

**COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
COMMITTEE REPORT**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

DRAFT

TO: All Councilmembers

FROM: Chairman Phil Mendelson
Committee of the Whole

DATE: December 4, 2018

SUBJECT: Report on Bill 22-457, “Economic Development Return on Investment
Accountability Amendment Act of 2018”

The Committee of the Whole, to which Bill 22-457, the “Economic Development Return on Investment Accountability Amendment Act of 2018”¹ was referred, sequentially, reports favorably thereon with amendments, and recommends approval by the Council.

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I. BACKGROUND AND NEED

On June 27, 2017, Bill 22-457, the “Economic Development Return on Investment Accountability Amendment Act of 2018”² was introduced by Councilmembers Robert White, Charles Allen, Anita Bonds, Mary Cheh, Elissa Silverman, and Trayon White. Bill 22-457 would amend the Unified Economic Development Budget Transparency and Accountability Act of 2010 to expand the annual reporting of economic development incentives by the Office of the Chief Financial Officer to include an estimate of the market value of additional types of incentives. The bill also requires the Mayor to include, as part of the annual budget request to the Council, each economic development or affordable housing project that receives incentives from the District of Columbia, any requirements established as a result of that support, as well as the impact of incentivized developments over the subsequent five years on certified business enterprises, affordable housing, employment, economic growth, and tax revenue.

¹ Introduced as the “Economic Development Return on Investment Accountability Amendment Act of 2017.”

² *Id.*

The Unified Economic Development Budget Report is issued yearly the by the Chief Financial Officer. It provides information on how economic development dollars are allocated in the District and is mandated by the Unified Economic Development Budget Transparency and Accountability Act of 2010.³ The report identifies all economic development incentives in excess of \$75,000. The most recent Unified Economic Development Budget Report found the District spent nearly \$1 billion on economic development supporting development and redevelopment in every Ward in the city and in almost every neighborhood.

This bill seeks to improve accountability and the transparency of economic development and affordable housing projects receiving financial backing from the District. As introduced, the bill broadens the definition of an economic development incentive from economic development to economic development and creation of affordable housing. As introduced, the bill also expands the type of financial backing to include land transfers, land dispositions and development agreements, street or alley closings, financial subsidies, and Housing Production Trust Fund or Housing Preservation Fund expenditures.

Bill 22-457 also adds a number of reporting requirements in the annual budget submission to itemize not only what incentives were given by the District for economic development and creation of affordable housing, but also what requirements were placed on the developer in exchange for the incentive. The Mayor would also report additional details for projects receiving incentives including the number of affordable units creates, the number of District residents employed as a result, Certified Business Enterprise participation, and production of community benefits. The report would also include information on the overall economic impact of the development and actual changes in tax revenue as a result.

The committee print removes “land transfers” from the definition of an economic incentive. This provision is duplicative of the “land disposition” portion of the definition. It could also be construed to include land transfers authorized by D.C. Official Code § 10-110 and § 10-111 which applies to transfers between the federal government and the District. Instead, the committee print clarifies that the land dispositions are only those subject to D.C. Official Code § 10-801 which deals with disposition of public lands by the District.

The committee print also removes “street and alley closings” from the definition of economic incentive. The Committee does not believe that closing of an alley constitutes a financial benefit in the intended way. The Street and Alley Closing and Acquisition Procedures Act of 1982, effective March 10, 1983 (D.C. Law 4-201; D.C. Official Code § 9-201 *et seq.*) establishes procedures for closing streets and alleys, authorizes the Council to close all or part of a street or alley, and establishes one standard for reviewing a street or alley closing application: whether the street or alley is determined by the Council to be needed for street or alley purposes. After the Council authorizes the street or alley closing, title to the land reverts or vests in fee simple to abutting record owners and becomes subject to taxation. While the closing often facilitates large development projects that could result in profit to the developer, in many cases the closing has little economic impact to the District, and actually provides a windfall of funds to the District because the land becomes taxable. The streets and alleys are not “owned” by the District in the

³ D.C. Law 18-223, § 2253 (effective September 24, 2010).

same way public lands are. Hence why the closings are not subject to D.C. Code § 10-801. The Committee of the Whole has approved numerous street and alley closings of so-called paper alleys that exist only in the land records that have less to do with consolidating land for development purposes and more about clearing title to land in a neighborhood.

The Committee of the Whole recommends approval of Bill 22-457, the “Economic Development Return on Investment Accountability Amendment Act of 2018” as amended in the committee print.

II. LEGISLATIVE CHRONOLOGY

- September 19, 2017 Bill 22-457, “Economic Development Return on Investment Accountability Amendment Act of 2018” is introduced by Councilmembers R. White, Allen, Bonds, Cheh, Silverman, and T. White.
- September 19, 2017 Bill 22-457 is referred sequentially, first to the Committee on Finance and Revenue, and second to the Committee of the Whole.
- September 29, 2017 Notice of Intent to Act on Bill 22-457 is published in the *District of Columbia Register*.
- October 12, 2018 Notice of a Public Hearing on Bill 22-457 is published in the *District of Columbia Register*.
- October 3, 2018 The Committee on Finance and Revenue holds a public hearing on Bill 22-457.
- November 28, 2018 The Committee on Finance and Revenue marks-up Bill 22-457.
- December 4, 2018 The Committee of the Whole marks-up Bill 22-457.

