





# **District of Columbia Fiscal Year 2017 Year-End Unified Economic Development Budget Report**

Office of the Chief Financial Officer  
Office of Economic Development Finance

1350 Pennsylvania Avenue, NW  
Suite 203  
Washington, DC 20004  
[cfo.dc.gov](http://cfo.dc.gov)

February 2018

- 
- 
- ▶ The Report provides data on FY 2017 economic development dollars sorted by:
    - Type of incentive
    - Granting body/agency
    - The District's eight wards
    - Recipient
  
  - ▶ The report includes construction projects for DC Public Schools and DC Public Libraries.
  
  - ▶ The Unified Economic Development Budget Transparency and Accountability Act of 2010 mandated information on incentives including:
    - TIF & PILOT bonds
    - Revenue bonds
    - Grants
    - Tax abatements and exemptions
    - Tax credits
    - Contracts for services (e.g., construction)



# Findings by Type of Incentive

- ▶ The District spent \$691M on economic development incentives in FY 2017.
- ▶ In addition, the report tallies over \$1 billion of new incentives that did not impact the District's FY 2017 budget.

	AGGREGATE EXPENSES	ACTIVITY NOT IMPACTING THE FY17 BUDGET	NUMBER OF COMPANIES/ INDIVIDUALS
<b>Total</b>	<b>\$691,408,206</b>	<b>\$1,048,098,370</b>	<b>1,225</b>
Expenditures on Contracts	427,645,345	N/A	115
Grants	44,977,531	N/A	166
Land Price Subsidies	5,069,425	N/A	2
Payment in Lieu of Taxes (PILOT) Financing	15,788,888	N/A	5
Revenue Bonds	115,660,285	1,017,042,870	25
Tax Abatements and Exemptions	31,454,604	22,865,736	751
Tax Credits (District)	27,722,903	8,189,764	152
Tax Increment Financing (TIF)	23,089,226	N/A	9



# Findings in Comparison to FY 2016

- ▶ Total FY 2017 spending on economic development incentives decreased 4% over the prior fiscal year. Prepayment of revenue bond debt in the previous fiscal year attributed to an overall slight decrease in total expenses for FY 2017.
- ▶ For activity not impacting the FY 2017 budget, incentives increased by 6%. Revenue bond issuances increased while future tax abatements decreased. There were no PILOT or TIF issuances in FY 2017.

## Change in Economic Development Incentives: FY16 vs. FY17

% INCREASE (DECREASE)		FY 2016	FY 2017
<b>(4%)</b>	<b>Total Expenses</b>	<b>\$720,632,004</b>	<b>\$691,408,206</b>
4%	Expenditures on Contracts	412,870,886	427,645,345
24%	Grants	36,323,381	44,977,531
N/A	Land Price Subsidies	0	5,069,425
4%	Payment In Lieu Of Taxes (PILOT) Debt Service	15,193,012	15,788,888
(35%)	Revenue Bonds Debt Service	178,179,545	115,660,285
8%	Tax Abatements & Exemptions	29,102,906	31,454,604
17%	Tax Credits	23,730,243	27,722,903
(8%)	Tax Increment Financing (TIF) Debt Service	25,232,031	23,089,226
<b>6%</b>	<b>Activity Not Impacting the Current Budget</b>	<b>\$984,146,706</b>	<b>\$1,048,098,370</b>
60%	New Markets Tax Credit Investment	5,103,124	8,189,764
N/A	PILOT Financing Issuance	0	0
11%	Revenue Bonds Issuance	914,521,799	1,017,042,870
N/A	Tax Increment Financing (TIF) Issuance	0	0
(65%)	Future Tax Abatements & Exemptions Enacted	64,521,783	22,865,736

# Findings by Granting Body/Agency

- ▶ The District of Columbia Public Schools spent \$331M on contracts to modernize and renovate schools throughout the District, this represented 48% of the FY 2017 total economic development expenses.

