

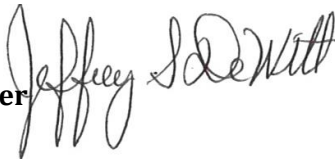
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: October 18, 2019

SUBJECT: Fiscal Impact Statement – Business Development Omnibus Act of 2019

REFERENCE: Draft Bill as shared with the Office of Revenue Analysis on October 18, 2019

Conclusion

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill.

Background

The bill amends two Deputy Mayor for Planning and Economic Development (DMPED) programs and DMPED's grant-making authority. The two programs are the Retail Priority Area program and the Creative and Open Space Modernization tax rebate program.

The District established the H Street, N.E. Retail Priority Area¹ and dedicated resources to support retail developers in the corridor through the H Street Retail Priority Area Grant Fund² (Fund). In fiscal year 2016,³ the Fund's mission was expanded to include grants supporting revitalization programs in other retail priority⁴ areas in the District. The authorization to issue grants to other retail priority areas expired on September 30, 2018.

¹ H Street, N.E., Retail Priority Area Incentive Act of 2010, effective April 8, 2011 (D.C. Law 18-354; D.C. Official Code § 1-325.171 et seq.).

² D.C. Official Code § 1-325.172.

³ Retail Priority Area Amendment Act of 2015, effective October 22, 2015 (D.C. Law 21-36; D.C. Official Code § 1-325.172(c)(3)).

⁴ Retail Incentive Act of 2004, effective September 8, 2004 (D.C. Law 15-185; D.C. Official Code § 2-1217.73).

The bill extends DMPED's authority to issue grants from the Fund to all retail priority areas until September 30, 2020.

The bill also specifically amends the H Street/Bladensburg Road/Benning Road, N.E., Corridor Retail Priority Area and the Ward 4 Georgia Avenue Retail Priority Area⁵ to ensure that business located in parcels, squares, and lots abutting the areas' boundaries are eligible to apply for grants. All other retail priority areas allow businesses abutting the designated zones to apply for grants, whereas these two currently allow only businesses within the designated zones.

The Creative and Open Space Modernization tax rebate program⁶ provides rebates for Qualified High Technology Companies⁷ that make improvements to their leased spaces. DMPED reviews applications for the rebates and pays approved rebates from DMPED's Economic Development Special Account.⁸ The rebates cannot exceed \$1 million for a single company per fiscal year, and the total of all rebates for all tenants cannot exceed \$3 million per fiscal year.

The bill changes the definition of a qualified occupant improvement to include work done by the property owner or landlord on the eligible premises⁹, not just work done by the eligible company.

The bill also expands the local fund grant-making authority of DMPED to include the D.C. Chamber of Commerce. Any DMPED grants to the Chamber must be used to support the business and economic development goals of the District.

Financial Plan Impact

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill.

The Fund is non-lapsing and has approximately \$2.4 million available to support grants in retail priority areas. The bill extends the date through which DMPED can issue grants with this funding. The fiscal year 2020 budget also has approximately \$9 million available to businesses through its retail priority area program.¹⁰ The bill's provision expands the number of businesses eligible for funding in the two affected areas, but it does not change the amount of funding available.

The bill's change to the creative and open space modernization tax rebate program have no impact on the four-year budget and financial plan. The program's cap of \$3 million in rebates is unchanged.

⁵ D.C. Official Code § 2-1217.73(g) and (o).

⁶ D.C. Official Code § 47-4665. For more information on the program and application procedures visit DMPED's webpage on the program: <https://dmped.dc.gov/cosm>.

⁷ As defined in D.C. Official Code § 47-1817.01(5), Qualified High Technology Companies are for-profit entities with two or more employees in the District that derive at least 51 percent of gross revenue from a long list of specific high technology products and services.

⁸ D.C. Official Code § 2-1225.21, Economic Development Special Account.

⁹ Eligible premises include nonresidential, interior portions of an eligible building that are used as an office by a qualified entity under a lease, sublease, or purchase and sale agreement.

¹⁰ This funding is part of the District's Great Streets program.

The Honorable Phil Mendelson

FIS: "Business Development Omnibus Act of 2019," Draft Bill as shared with the Office of Revenue Analysis on October 18, 2019

DMPED has contracted with the D.C. Chamber of Commerce for approximately \$420,000 in each of the last two fiscal years for efforts to support the District's business and economic development goals. DMPED expects to grant a similar amount in fiscal year 2020, which is included in the fiscal year 2020 budget. This provision in the bill gives DMPED the authority to issue grants using this local funding.