

A BILL

22-218

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA



To amend Title 47 of the District of Columbia Official Code to authorize the Mayor to provide real and personal property tax abatements, tax credits, and other incentives to retain certain existing businesses located in a high unemployment area and to incentivize certain businesses to locate in a high unemployment area.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Relieve High Unemployment Tax Incentives Act of 2017”.

TITLE I. HIGH UNEMPLOYMENT AREA TAX RELIEF

Sec. 101. Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by adding a new Chapter 50 to read as follows:

“50. High unemployment area tax relief.”.

(b) A new Chapter 50 is added to read as follows:

“Chapter 50. High unemployment area tax relief.

“Sec.

“47-5001. Definitions.

“47-5002. Tax incentives.

“47-5003. Abatement and credit approval process.

“47-5004. Certification by Mayor.

“47-5005. Rules.

“47-5001. Definitions.

28 “For the purpose of this chapter, the term:

29 “(1) “High unemployment area” means a geographical area, which may be an
30 entire ward or a part a ward that, according to Department of Employment Services’
31 unemployment statistics, suffers from chronic unemployment due to the lack of jobs, commerce,
32 or transportation at a rate of 7% or more for 3 consecutive months in a year.

33 “(2) “Non-retail” means a business that leases office, warehouse, or commercial
34 other space.

35 “(3) “Personal property” means the machinery, equipment, material, and supplies
36 used in the operation of a business.

37 “(4) “Qualified company” means a for-profit entity that will create new jobs and
38 generate new revenues by making a substantial capital investment in the minimum amount of
39 \$50 million by constructing a new building or making improvements to an existing building in a
40 high unemployment area.

41 “(5) “Qualified employee” means a District resident who is a full-time employee
42 of a qualified company who works a minimum of 30 hours a week.

43 “(6) “Qualified film” means a feature-length film, television film, including a
44 television pilot or each episode of a television series, regardless of the means by which the film,
45 pilot, or episode is created or conveyed.

46 “(7) “Qualified film, television and digital media production facility” means a
47 building or complex of buildings and their improvements and associated backlot facilities with
48 multiple production uses in which films, television, including news shows, commercials, music

49 videos, photos, digital media production, and alternative visual content are regularly produced,
50 such as broadcast, live streaming, training and educational video, entertainment filming, news
51 and advertising, and photography sessions for celebrity, automotive, culinary and fashion, along
52 with the necessary production and technology infrastructure for production of digital content,
53 virtual reality, animation, interactive design and gaming, visual effects and audio and post-
54 production actions, and that offers District residents an opportunity to enroll in industry-certified
55 training programs within areas of study, including film, broadcast, audio engineering, digital
56 marketing and media production, design, animation and other developing technologies.

57 “(8) “Production costs” means costs that are attributable to the use of personal
58 property, tangible property, or the performance of services in the District of Columbia and
59 related, predominantly, to the production, including pre-production and post-production, of a
60 qualified film.

61 “(9) “Qualified tenant” means a person that signs a lease of at least 3 years for a
62 retail or non-retail business in a high unemployment area who makes a minimum investment
63 corresponding to the total value of the rental tax credit.

64 “(10) “Retail” means a business that sells or otherwise disposes of tangible goods
65 directly to the ultimate user or consumer.

66 “§ 47-5002. Tax incentives.

67 “(a) Subject to 47-5003, The Mayor may provide:

68 “(1) A tax abatement on real property to a qualified company of up to a
69 100% of the real property tax otherwise due, for not more than 30 years;

70 “(2) A tax abatement to a qualified company on all tangible personal property
71 purchased for new investments and expansion of existing business of up to 100% of the personal
72 property tax otherwise due, for not more than 30 years;

73 “(3) An employment tax credit to a qualified company of up to 20% on the first
74 \$15,000 in wages paid to District residents or up to \$3,000 per qualified employee per year for
75 up to 10 consecutive years; provided, that this tax credit shall be capped at \$1.5 million for each
76 qualified company;

77 “(4) A tax credit of \$2.50 per square foot to a qualified tenant in the retail or non-
78 retail business for up to 5 consecutive years; and

79 “(5) A tax abatement or credit to a qualified film, television and digital media
80 production facility if the Mayor determines that the proposed project will have a substantial
81 impact in reducing the unemployment rate and is consistent with the purposes of this chapter,
82 and, in addition, a 10% tax credit on eligible production costs for a qualified film; provided, that
83 at least 75% of the total stage work is conducted at the qualified film, television and digital
84 media production facility; provided further, that any tax abatement or credit provided pursuant to
85 this paragraph shall apply to only 3 film, television and digital media production facilities each
86 having one studio with a minimum of 7,000 square feet or more and 2 studios of 20,000 square
87 feet or more of contiguous multipurpose production space; except, that more than one studio may
88 be located in a single qualified film, television and digital media production facility.

89 “(b) A film, television and digital media production facility constructed pursuant to
90 subsection (a)(5) of this section shall be eligible for all the incentives provided under the Film

91 DC Economic Incentive Act of 2006, effective March 14, 2007 (D.C. Law 16-290; D.C. Official
92 Code § 2-1204.11 *et seq.*).

93 “§ 47-5003. Abatement and credit approval process.

