

# **Exhibit 250**

**BILL 20-564**  
**COMMITTEE ON FINANCE AND REVENUE**  
**DRAFT COMMITTEE PRINT**  
**\_\_\_\_, 2014**

A BILL

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20-564

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To establish the New York Avenue Gateway Development Zone, to authorize the Mayor to provide tax incentives with Council approval to encourage the construction of new medium-priced hotels, housing, shops, restaurants, entertainment, office facilities, and film production and sound studios in the New York Avenue Gateway Development Zone, and to create a job training program to prepare and train residents for the jobs created pursuant to this act.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “New York Avenue Gateway Development and Financial Incentives Act of 2014”.

Sec. 2. Findings.

The Council finds that:

- (1) The District welcomed a record 19 million tourists and other visitors in 2013.
- (2) In 2013, tourists and other visitors spent a total of \$6.69 billion, representing more than \$630 million in tax revenue.
- (3) Most leisure and lower-budgeted business visitors stay in hotels in Maryland and Virginia when visiting the nation’s capital because of the higher rates of most of the District’s hotels.
- (4) The average nightly rate of a hotel in the District is \$226, while in suburban Maryland Virginia, it is \$139.

(5) There are a small number of medium-priced hotels in the District.

(6) According to a report by USA Today, there will be 2.5 million middle-skill jobs created in the film and media production industry and other industries by 2017.

(7) According to a study done by Metropolitan Research & Economics, for every dollar spent on output from filming activity, an additional \$.345 of economic output is created across all sectors of the District economy. Every dollar spent creates \$.13 in earnings by households in the District, again, across all sectors of the economy.

(8) Each \$1 million in direct expenditures by motion picture producers supports 3.27 full-time equivalent employment positions across all sectors.

(9) Every dollar the District spends on a film production, generates \$2.64 in revenue.

(10) The direct result of film and television production in the District is that:

- (A) Creates employment for a local workforce;
- (B) Generates the need for local materials and supplies;
- (C) Generates an increase in occupancy in hotels in the District; and
- (D) Increases revenue for District restaurants and retail establishments.

(11) The most notable indirect result of film and television production is increased tourism, which leads to increased revenue for all sectors of the District economy.

(12) Three new sound studios in the District would extend the stay of a feature film production, accommodate episodic television, and accommodate business services, all of which would create a magnet for more such activity and lead to an increasing positive economic impact on the District.

(13) According to Metropolitan Research & Economics study, one of the most ideal locations for the construction of a sound studio in the District is the New York Avenue corridor.

The area has the advantage of having a supply of industrial zoned property and is accessible by a regional highway network, including the Baltimore-Washington Parkway.

Sec. 3. Definitions.

For the purposes of this act, the term:

(1) “Construction date” means the date that a permit is granted to commence construction on a project.

(2) “Hotel project” means the acquisition, development, construction, installation, and equipping, including financing, refinancing, or reimbursing of costs incurred for the building of a rated hotel in the New York Avenue Gateway Development Zone.

(3) “New York Avenue Gateway Development Zone” and “Development Zone” means the area from the, intersection of New York Avenue, N.E. and Florida Avenue, N.E., east along New York Avenue, N.E. (both sides), including the Capital City Market as defined in section 2 of the New Town Capital City Market Revitalization Development and Public/Private Partnership Act of 2006 effective March 14, 2007 (D.C. Law 16-278; D.C. Official Code § 6-1062.02(1)), and in the Office of Planning Florida Avenue Market Small Area Plan approved by the Council of the District of Columbia on October 6, 2009 (Res18-257) to the Maryland border, and North along Bladensburg Road, N.E. to South Dakota Avenue, N.E., east on South Dakota Avenue, to where it intersects with New York Avenue, N.E., and other property adjacent to or in close proximity to the foregoing described area that the Mayor determines is appropriate to include in the Development Zone.

(4) “Non-retail” means a business, including an office, warehouse, or other space that does not sell or provide goods or services directly to the ultimate consumer or user.

(5) "Qualified tenant" means a tenant that signs a lease of at least 3 years and, as determined by Mayor, shall make a minimum investment in in value to the Development Zone equal to the tax incentive provided by this act.