III. POSITION OF THE EXECUTIVE

The Committee received no comments from the Executive. However, the Chief Financial Officer submitted a letter to the Committee on Finance and Revenue stating that certain provisions could be implemented administratively. That letter can be found in the Committee on Finance and Revenue’s committee report on Bill 22-457.

IV. COMMENTS OF ADVISORY NEIGHBORHOOD COMMISSIONS

The Committee received no comments from Advisory Neighborhood Commissions.

V. SUMMARY OF TESTIMONY

A list of witnesses who testified before the Committee on Finance and Revenue at its hearing on Bill 22-457 can be found in the Committee on Finance and Revenue's committee report on Bill 22-457, attached to this report.

The Committee received no testimony or comments in opposition to Bill 22-457.

VI. IMPACT ON EXISTING LAW

Bill 22-457 amends the Unified Economic Development Budget Transparency and Accountability Act of 2010, effective September 24, 2010 (D.C. Law 18-223 § 2252; D.C. Official Code § 2-1208.01 *et seq.*) by refining the definition of "Economic Development Incentive" and by adding new requirements for the Mayor's budget submission to include details on any requirements imposed on recipients of economic incentives, as identified in the Unified Economic Development Budget Report.

VII. FISCAL IMPACT

The attached December X, 2018 fiscal impact statement from the District's Chief Financial Officer states that funds are not sufficient in the FY 2019 through FY 2022 budget and financial plan to implement the bill.

VIII. SECTION-BY-SECTION ANALYSIS

<u>Section 1</u>	Short title.
<u>Section 2</u>	Changes definitions and establishes new requirement for Mayor's budget submission to the Council to include more detail on requirements imposed on economic incentive .
<u>Section 3</u>	States the Fiscal Impact of Bill 22-457.
<u>Section 4</u>	Effective date.

IX. COMMITTEE ACTION

X. ATTACHMENTS

1. Committee on Finance and Revenue's committee report on Bill 22-457 (without attachments).
2. Bill 22-457 as introduced.
3. Fiscal Impact Statement for Bill 22-457.
4. Legal Sufficiency Determination for Bill 22-457.
5. Committee Print for Bill 22-457.


**Council of the District of Columbia
Committee on Finance and Revenue
Committee Report**

1350 Pennsylvania Avenue, N.W., Washington, D.C. 20004

2018 NOV 28 PM 5:15

OFFICE OF THE
SECRETARY

To: All Councilmembers

From: Jack Evans, Chairman
Committee on Finance and Revenue 

Date: November 28, 2018

Subject: Report on Bill 22-457, the "Economic Development Return on Investment Accountability Amendment Act of 2018"

The Committee on Finance and Revenue reports **favorably** on Bill 22-457, the "Economic Development Return on Investment Accountability Amendment Act of 2018" and recommends its approval by the Council of the District of Columbia.

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I. BACKGROUND, PURPOSE, AND EFFECT

Bill 22-457, the "Economic Development Return on Investment Accountability Amendment Act of 2017" was introduced on September 19th, 2017 by Councilmembers Robert C. White, Jr., Elissa Silverman, Brandon T. Todd, Mary M. Cheh, Anita Bonds, Charles Allen, and Trayon White, Sr. The legislation was referred to the Committee on Finance and Revenue and the Committee of the Whole for consideration. The Committee on Finance and Revenue held a public hearing on the legislation on October 30th, 2018.

As introduced, the legislation expands existing reporting requirements on economic development incentives to include a fuller accounting of all support provided by the District government for economic development and affordable housing projects, to list in a single place all the requirements placed on projects receiving District government support, and to track

compliance with those requirements over time. This expanded reporting would serve three primary purposes. First, the reporting would allow the District government to demonstrate the efficacy of the city's economic development programs by clearly delineating the beneficial outcomes resulting from economic development spending. Establishing a track record of success would help justify further investments. Second, the legislation would provide a framework for the public to evaluate the quality of the District's negotiations with economic development partners and to establish greater accountability when projects fall short of the commitments made in exchange for support. Finally, the legislation would make it easier to compare investments between programs, incentives, and partners to ensure that each investment yields the greatest possible return.

Spending on economic development and affordable housing makes up a significant portion of the District's budget. The exact size of these investments, however, is difficult to estimate because not all incentives are effectively tracked, and existing reporting is spread across a wide variety of agencies. The Unified Economic Development Budget Report for Fiscal Year 2017¹ which did not list all forms of incentives, reflected total aggregate expenditures on economic development incentives totaling \$691,408,206. The report also tallied an additional \$1,048,098,370 in financial activity to support economic development that did not impact the Fiscal Year 2017 budget. In exchange for this level of financial support, District residents expect to see tangible benefits, like new or preserved affordable housing, employment of District residents, opportunities for small and local businesses, and tax revenue growth.

