

AN ACT

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; and to authorize the Mayor to establish a tax increment financing area 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 2018”.

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 designation 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.

“For the purposes of this chapter, the term:

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

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

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

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

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

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

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

“(8) “Qualified film, television, and digital media production facility” means a building or complex of buildings and their improvements and associated backlot facilities with multiple production uses in which films and television programming, including news shows, commercials, music videos, photos, digital media production, or alternative visual content are regularly produced, such as broadcast and live streaming programs, training and educational videos, entertainment filming, news and advertising, and photography sessions for celebrity, automotive, culinary, and fashion programming, along with the necessary production and technology infrastructure for production of digital content, virtual reality, animation, interactive design and gaming, visual effects and audio, and post-production actions, and that offers District residents an opportunity to enroll in industry-certified training programs within areas of study, including film, broadcast, audio engineering, digital marketing, media production, design, animation, and other developing technologies.

“(9) “Qualified tenant” means a person that signs a lease of at least 3 years for a retail or non-retail business in a high unemployment area who makes a minimum investment corresponding to the total value of the rental tax credit provided pursuant to § 47-5002(a)(4).

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

“§ 47-5002. Tax incentives.

“(a) Subject to § 47-5003, the Mayor may provide:

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

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

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

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

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

“(b) A film, television, and digital media production facility constructed pursuant to subsection (a)(5) of this section shall be eligible for all the incentives provided under part B of subchapter II-A of Chapter 12 of Title 2.

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

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

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

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

“(d) If the Mayor approves an application for a tax abatement or credit, the Mayor may submit a draft act of the proposed tax abatement or credit to the Council for introduction pursuant to § 1-204.22(5).

“§ 47-5004. Certification by Mayor.

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

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

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

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

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

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

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

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

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“§ 47-5005. Rules.

“The Mayor, pursuant to subchapter I of Chapter 5 of Title 2, shall issue rules to implement the provisions of this chapter.”.

TITLE II. TIF AUTHORIZATION.

Sec. 201. High unemployment area; TIF authorization.

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

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

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

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

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

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

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

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

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

(3) “Tax increment” shall have the same meaning as provided in section 490(n)(6) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 809; D.C. Official Code § 1-204.90(n)(6).

(4) “TIF” means tax increment financing.

(5) “TIF area” means any area designated and established for TIF pursuant to the TIF Act.

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

(7) “TIF Bonds” means bonds, notes, or other obligations issued pursuant to the TIF Act.

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

TITLE III. GENERAL PROVISIONS

Sec. 301. Applicability.

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

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

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

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

Sec. 302. Fiscal impact statement.

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

Sec. 303. 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