Aggregate Economic Development Dollars by Granting Body/Agency (in millions)

	None	DCHFA	DCPL	DCPS	DHCD	DMPED	DOES	DSLBD	DGS	DHCE	Misc. Funds
<b>Total Expenses</b>	<b>\$59.2</b>	<b>\$0.0</b>	<b>\$34.0</b>	<b>\$330.9</b>	<b>\$13.8</b>	<b>\$85.0</b>	<b>\$3.1</b>	<b>\$4.7</b>	<b>\$6.4</b>	<b>\$0.0</b>	<b>\$154.5</b>
Expenditures on Contracts			34.0	330.9		56.4			6.4		
Grants					13.8	23.5	3.1	4.7			
Land Price Subsidies						5.1					
PILOT Debt Service											15.8
Revenue Bonds Debt Service											115.7
Tax Abatements & Exemptions	31.5										
Tax Credits	27.7										
TIF Debt Service											23.1

Agency Key

None - No associated agency

DCHFA - District of Columbia Housing Finance Agency

DCPL - District of Columbia Public Libraries

DCPS - District of Columbia Public Schools

DHCD - Department of Housing and Community Development

DMPED - Office of the Deputy Mayor for Planning and Economic Development

DOES - Department of Employment Services

DSLBD - Department of Small and Local Business Development

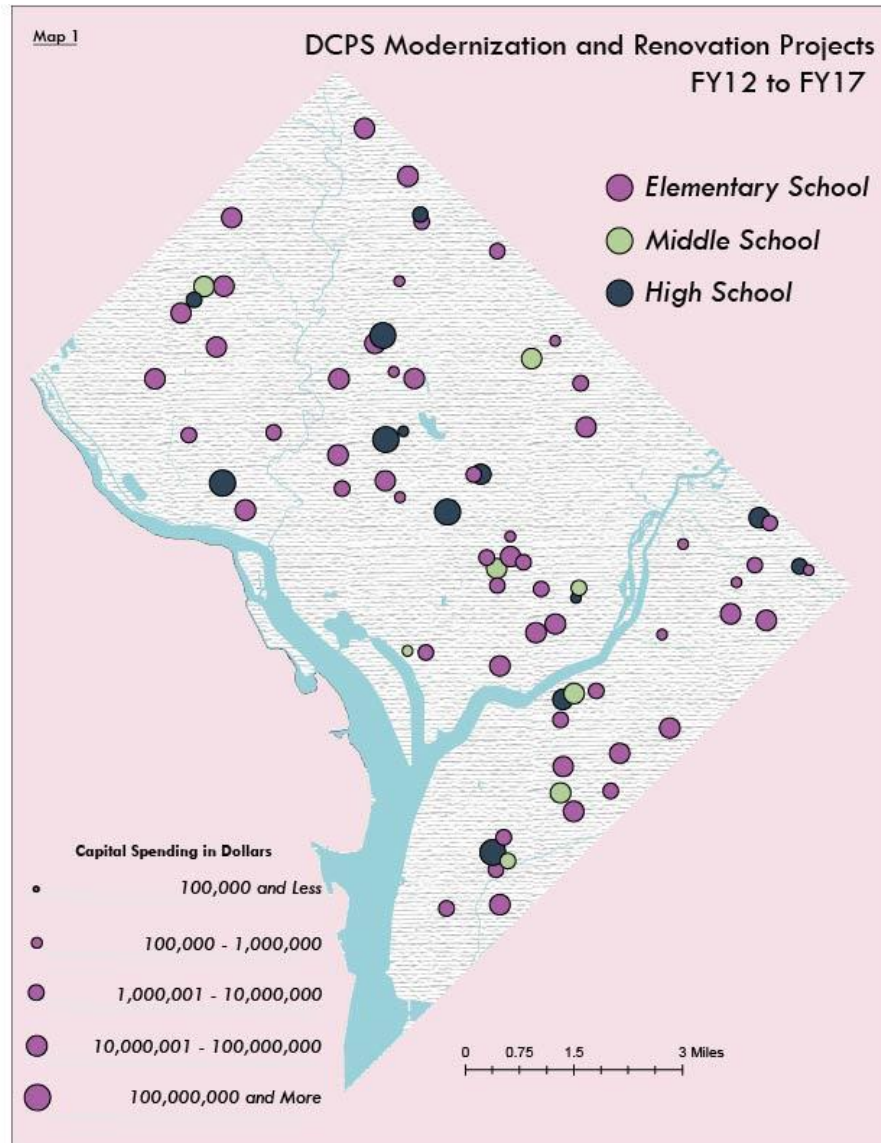
DGS - Department of General Services

DHCE - District of Columbia Housing Enterprises

Misc. Funds - Tax transfer agencies in the District's budget



# Expenditures on public schools from FY 12 to FY 17





# Findings by Granting Body/Agency

- ▶ The Office of the Deputy Mayor for Planning and Economic Development approved \$877M of new revenue bond issuances.
- ▶ Four future tax abatements were enacted, which will have a budget impact in future years of approximately \$23M.