Bill 22-457 would expand the list of economic development incentives that must be tracked in the Unified Economic Development Budget Report to include all incentives used for the purpose of economic development or creating affordable housing, including any funds or resources from the District, or funds the District government administers. Specifically, the legislation as introduced proposed adding land transfers, land disposition and development agreements, street or alley closings, financial subsidies, and expenditures of the Housing Production Trust Fund or of the Housing Preservation Fund to the incentives tracked.

The legislation as introduced would also require the Mayor to include as part of her annual budget request to the Council, for each recipient of economic development incentives listed in the most recent Unified Economic Development Budget Report related to real property, all the requirements imposed on the recipient in exchange for those incentives. Specifically, the Mayor would be required to include requirements related to production or preservation of affordable housing, employment of District residents, participation of certified business enterprises, and the production of community entities. In addition, the Mayor would be required to report on each recipient's compliance with these requirements and report the actual impact on affordable housing, employment, certified business enterprise participation, economic growth, and tax revenue for five years after the incentive was provided.

At the request of public witnesses testifying at the hearing on October 30th, 2018, the

¹ *District of Columbia Unified Economic Development Budget Report: Fiscal Year 2017 Year -End*, Office of Economic Development Finance, Office of the Chief Financial Officer, Issued February 2018. <https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/FY%202017%20Year-End%20Unified%20Economic%20Development%20Budget%20Report.pdf>

Committee Print would add additional detail and requirements to those found in the bill as introduced. First, the Committee Print, would include tracking of the requirements placed on all planned unit developments. In addition, in tracking the outcome of projects on employment, the Committee Print would require the Mayor to track more detailed information on the quality of jobs created, not just the number of District residents employed. Specifically, the Mayor would be required to track the average wages of newly employed residents, the value and type of employment benefits provided, and whether the employees are full-time or part-time. The Committee Print would also require the Mayor to establish a publicly accessible, searchable online database that incorporates the information the Mayor is required to submit as part of her budget request related to economic development incentives. Taken together, these changes would improve the usability and accessibility of the information provided and further expand the transparency of the District’s economic development spending. Finally, the changes required by Bill 457 would need to be implemented no later than the Fiscal Year 2021 budget as prepared by the Mayor.

II. LEGISLATIVE HISTORY

- September 19, 2017 Bill 22-457, the “Economic Development Return on Investment Accountability Amendment Act of 2017” was introduced by Councilmembers R. White, Silverman, Todd, Cheh, Bonds, Allen and T.White.
- September 19, 2017 Bill 22-457 was sequentially referred to the Committee on Finance and Revenue and Committee of the Whole.
- September 29, 2017 Notice of Intent to Act on New Legislation for Bill 22-457 was published in the *D.C. Register*.²
- October 12, 2018 Notice of public hearing on Bill 22-457, and other matters, was published in the *D.C. Register*.³
- October 30, 2018 The Committee on Finance and Revenue held a public hearing on Bill 22-457, and other matters.
- November 28, 2018 Consideration and vote on Bill 22-457 by the Committee on Finance and Revenue.

III. POSITION OF THE EXECUTIVE

The Committee did not receive comments from the Executive.

IV. ADVISORY NEIGHBORHOOD COMMISSION

The Committee did not receive comments from any Advisory Neighborhood

² Page 009478 of the September 29, 2017 *D.C. Register*.

³ Page 011449 of the October 12, 2018 *D.C. Register*.

Commissions.

V. SUMMARY OF TESTIMONY

The Committee on Finance and Revenue held a public hearing on Bill 22-457 and other matters on October 30, 2018, starting at 10:00 a.m. The hearing was attended by Chairman Jack Evans and Councilmember Robert White.

Chairman Evans presented an opening statement on the legislation:

First, Bill 22-457, the "Economic Development Return on Investment Accountability Amendment Act of 2017" which would expand some annual reporting requirements of economic development incentives by the Office of the Chief Financial Officer to include an estimate of the market value of additional types of incentives. Bill 22-457 would also require the Mayor to include as part of her annual budget request to the Council each economic development or affordable housing project that receives incentives from the District of Columbia, any requirements established as a result of that support, as well as the impact of incentivized development over the subsequent five years on certified business enterprises, affordable housing, employment, economic growth, and tax revenue.

My understanding is the CFO, through a letter we received this morning, has confirmed most of the requirements in this bill could be accomplished administratively. And so we will work with them on making this happen.

Councilmember Robert White presented an opening statement on the legislation:

Thank you, Chairperson Evans, for holding this hearing today. Because I know you value brevity, with your permission, I will speak to all three of my bills on the agenda today at once, but it may take just a couple additional minutes.

It won't be that difficult to speak to all three bills at once because all of my legislation on the agenda today shares a theme. All three bills identify market-based solutions to help the city and the private sector reach shared goals.

