance with the number of months the qualified employee is employed at the CareFirst Project during the tax year for which the credit is sought; and

“(C) Terminate the earlier of:

“(i) The 5th anniversary of the date of its commencement;

“(ii) The date that CareFirst fails to meet the respective annual certification of compliance requirements of subsection (g) of this section; or

“(iii) The date of the filing of a petition in bankruptcy in connection with CareFirst’s business.

“(4) A credit that is allowed but unusable for the tax year in which it accrues may be carried forward for 5 tax years, but no credits shall be carried back.

“(5) A credit shall not be allowed if:

“(A) CareFirst pays the qualified employee less than the greater of the legal minimum wage and the wage that CareFirst pays other employees in similar jobs;

“(B) CareFirst accords the qualified employee less benefits or rights than it accords other employees in similar jobs; or

“(C) The qualified employee:

“(i) Is a member of the board of directors of CareFirst;

“(ii) Directly or indirectly owns 5% or more of its stock; or

“(iii) Is related to a member of the board of directors or owner of 5% or more of its stock as a spouse or as a relative who is a dependent as defined in section 152 of the Internal Revenue Code of 1986, approved August 16, 1954 (68A Stat. 43; 26 U.S.C. § 152), without regard to income.

“(6) The credit shall be claimed by attaching a worksheet and affidavit to the taxpayer’s annual return. The affidavit shall set forth the basis for and the amount of the credit claimed and the amount of the credit allowed for each preceding year that the credit was claimed and shall be signed under penalty of perjury. The affidavit shall be in the following form:

““After reasonable investigation, the undersigned has determined that CareFirst:

“(1) Has met and intends to continue to meet the requirements applicable to its receipt of tax benefits of the type and in the amount requested;

“(2) Is in compliance with terms of all public benefit agreements entered into with the District, including, but not limited to, the First Source Employment Agreement with the District of Columbia Department of Employment Services and the Memorandum of Understanding with the District of Columbia Office of Local Business Development;

“(3) Is not now receiving and does not now have pending any other application for abatement of real property tax liability or an allowance of tax credits in connection with a single property, qualified employee, or financial contribution made pursuant to any other provision of District law;

“(4) Is not delinquent in the payment of taxes, fees, or other indebtedness to the District; and

“(5) Is not in violation of the applicable laws and regulations of the District.”“.

“(c) Gross receipts from the sales of tangible personal property to be incorporated or consumed in the course of construction of the CareFirst Project shall be exempt from the tax imposed by Chapter 20. The amount of all taxes, fees, and deposits exempted, abated, or waived under this subsection shall not exceed \$ 2 million.”.

Sec. 3. Inclusion in the budget and financial plan.

This act shall take effect subject to the inclusion of its fiscal effect in an approved budget and financial plan.

Sec. 4. Fiscal impact statement.

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,

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approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 5. Effective date.

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