(6) "Qualified project" means a project that forwards the purpose of the Development Zone and will, as determined by the Mayor, make a substantial contribution.

(7) "Retail" means a business that sells or otherwise disposes of tangible goods directly to the ultimate user or consumer by a qualified tenant.

(8) "Rated hotel" is a hotel with a minimum capacity of 100 rooms that has been assigned a tier rating, as established by the Mayor, based on the level of amenities the hotel will provide and that the Mayor has determined will make a substantial contribution to the Development Zone and further the purposes of this act.

(9) "Substantial contribution" means a benefit of sufficient level, as determined by the Mayor, that a development project or business will bring to the Development Zone and further the purposes of this act, including whether the project or business will:

(A) Make affordable lease space available to certified business enterprises;

(B) Increase availability of affordable housing for different income levels;

(C) Increase jobs for District residents;

(D) Assist the District in job training and preparing District residents for the new types of jobs the Development Zone will generate;

(E) Agrees to set-aside a percentage of affordable retail or non-retail space for certified business enterprises;

(F) Bring additional and needed services to the community in the Development Zone;

(G) Contribute to the goals for the Development Zone as set forth in the Findings;

and

(H) Provide any other benefit that the Mayor considers necessary or appropriate.

(10) "Tax incentives" means the property tax abatement, tax exemptions, flat tax rate, tax credit, and any other tax relief provided pursuant to this act.

Sec. 4 Development Zone; establishment, Mayor's authority, Council enactment.

(a) There is established a New York Avenue Gateway Development Zone.

(b)(1) The Mayor shall accept applications from developers and businesses that apply to operate in the Development Zone and obtain a tax incentive authorized by this act.

(2) The Mayor may negotiate with a qualified tenant, the developer of a hotel project, or other developer, or business that the Mayor determines will make a substantial contribution and, subject to subsection (b) of this section, grant any or all of the tax incentives provided by this act to a qualified project.

(c) The Mayor shall transmit the proposed qualified project, including any proposed tax incentives offered pursuant to this act, to the Council for approval by act.

Sec. 5. Tax incentives.

(a)(1) Property taxes ---For a hotel project, or for an existing hotel constructed in the Development Zone within 10 years before the effective date of this act, property taxes shall be frozen at the assessed value at the time of the project's construction date and depending on the tier rating and level of substantial contribution, or its proximity to a sound or production studio as follows:

(A) For a period of 30 years as long as the use of the property does not change; provided, that in the 31st year, the taxpayer begins paying taxes at increments for a period of 5 years until the District's then current assessed value is reached;

(B) For a period of 20 years as long as the use of the property does not change; provided, that in the 21st year, the taxpayer begins paying taxes at increments for a period of 5 years until the District's then current assessed value is reached; or

(C) As otherwise granted by the Mayor and approved by an act of the Council.

(2) The Mayor shall offer a tax incentive to a qualified project that:

(A) Is residential or a project that contains a residential component of 100.

(B) Contains one or more sound studios and the total development cost of the project is \$40 million or more; or

(C) Has a total development cost of over \$20 million.

(3) A developer of a qualified project that is granted a tax incentive shall agree to set-aside a percentage of affordable retail or non-retail space for certified business enterprises.

(b)(1) Flat tax --subject to paragraph (2) of this subsection, any existing and new businesses in the Development Zone may elect to pay a 5% flat tax rate of their total gross revenues of the business entity in the Development Zone in lieu of the following taxes:

(A) Corporate franchise tax;

(B) U.B. franchise tax;

(C) Deed recordation tax;

(D) Deed transfer tax; or

(E) Sales and use tax for building and construction materials.

(2) To qualify for an election as described in paragraph (1) of this subsection, an existing or new business shall:

(A) Submit a proposed project for a property in the Development Zone to the Mayor;

(B) Receive the approval of the Mayor and of the Council, by an act.

(3) This subsection shall sunset 30 years after the effective date of this act.

(c)(1) Employment tax credit --- Employers in the Development Zone may be eligible for an employment tax credit of up to \$10,000 per qualified employee per year. The tax credit shall be available for each qualified employee for up to 10 consecutive; provided, that this tax credit shall not exceed \$1.5 million per year for each employer.