Often, government jumps to impose unfunded mandates when we can accomplish our goals with carrots instead of sticks. And while there are times when mandates are called for, these bills hone in on partnership that will incentivize a vibrant arts culture, jobs for residents with barriers to employment, and inclusive development.

The first of my three bills on the agenda today is the Economic Development Return on Investment Accountability Amendment Act. Fundamentally, this legislation responds to the deep distrust and concern that we have heard from many of our residents who feel that the District government is not getting a good return on investment for its economic development spending.

The legislation builds on existing reporting requirements for the Chief Financial Officer and the Mayor to capture, in one place, all the economic development incentives provided by our government – including grants, affordable housing funds, tax incentives, land deals, subsidies, bonds, and alley closings. The goal of this section is to capture the full value of everything we are offering each project to move it forward.

Then, the legislation requires the Mayor to report all of the requirements placed on the developer by the District – including affordable housing, employment, small business

participation, and production of community amenities. And, finally, the bill requires us to track and report actually whether our spending is actually resulting in the outcomes we expected, and whether it is improving the economy and increasing tax revenues as well.

I know there are economic development incentives that have repaid the District's investment and made the city a better place for all our residents. And I know that some developments have fallen short of those goals. But we can't learn from those experiences, we can't compare investments, and we can't track outcomes if we don't inject additional transparency and accountability into the process.

This legislation will help Council track public investments, make stronger decisions on future investments, and hold businesses accountable for the promises they make to the city.

Thank you again, Councilmember Evans. I know we share an interest in partnering with the private sector to improve our city. I think all three of my bills on the agenda today will help our city protect and maintain our rich diversity, and I hope we can work together to move them forward swiftly.

A video recording of the hearing can be viewed at oct.dc.gov. The following witnesses testified before the Committee, and copies of their testimony can be found in Attachment C:

Stephen Courtien, Director, DC Building Trades testified on behalf of Good Jobs D.C, and expressed support for the intentions of the bill, but had suggestions to ensure meaningful transparency and oversight. Mr. Courtien suggested amending the legislation to include language about wage standards, and making sure the data shared with the Mayor's office is accurate.

Victoria Leonard, LiUNA testified regarding the legislation and offered two recommendations to strengthen the bill. First, Ms. Leonard recommended including detailed reporting requirements about the quality of jobs being created by development projects receiving tax-payer subsidies, and second, amending the bill to require oversight agencies to conduct regular audits of the data submitted to the Mayor's office.

John Boardman, Unite Here Local 25 testified regarding the legislation and encouraged the city to work more closely with labor unions. Mr. Boardman spoke about the work unions do and how they serve employees.

Gerry Widdicombe, Director of Economic Development, DowntownDC Business Improvement District testified in support of the legislation. Mr. Widdicombe acknowledged the bill is a "good investment" that will bring transparency and accountability to the city's economic development investments. Mr. Widdicombe offered some suggestions for improving the bill including adding the analysis and evaluation of the large social development investments to the legislation; a few modifications to reduce the number of investments or investment categories to be researched, analyzed and evaluated; the creation of a task force, and funding for additional full time employees to conduct the analysis.

Michael Stevens, President, Capitol Riverfront Business Improvement District (BID) testified in support of the legislation. Mr. Stevens spoke of applying the methodology suggested in the bill more broadly to include direct investments in things like transportation infrastructure and parks. Mr. Stevens explained the Capitol Riverfront BID recently embarked on their own

comprehensive public expenditure return on investment study.

Rich Bradley, Principal, Urban Partnership testified regarding the legislation. Mr. Bradley spoke about the history of incentives provided downtown over the past twenty years, and the financial results produced. Mr. Bradley, suggested one modification to include infrastructure investments as well and cautioned about making this a huge bureaucratic burden.

Ed Lazere, Executive Director, DC Fiscal Policy Institute testified regarding the legislation and support for the intent of the bill. Mr. Lazere proposed several steps to further strengthen the legislation such as: including planned unit developments; reporting on job quality and not just job quantity; clarifying the definition of “overall economic impact”; and putting all information in a searchable database.

Jeffrey DeWitt, Chief Financial Officer provided a letter regarding the proposed bill indicating the requirements specifically regarding the Office of the Chief Financial Officer (OCFO) may be implemented administratively by the OCFO and could be carried out without the need for legislation.

The public hearing adjourned at 12:15 p.m.

VI. IMPACT ON EXISTING LAW

Bill 22-457 amends §2-1208.01 to expand the definition of “economic development incentive” to include any zoning relief offered through a planned unit development, creating affordable housing, land transfers, land dispositions and development agreements, street or alley closings, financial subsidies, expenditures of the Housing Production Trust Fund, or of the Housing Preservation Fund.