**Aggregate Economic Development Dollars by Granting Body/Agency (in millions)**

	None	DCHFA	DCPL	DCPS	DHCD	DMPED	DOES	DSLBD	DGS	DHCE	Misc Funds
<b>Activity Not Impacting the FY17 Budget</b>	<b>\$22.9</b>	<b>\$140.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$877.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$8.2</b>	<b>\$0.0</b>
Revenue Bonds Issuance		140.1				877.0					
PILOT Issuance											
Future Tax Abatements Enacted	22.9										
New Markets Tax Credits										8.2	

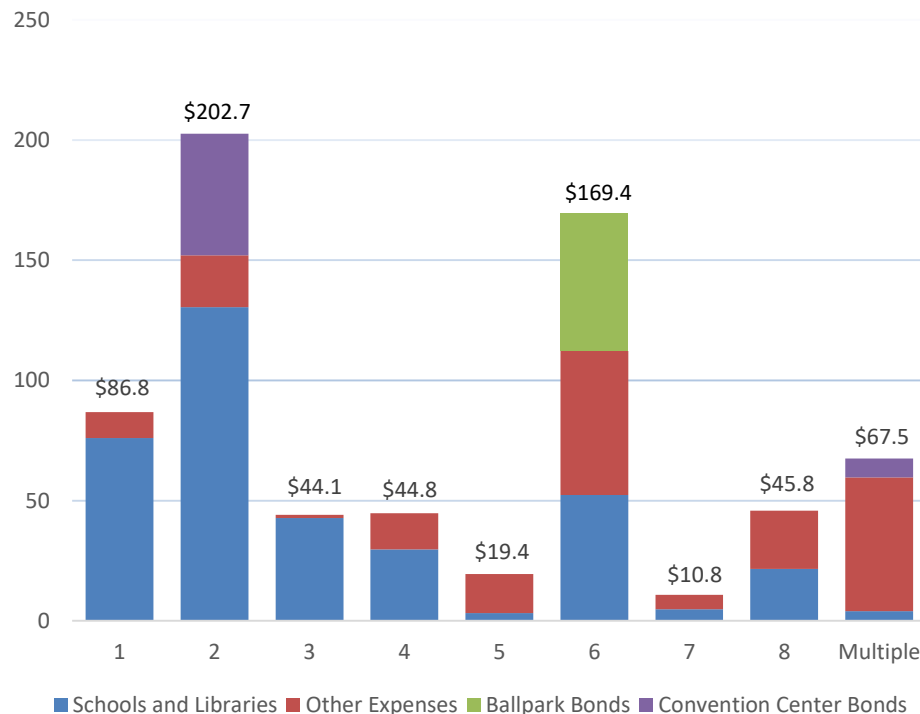
Agency Key

- None - No associated agency
- DCHFA - District of Columbia Housing Finance Agency
- DCPL - District of Columbia Public Libraries
- DCPS - District of Columbia Public Schools
- DHCD - Department of Housing and Community Development
- DMPED - Office of the Deputy Mayor for Planning and Economic Development
- DOES - Department of Employment Services
- DSLBD - Department of Small and Local Business Development
- DGS - Department of General Services
- DHCE - District of Columbia Housing Enterprises
- Misc. Funds - Tax transfer agencies in the District's budget



- ▶ The highest levels of economic development spending occurred for projects located in Wards 2, 6, 1 and 8.
- ▶ In Ward 6, much of the spending was attributable to prepayment of the Nationals Ballpark Bonds, while in Ward 2 a significant amount of spending was attributable to payment of the Convention Center bonds which includes both the Convention Center and Hotel bonds.