94 “(a) To qualify for a tax abatement or credit authorized by this chapter, an applicant shall
95 certify to the Mayor annually that 50% of its full-time employees are District residents.

96 “(b) An entity covered by this chapter may seek one or more of the tax abatements or
97 credits authorized by this chapter by submitting an application to the Mayor.

98 “(c) The Mayor shall approve an application for a tax abatement or credit if the Mayor
99 determines that the proposed project has a substantial possibility of decreasing the
100 unemployment rate in the high unemployment area.

101 “(d)(1) If the Mayor approves an application for a tax abatement or credit, the Mayor may
102 submit a draft act of the proposed tax abatement or credit to the Council for introduction
103 pursuant to section 422(5) of the Home Rule Act, approved December 24, 1973 (87 Stat. 790;
104 D.C. Official Code § 1-204.22(5)).

105 “§ 47-5004. Certification by Mayor.

106 “(a) In each year of an abatement or credit period, the Mayor shall certify to the Office of
107 Tax and Revenue the entity’s eligibility for the abatement or credit. The Mayor’s certification
108 shall include:

109 “(1) Each entity or property that has been awarded a tax abatement or credit;

110 “(2) The entity’s taxpayer identification number;

111 “(3) A description of the eligible property, by street address and square, lot,
112 parcel, or reservation number, and a description of the eligible premises, including the floor, or
113 floors, location, and square footage;

114 “(4) The type of abatement or credit granted;

115 “(5) The duration of the abatement or credit; and

116 “(6) Any other information that the Mayor considers necessary or appropriate for
117 the Office of Tax and Revenue to implement the abatement or credit.

118 “(b) The Mayor shall notify the Office of Tax and Revenue if an entity loses eligibility
119 for a previously awarded abatement or credit.

120 “§ 47-5005. Rules.

121 “The Mayor, pursuant to Title I of the District of Columbia Administrative Procedure
122 Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), shall issue
123 rules to implement this chapter.”.

124 TITLE II. TIF AUTHORIZATION.

125 Sec. 201. High unemployment area; TIF authorization.

126 (a) The Mayor may establish a TIF area for part of the public and private infrastructure
127 improvements required in a high unemployment area; provided, that:

128 (1) The TIF revenue will be used for eligible projects that the Mayor determines
129 have a substantial possibility of attracting new businesses to or expanding existing businesses in
130 the high unemployment area and of providing jobs and generating tax revenue;

131 (2) The establishment of the TIF area shall not conflict with or be detrimental to
132 any tax abatements granted pursuant to Chapter 50 of Title 47 of the District of Columbia
133 Official Code; and

134 (3) The issuance of TIF Bonds to finance an eligible project and the terms of the
135 resolution approving the issuance of the TIF Bonds:

136 (A) Are subject to approval by the Council as set forth in the TIF Act; and

137 (B) Any approval of the issuance of TIF Bonds pursuant to this section in
138 no way guarantees that the District will authorize the issue of TIF Bonds in any amount, that the
139 TIF Bonds will be approved by the District, or that the TIF Bonds will actually be issued.

140 (b) For the purposes of this section, the term:

141 (1) "Eligible project" shall have the same meaning as provided in section 2(18) of
142 the TIF Act.

143 (2) "High unemployment area" shall have the same meaning as provided in § 47-
144 5001(1).

145 (3) "Project" means the financing, refinancing, or reimbursing of certain tax
146 increment qualified costs incurred for the development of projects, including retail, residential,
147 and office space on parcels, lots, and squares, within a high unemployment area

148 (4) "Tax increment" shall have the same meaning as provided in section 490(n)(6)
149 of the Home Rule Act, approved December 24, 1973 (87 Stat. 809; D.C. Official Code § 1-
150 204.90(n)(6).

151 (5) "TIF" means tax increment financing.

152 (6) "TIF area" means any area designated and established for TIF pursuant to the
153 TIF Act.

154 (7) "TIF Act" means the Tax Increment Financing Authorization Act of 1998,
155 effective September 11, 1998 (D.C. Law 12-143; D.C. Official Code § 2-1217.01 *et seq.*).

156 (8) "TIF Bonds" means bonds, notes, or other obligations issued pursuant to the
157 TIF Act.

158 (c) This section shall sunset 10 years after its effective date; provided, that a commitment
159 made pursuant to this section before its expiration shall be honored beyond its expiration.

160 TITLE III. GENERAL PROVISIONS

161 Sec. 301. Applicability.

162 (a) This act shall apply upon the date of inclusion of its fiscal effect in an approved
163 budget and financial plan.

164 (b) The Chief Financial Officer shall certify the date of the inclusion of the fiscal effect in
165 an approved budget and financial plan, and provide notice to the Budget Director of the Council
166 of the certification.

167 (c)(1) The Budget Director shall cause the notice of the certification to be published in
168 the District of Columbia Register.

169 (2) The date of publication of the notice of the certification shall not affect the
170 applicability of this act.

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ENGROSSED ORIGINAL

173 Sec. 302. Fiscal impact statement.

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

177 Sec. 303. Effective date.

178 This act shall take effect following approval by the Mayor (or in the event of veto by the
179 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as
180 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
181 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
182 Columbia Register.