Adds new requirements for §2-1208.01 the Unified Economic Development Budget Report including listing all requirements imposed on the recipient in exchange for incentives including any requirements related to: production or preservation of affordable housing; employment of District residents; participation of certified business enterprises in the construction or operation of real property; production of community amenities. Also requires a determination of compliance with any requirements listed and includes information, where applicable such as: current number of affordable housing units on the property, level of affordability, number of bedrooms per unit; number of District residents employed, including average wage, value and type of benefits provided, whether the employees are full-time or part-time; participation of certified business enterprises in the construction or operation of the real property; and any realized changes to the overall tax revenue resulting from the development or redevelopment. Also requires by March 20, 2020 the creation of a publicly accessible and searchable online database of this information.

VII. FISCAL IMPACT

The Budget Director’s fiscal impact statement of November 27, 2018 states that Bill 22-457 may have an adverse impact on the fiscal year 2019 budget and four-year financial plan. The

Office of the Chief Financial Officer will issue a fiscal impact statement to accompany the committee print issued by the Committee of the Whole.

VIII. SECTION-BY-SECTION ANALYSIS

Section 1 states the short title of the legislation.

Section 201 Amends the definition of “Economic Development Incentive” or “Incentive to include additional factors. Adds additional requirements for the Unified Economic Development Budget Report to be listed by the Mayor for each recipient that has received an economic development incentive in anticipation of, or as the result of, the development or redevelopment of real property. Also adds additional elements for reporting and evaluation where applicable for recipients of economic development incentives within the previous 5 years. Requires the creation of a publicly accessible and searchable online database of the information. By March 20, 2020

Section 3 provides the applicability clause of October 1, 2019.

Section 4 contains the fiscal impact statement.

Section 5 contains the effective date.

IX. COMMITTEE ACTION

The Committee on Finance and Revenue convened at 1:20 p.m. on Wednesday, November 28, 2018, to consider and vote on Bill 22-457 and other matters. Chairman Evans recognized the presence of a quorum, consisting of himself and Councilmembers Gray, McDuffie, Silverman and Robert White.

Chairman Evans made brief opening remarks and opened the floor for discussion.

Councilmember Robert White made brief remarks: *My Economic Development Return on Investment Accountability Amendment Act* requires the District to track whether our spending on economic development is actually resulting in the outcomes we expected, if our development spending is improving the economy, and whether it is increasing tax revenue. Spending on economic development and affordable housing is a large portion of the District’s budget, yet the exact size of the return on these significant investments is difficult to estimate, because not all incentives are effectively tracked. District residents expect to see real benefits, like new or preserved affordable housing, employment that comes with a living wage, opportunities for small and local businesses, and tax revenue growth. This bill ensures that residents see exactly what we get for our significant investments.

Discussion ended, Chairman Evans then moved Bill 22-457, with leave for the Committee staff to make technical and conforming amendments.

The members voted as follows:

	<u>Report on Bill 22-457</u>	<u>Committee Print on Bill 22-457</u>
Chairman Evans	YES	YES
Councilmember Gray	YES	YES
Councilmember McDuffie	YES	YES
Councilmember Silverman	YES	YES
Councilmember R. White	YES	YES

Thus, the bill and accompanying report were passed, with a majority of Members present voting in the affirmative, with 5 votes in support, 0 votes against, and 0 Member absent.

The committee meeting adjourned at 2:10 p.m.

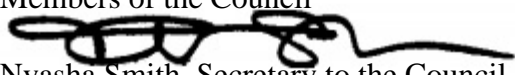
X. ATTACHMENTS

- A. Bill 22-457 as introduced.
- B. October 30, 2018 public hearing notice for Bill 22-457.
- C. Witness list and testimony from the October 30, 2018 public hearing on Bill 22-457.
- D. Fiscal impact statement.
- E. Legal sufficiency determination.
- F. Comparative Print of Bill 22-457.
- G. Committee Print of Bill 22-457.

COUNCIL OF THE DISTRICT OF COLUMBIA
1350 Pennsylvania Avenue, N.W.
Washington D.C. 20004

Memorandum

To : Members of the Council

From : 
Nyasha Smith, Secretary to the Council

Date : September 21, 2017

Subject : Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Committee of the Whole on Tuesday, September 19, 2017. Copies are available in Room 10, the Legislative Services Division.

TITLE: "Economic Development Return on Investment Accountability Amendment Act of 2017", B22-0457

INTRODUCED BY: Councilmembers R. White, Silverman, Todd, Cheh, Bonds, Allen, and T. White

The Chairman is referring this legislation sequentially to the Committee on Finance and Revenue and the Committee of the Whole with comments from the Committee on Business and Economic Development.

Attachment

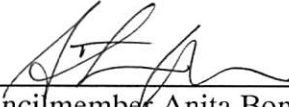
cc: General Counsel
Budget Director
Legislative Services



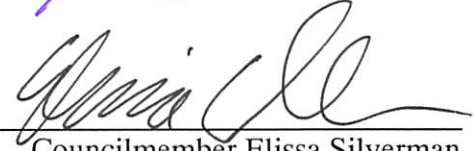
Councilmember Mary M. Cheh



Councilmember Robert C. White, Jr.



