



COUNCIL OF THE DISTRICT OF COLUMBIA
THE JOHN A. WILSON BUILDING
1350 PENNSYLVANIA AVENUE, NW
WASHINGTON, D.C. 20004

CHRISTINA HENDERSON
Councilmember, At-Large
Chairperson, Committee on Health

Committee Member
Hospital and Health Equity
Judiciary and Public Safety
Transportation and the Environment

Statement of Introduction
Personal Property Tax Simplification Amendment Act of 2024
October 11, 2024

Today, I am proud to introduce the Personal Property Tax Simplification Amendment Act of 2024 along with Councilmembers Janeese Lewis George, Matthew Frumin, Charles Allen, and Anita Bonds. This legislation would raise the current personal property tax exemption for businesses in the District from \$225,000 to \$325,000, tie prospective annual increases to the Consumer Price Index, and remove the requirement for filers under the threshold to file the personal property (FP-31) tax return form.

The District of Columbia levies a personal property tax on all tangible business property, excluding inventories. The rate is \$3.40 per \$100 of taxable value, with the first \$225,000 exempt. Taxable property includes machinery, equipment, and furniture, but excludes software unless integrated into hardware. Nonprofits and specific businesses (such as solar systems and qualified supermarkets) are exempt. Currently, all businesses, regardless of tax owed or exemptions, must file an FP-31 form, detailing each asset's value and depreciation. This requirement creates significant administrative burdens, particularly for smaller businesses with little to no taxable property. According to data provided by the Tax Revision Commission, about 60,000 personal property tax returns were filed from July 2022 to June 2023, but fewer than 1,500 filers had a tax liability. Additionally, the current \$225,000 exemption was established in 2008. If adjusted for inflation, the exemption value would be \$324,000 today.

Currently, twelve states do not tax businesses' personal property at all: Delaware, Hawaii, Illinois, Iowa, Minnesota, New Hampshire, New Jersey, New York, North Dakota, Ohio, Pennsylvania, and South Dakota. In addition, many other states are pursuing strategies to reduce or eliminate tangible personal property taxes. Nationwide, nearly 100 bills have been introduced in 23 states to reduce personal property taxes. Aligning with these efforts ensures that D.C. remains an attractive place for small businesses, reducing administrative burdens and promoting economic vitality.

I look forward to continuing to work with my Council colleagues to advance these critical reforms, ensuring that the District remains competitive for small businesses while alleviating unnecessary administrative burdens.

1 Janeese Lewis George
2 Councilmember Janeese Lewis George

Christina Henderson
Councilmember Christina Henderson

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4 Matthew Frumin
5 Councilmember Matthew Frumin

Charles Allen
Councilmember Charles Allen

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8 Anita Bonds
9 Councilmember Anita Bonds

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13 A BILL

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18 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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23 To amend Chapter 15 of Title 47 of the District of Columbia Official Code to increase the dollar
24 threshold for levying the personal property tax, and to exempt filers from including the
25 value of their tangible personal property on their tax returns if the value is below the
26 dollar threshold for taxation.

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28 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
29 act may be cited as the “Personal Property Tax Simplification Amendment Act of 2024”.

30 Sec. 2. Chapter 15 of Title 47 of the District of Columbia Official Code is amended as
31 follows:

32 (a) D.C. Official Code § 47-1522(a) is amended to read as follows:

33 “(a) Each year the District shall levy a tax against every person on the tangible personal
34 property owned or held in trust in that person’s trade or business in the District. The rate of tax
35 shall be as follows:

36 “(1) For tax years ending before June 30, 2024, the rate of tax shall be \$3.40 for
37 each \$100 of value of the taxable personal property, in excess of \$225,000 in value;

38 “(2) For the tax year beginning on July 1, 2025, the rate of tax shall be \$3.40 for
39 each \$100 of value of the taxable personal property, in excess of \$325,000 in value; and

40 “(3) For each tax year thereafter, the rate of tax shall be \$3.40 for each \$100 of
41 value of the taxable personal property, in excess of \$325,000 multiplied by the percentage that the
42 local Consumer Price Index as defined in § 47-1807.14(2), has risen during the calendar year in
43 which the tax year began, rounded to the nearest whole dollar.”.

44 (b) D.C. Official Code § 47-1523(a) is amended to read as follows:

45 “(a) The full and true value and the current value of tangible personal property, including
46 taxable leasehold improvements, having a taxable situs in the District shall be reported on the
47 return if, for the tax year, the value exceeds the threshold for taxation under § 47-1522. The full
48 and true value shall be the original costs of the tangible personal property in an arms-length
49 transaction, computed as of July 1st of the tax year. The current value of the tangible personal
50 property shall be the full and true value less a reasonable allowance for straight line depreciation
51 in accordance with rules promulgated by the Mayor and the provisions under subsections (b), (c),
52 (d), and (e) of this section. Tangible personal property items with a useful life of one year or less
53 shall be reported at cost. No proration of value shall be permitted in anticipation of the
54 disposition of an item of tangible personal property. In no event shall the current value reported
55 be less than 25% of the original cost or exchange value of the tangible personal property, except
56 as permitted under subsection (b) of this section.”.

57 Sec. 3. Fiscal impact statement.

58 The Council adopts the fiscal impact statement in the committee report as the fiscal
59 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
60 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

61 Sec. 4. Effective date.

62 This act shall take effect following approval by the Mayor (or in the event of veto by the
63 Mayor, action by the Council to override the veto), and a 30-day period of congressional review
64 as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
65 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)).