(2) For the purpose of this subsection, a “qualified employee” means a District resident who is employed at least 35 hours each week or who renders any other standard of service generally accepted by industry custom or practice as full-time employment.

(3) This subsection shall sunset 20 years after the effective date of this act.

(d)(1) Rental tax credit --- A tax credit of \$2.50 per square foot per year may be provided to a qualified tenant in the retail and non-retail business located in the Development Zone; which credit shall be available for up to 10 consecutive years.

(2) A developer who takes advantage of the tax credit provided by this subsection shall agree to set-aside a percentage of affordable retail or non-retail space for certified business enterprises.

(3) The tax credit provided in this section shall sunset 25 years after the effective date of this act.



(e) Following enactment by the Council of each act approving a tax incentive pursuant to this act, the Mayor shall certify to the Office of Tax and Revenue the identity of each applicant that the Mayor has approved for a tax incentive, including:

(1) The type of tax incentive the taxpayer has been granted;

(2) The duration of the tax incentive;

(3) The taxpayer's identification number;

(4) The effective date of eligibility for the tax incentive;

(5) That funds are sufficient within an approved budget and financial plan to allow the Office of Tax and Revenue to issue the tax incentive to this taxpayer; and

(6) Such other information as the Office of Tax and Revenue shall require to administer the tax incentive.

(f) A tax incentive provided pursuant to this act shall be in addition to and not in lieu of, any other tax relief or assistance from any other source applicable to the project and shall not prevent or restrict a developer or business from utilizing any other tax, development, or economic incentive available to the developer or business, including the supermarket tax incentives set forth in Chapter 38 of Title 47 of the District of Columbia Official Code.

Sec. 6. Film and television production facilities.

(a) The Mayor may provide additional incentives, including, subject to subsection (b) of this section, the Crummell School site, to encourage private developers to construct in the Development Zone 3 sound studios (one of which shall have a minimum of 7,000 square feet and 2 which shall have a minimum of 20,000 square feet); provided, that if a facility is constructed in the District outside the Development Zone that has the minimum square feet sought pursuant to this subsection and meets the requirements of a 21st century sound studio, as

determined by the Mayor, then the goal of 3 such facilities in the Development Zone may be reduced.

(b) If the Mayor reaches an agreement regarding a sound studio being constructed on the Crummell School site, the agreement with the developer shall require that the Crummell School be saved and renovated as a historic landmark and that its internal uses be constructed so that the Crummell School will be able to house a recreational center, a daycare facility, a job-training facility, and other use the Mayor, the community, and the developer agree should be included.

(c) All sound studios constructed pursuant to subsection (a) of this section shall be eligible for all incentives provided under the Film DC Economic Incentive Act of 2006, effective March 14, 2007 (D.C. Law 16-290; D.C. Official Code § 39-501 *et seq.*).

#### Sec. 7. Job training.

(a)(1) Subject to subsection (c) of this subsection and except as provided by paragraph (2) of this subsection, the Mayor shall establish a training program to train and prepare District residents for the job opportunities created in the Development Zone, which shall include a classroom, field training, and mentoring services.

(2) If the Mayor determines that an existing training program can provide the necessary job training called for in this section, a new program shall not be established.

(b) The Mayor may negotiate with a developer for each project that receives a tax incentive pursuant to this act, taking the specific project and all related factors into consideration, to provide additional funding for an existing training program or a program established pursuant subsection (a)(1) of this section.

(c) Except as provided by in subsection (a)(2), this section shall apply upon the inclusion of its fiscal effect in an approved budget and financial plan, as certified by the Chief Financial

Officer to the Budget Director of the Council in a certification published by the Council in the District of Columbia Register.

Sec. 8. Local preference; Ward 5.

Ward Five residents shall be given priority for the set-aside of retail and non-retail space for certified business enterprises in the Development Zone and for the training program offered pursuant to section 7, and for the jobs created in the Development Zone pursuant to this act.

Sec. 9. Fiscal impact statement.

The Council adopts the fiscal impact statement of the Chief Financial Officer as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 10. 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.