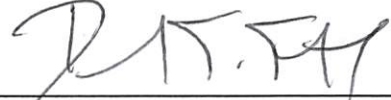
Councilmember Anita Bonds



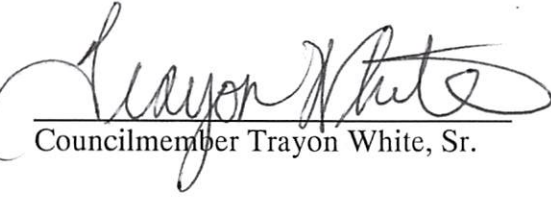
Councilmember Elissa Silverman



Councilmember Charles Allen



Councilmember Brandon T. Todd



Councilmember Trayon White, Sr.

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the Unified Economic Development Budget Transparency and Accountability Act of 2010 to expand the annual reporting of economic development incentives by the Office of the Chief Financial Officer to include an estimate of the market value of additional types of incentives, and to require the Mayor to include as part of her annual budget request to the Council each economic development or affordable housing project that receives incentives from the District of Columbia, any requirements established as a result of that support, as well as the impact of incentivized developments over the subsequent five years on certified business enterprises, affordable housing, employment, economic growth, and tax revenue.

40 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
41 act may be cited as the “Economic Development Return on Investment Accountability
42 Amendment Act of 2017”.

43 Sec. 2. The Unified Economic Development Budget Transparency and Accountability
44 Act of 2010 (D.C. Law 18-223; D.C. Official Code § 2-1208.01, *et seq.*), is amended as follows:

45 (a) Section 2252 (D.C. Official Code § 2-1208.01), is amended as follows:

46 (1) Paragraph (2) is amended to read as follows:

47 “(2) “Economic development incentive” or “incentive” means any expenditure of
48 public funds by a granting body for the purpose of stimulating economic development or creating
49 affordable housing within the District of Columbia, including any funds or resources from the
50 District, or funds or resources which, in accordance with a federal grant or otherwise, the District
51 government administers, including land transfers, land disposition and development agreements,
52 street or alley closings, financial subsidies, expenditures of the Housing Production Trust Fund or
53 of the Housing Preservation Fund, or any bond issuance-including pilot bond, tax increment
54 financing bond, or revenue bond issuances, grant, loan, loan guarantee, fee waiver, land price
55 subsidy, matching fund, tax abatement, tax exemption, tax credit, or any other tax expenditure.”.

56 (2) Paragraph (5) is amended by striking the phrase “Government of the District
57 of Columbia” and inserting “District government” in its place.

58 (b) Section 2253(b) (D.C. Official Code § 2-1208.02(b)), is amended as follows:

59 (1) Paragraph (1) is amended by striking the phrase “; and” and inserting a
60 semicolon in its place.

61 (2) Paragraph (2) is amended by striking the period and inserting a semicolon in
62 its place.

63 (3) New paragraphs (3) and (4) are added to read as follows:

64 “(3) For each recipient listed in the most recent Unified Economic Development
65 Budget Report pursuant to subsection (a)(2)(A) of this section that has received an economic
66 development incentive in anticipation of, or as the result of, the development or redevelopment
67 of real property, the Mayor shall list all requirements imposed on the recipient in exchange for
68 those incentives, including any requirements related to:

69 “(A) The production or preservation of affordable housing;

70 “(B) The employment of District residents;

71 “(C) The participation of certified business enterprises in the construction
72 or operation of the real property; and

73 “(D) The production of community amenities; and

74 “(4) For each recipient that received an economic development incentive in
75 anticipation of, or as the result of, the development or redevelopment of real property within the
76 previous 5 years, the Mayor shall determine whether the recipient is in compliance with any
77 requirements listed in paragraph (3) of this subsection for that recipient and shall list, where
78 applicable:

79 “(A) The current number of affordable housing units on the property,
80 their level of affordability, and the number of bedrooms per unit;

81 “(B) The number of District residents employed as a result of the
82 development or redevelopment of the property;

83 “(C) The participation of certified business enterprises in the construction
84 or operation of the real property;

85 “(D) The estimated overall economic impact of the development or
86 redevelopment; and

87 “(E) Any realized changes to overall tax revenue resulting from the
88 development or redevelopment.”.

89 Sec. 3. Fiscal impact statement.

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

93 Sec. 4. Effective date.

94 This act shall take effect following approval by the Mayor (or in the event of veto by the
95 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as
96 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
97 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
98 Columbia Register.

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COUNCIL OF THE DISTRICT OF COLUMBIA
Office of the Budget Director



Jennifer Budoff
Budget Director

FISCAL IMPACT STATEMENT

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

FROM: Jennifer Budoff, Budget Director *Amale D. Jayar for*

DATE: November 27, 2018

SHORT TITLE: B22-0457 "Economic Development Return on Investment Accountability Amendment Act of 2018"

TYPE: Committee Print

REQUESTED BY: Councilmember Jack Evans

Conclusion

Bill 22-0457 may have an adverse impact on the fiscal year 2019 budget and four-year financial plan. The Office of the Chief Financial Officer will issue a fiscal impact statement to accompany the committee print issued by the Committee of the Whole.