**FY 2017 Economic Expenses, By Ward (millions)**

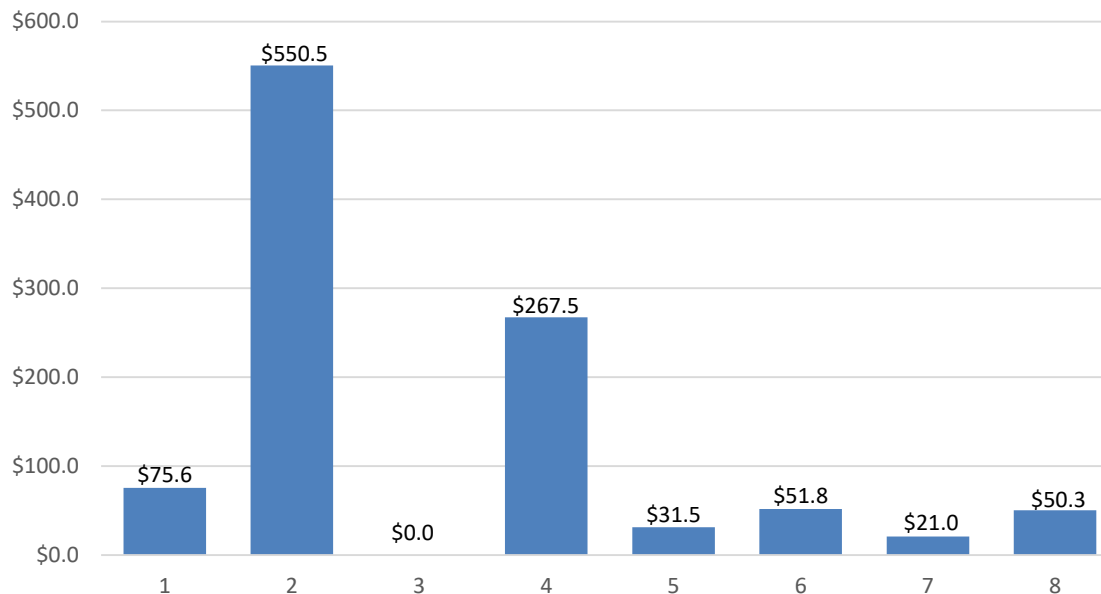






- ▶ The chart below summarizes FY 2017 non-expense activity.
- ▶ Revenue bond issuances managed by DMPED represented a majority of the activity for non-expense expenditures (\$877 million).
- ▶ Ward 2 saw multiple education-based issuances in FY 2017. The largest future tax abatement, of \$18 million for the International Spy Museum, was also in Ward 2.

**Economic Development Activity Not Impacting the FY17 Budget, By Ward (in millions)**





## Largest Expenditures by Ward

- ▶ **Ward 1:** \$54.0 million for modernization/renovation of Marie Reed Elementary School.
- ▶ **Ward 2:** \$88.7 million for modernization/renovation of Duke Ellington School.
- ▶ **Ward 3:** \$29.1 million for the modernization/renovation of Murch Elementary School.
- ▶ **Ward 4:** \$10 million for economic development financing of USACE Finance Center.
- ▶ **Ward 5:** \$8.5 million for economic development financing of DC Water facility.
- ▶ **Ward 6:** \$57.2 million (inclusive of prepayment) for debt service for Nationals Ballpark Revenue Bonds.
- ▶ **Ward 7:** \$3.1 million for land disposition at Deanwood Hills.
- ▶ **Ward 8:** \$17.7 million for economic development financing of Saint Elizabeth's East Campus infrastructure.



- ▶ Economic development incentives were received by more than 1,200 entities and individuals.
- ▶ Contracts for services went to 115 entities. The largest expenditures were:
  - \$88.7 million to GCS LLC for the modernization project at Duke Ellington School of the Arts (Ward 2)
  - \$47.8 million to Gilbane Building Company for construction at Marie Reed Elementary School (Ward 1)
  - \$34.6 million to MCN Build, Inc. for the modernization project at Watkins Elementary School (Ward 6)
- ▶ The District provided grants to 166 recipients. The largest grants were:
  - \$3 million to Walter Reed (Ward 4)
  - \$2.6 million to Washington DC Economic Partnership (Ward 2)
  - \$2.2 million to affordable housing project financing (Ward 8)
- ▶ The District paid TIF & PILOT debt service to bondholders for 14 projects. DOT/Waterfront Park Project (Ward 6) had the largest debt service payments (\$10.6 million) in FY 2017



- ▶ The District paid revenue bond debt service of \$50.6M for Convention Center and Hotel Bonds (Ward 2) and \$57.2M for Nationals Stadium (Ward 6).
- ▶ The District granted tax abatements & exemptions in FY 2017 to 751 properties (including individual condominiums). The largest were:
  - \$5.2 million to The Freedom Forum Inc. (Ward 2)
  - \$2.9 million to The American Psychological Association (Ward 6)
  - \$2.7 million to The Pew Charitable Trusts (Ward 2)
- ▶ \$28M in tax credits went to 150 entities claiming Qualified High Technology Credits.
- ▶ The Council provided an estimated \$18M in future tax abatements for the International Spy Museum
- ▶ The largest activity outside of the FY 2017 budget was:
  - \$302 million Revenue Bond issuance for Georgetown University (Ward 2)
  - \$217 million Revenue Bond issuance for Ingleside Rock Creek (Ward 4)
  - \$106 million Revenue Bond issuance to the National Academy of Sciences (Ward 2)



- ▶ The complete Report and Appendices can be accessed through the [EDF Unified Economic Development Reports page](#) on the Reports section of the OCFO website.