Background

This legislation would

- 1) Amend the definition of "Economic development incentive" or "incentive" to include zoning relief, funds or resources from the District, funds or resources that the District government administers, land transfers, land disposition and development agreements, street or alley closings, financial subsidies, expenditures of the Housing Production Trust Fund, and expenditures of the Housing Preservation Fund as incentives and the creation of affordable housing as a purpose of the incentives.
- 2) Require the annual Unified Economic Development Budget Report to include for each recipient receiving one or more economic development incentives with a combined total value equal to or greater than \$75,000 the following additional information:
 - a. Requirements imposed on a recipient in exchange for the incentives, and
 - b. For incentives offered in anticipation of, or as the result of, the development or redevelopment of real property within the previous 5 years, information on recipient compliance with the requirements.

- 3) Require the Mayor to create a publicly accessible, searchable, online database that incorporates the information that is to be provided by the Unified Economic Development Budget Report by March 20, 2020.

Analysis of Impact on Spending

Increasing the amount of information to be included in the Unified Economic Development Budget Report is not expected to have a fiscal impact if the information to be added is readily available. Because agencies do not currently report on zoning relief offered through a planned unit development, this requirement may have a cost. In addition, creating and maintaining a publicly accessible, searchable, online database is expected to have a cost; however, this requirement is not effective until its fiscal effect has been included in an approved budget and financial plan.

Analysis of Impact on Revenue

This legislation will have no impact on revenue.

Subchapter IV-A. Economic Development Budget Transparency.

(1) “Chief Financial Officer” means the Office of the Chief Financial Officer established by § 1-204.24a.

~~(2) “Economic development incentive” or “incentive” means any expenditure of public funds by a granting body for the purpose of stimulating economic development within the District of Columbia, including any bond issuance including pilot bond, tax increment financing bond, and revenue bond issuances, grant, loan, loan guarantee, fee waiver, land price subsidy, matching fund, tax abatement, tax exemption, tax credit, and any other tax expenditure.~~

(2) “Economic development incentive” or “incentive” means any expenditure of public funds by a granting body for the purpose of stimulating economic development or creating affordable housing within the District of Columbia, including any funds from the District, or funds which, in accordance with a federal grant or otherwise, the District government administers, including land disposition and development agreements, financial subsidies, expenditures of the Housing Production Trust Fund or of the Housing Preservation Fund, or any bond issuance including pilot bond, tax increment financing bond, or revenue bond issuances, grant, loan, loan guarantee, fee waiver, land price subsidy, matching fund, tax abatement, tax exemption, tax credit, or any other tax expenditure.

(3) “Granting body” means an agency, board, office, instrumentality, or authority of the District government that provides or authorizes an economic development incentive.

(4) “Recipient” means any non-governmental person association, corporation, joint venture, partnership, or other entity that receives an economic development incentive.

(5) “Tax expenditure” shall include any loss of revenue to the Government of the District of Columbia that is attributable to an exemption, abatement, credit, reduction, or other exclusion under District tax law.

(6) “Unified Economic Development Budget Report” or “Report” means the document that the Chief Financial Officer is required to create under § 2-1208.02.

§ 2–1208.02. Unified Economic Development Budget Report.

(a)(1) On or before March 1, the Chief Financial Officer shall compile and publish an annual Unified Economic Development Budget Report (“Report”) with regard to the fiscal year just concluded. The report shall be produced in both printed and electronic form and shall be freely available in offices of all District agencies included in the report. A user-friendly

electronic version of the report shall be posted on the Government of the District of Columbia's website in a central location that the public can easily locate.

(2) The comprehensive report shall provide the following information regarding the economic development incentives offered by the District:

(A) The name of each recipient receiving one or more economic development incentives with a combined total value equal to or greater than \$75,000;

(B) The dollar value of each economic development incentive received by each recipient; provided, that any economic development incentive received by a recipient with a value less than \$75,000 shall not be itemized; the Chief Financial Officer shall report an aggregate dollar amount of those expenditures and the total number of recipients aggregated;

(C) The aggregate dollar amounts for each type of incentive;

(D) The aggregate dollar amounts expended per ward;

(E) The aggregate number of companies, groups, or individuals receiving each type of economic development incentive; and

(F) The total cost of all economic development incentives appropriated by each granting body categorized by the granting body's name.

(b) The Mayor shall submit annually, as part of the annual budget request to the Council, a single document estimating the costs of all economic development incentives for the fiscal year of the requested budget, including:

(1) The total cost to the District resulting from the proposed economic development incentives, including the costs for each category of proposed tax expenditures, and the amounts of proposed tax expenditures classified by ward; ~~and~~

(2) The cost to the District of all proposed appropriated funds for economic development incentives by District agency, instrumentality, or public institution of higher education;

(3) For each recipient listed in the most recent Unified Economic Development Budget Report pursuant to subsection (a)(2)(A) of this section that has received an economic development incentive in anticipation of, or as the result of, the development or redevelopment of real property, the Mayor shall list all requirements imposed on the recipient in exchange for those incentives, including any requirements related to:

(A) The production or preservation of affordable housing;

(B) The employment of District residents;

(C) The participation of certified business enterprises in the construction or operation of the real property; and

(D) The production of community amenities; and

(4) For each recipient that received an economic development incentive in anticipation of, or as the result of, the development or redevelopment of real property within the previous 5 years, the Mayor shall determine whether the recipient is in compliance with any requirements listed in paragraph (3) of this subsection for that recipient and shall list, where applicable:

(A) The current number of affordable housing units on the property, their level of affordability, and the number of bedrooms per unit;

(B) The number of District residents employed as a result of the development or redevelopment of the property, including the average wages of newly employed residents, the value and type of employment benefits provided, and whether the employees are full-time or part-time;

(C) The participation of certified business enterprises in the construction or operation of the real property; and

(D) Any realized changes to overall tax revenue resulting from the development or redevelopment.

(c) Any granting authority agencies administering any economic development incentive shall cooperate and assist the Chief Financial Officer in the preparation of the Unified Economic Development Budget Report and all reporting requirements imposed by this subchapter.

1 **DRAFT COMMITTEE PRINT**
2 **Committee of the Whole**
3 **December 4, 2018**
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8 A BILL
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11 22-457
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14 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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19 To amend the Unified Economic Development Budget Transparency and Accountability Act of
20 2010 to expand the annual reporting of economic development incentives by the Office of
21 the Chief Financial Officer to include an estimate of the market value of additional types
22 of incentives, and to require the Mayor to include as part of her annual budget request to
23 the Council each economic development or affordable housing project that receives
24 incentives from the District of Columbia, any requirements established as a result of that
25 support, as well as the impact of incentivized developments over the subsequent five years
26 on certified business enterprises, affordable housing, employment, economic growth, and
27 tax revenue.
28

29 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may
30 be cited as the “Economic Development Return on Investment Accountability Amendment
31 Act of 2017”.

32 Sec. 2. The Unified Economic Development Budget Transparency and Accountability Act
33 of 2010 (D.C. Law 18-223; D.C. Official Code § 2-1208.01, et seq.), is amended as follows:

34 (a) Section 2252 (D.C. Official Code § 2-1208.01), is amended as follows:

35 (1) Paragraph (2) is amended to read as follows:

36 “(2) “Economic development incentive” or “incentive” means any expenditure of
37 public funds by a granting body for the purpose of stimulating economic development or creating

38 affordable housing within the District of Columbia, including any funds from the District, or funds
39 which, in accordance with a federal grant or otherwise, the District government administers,
40 including land disposition and development agreements, financial subsidies, expenditures of the
41 Housing Production Trust Fund or of the Housing Preservation Fund, or any bond issuance-
42 including pilot bond, tax increment financing bond, or revenue bond issuances, grant, loan, loan
43 guarantee, fee waiver, land price subsidy, matching fund, tax abatement, tax exemption, tax credit,
44 or any other tax expenditure.”.

45 (2) Paragraph (5) is amended by striking the phrase “Government of the District of
46 Columbia” and inserting “District government” in its place.

47 (b) Section 2253(b) (D.C. Official Code § 2-1208.02(b)), is amended as follows:

48 (1) Paragraph (1) is amended by striking the phrase “; and” and inserting a
49 semicolon in its place.

50 (2) Paragraph (2) is amended by striking the period and inserting a semicolon in its
51 place.

52 (3) New paragraphs (3) and (4) are added to read as follows:

53 “(3) For each recipient listed in the most recent Unified Economic Development
54 Budget Report pursuant to subsection (a)(2)(A) of this section that has received an economic
55 development incentive in anticipation of, or as the result of, the development or redevelopment of
56 real property, the Mayor shall list all requirements imposed on the recipient in exchange for those
57 incentives, including any requirements related to:

58 “(A) The production or preservation of affordable housing;

59 “(B) The employment of District residents;

60 “(C) The participation of certified business enterprises in the construction
61 or operation of the real property; and

62 “(D) The production of community amenities; and

63 “(4) For each recipient that received an economic development incentive in
64 anticipation of, or as the result of, the development or redevelopment of real property within the
65 previous 5 years, the Mayor shall determine whether the recipient is in compliance with any
66 requirements listed in paragraph (3) of this subsection for that recipient and shall list, where
67 applicable:

68 “(A) The current number of affordable housing units on the property, their
69 level of affordability, and the number of bedrooms per unit;

70 “(B) The number of District residents employed as a result of the
71 development or redevelopment of the property, including the average wages of newly employed
72 residents, the value and type of employment benefits provided, and whether the employees are
73 full-time or part-time;

74 “(C) The participation of certified business enterprises in the construction
75 or operation of the real property;

76 “(D) Any realized changes to overall tax revenue resulting from the
77 development or redevelopment.”.

78 Sec. 3. Fiscal impact statement.

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

82 Sec. 4. Effective date.

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