COMMITTEE ON FINANCE AND REVENUE

CHAIRMAN JACK EVANS

Public Hearing on

B21-353, "Local Jobs and Tax Incentive Act of 2015"

Wednesday, October 28, 2105

Revision of Testimony Submitted on

Wednesday October 14, 2015 10:00 a.m.

John A. Wilson Building, Room 500

Good Morning Chairman Evans and Council members. I am Gerry Widdicombe, Director of Economic Development for the DowntownDC Business Improvement District (BID).

The DowntownDC BID is a strong supporter of Bill 21-353. It will have a strong positive impact on the District's employment and tax base. Thus, helping to fund the city's progressive social agenda and its basic services to the benefit of all city residents.

Specifically, the Downtown BID's strong support is based on the following findings:

1. The proposed incentive structure is an excellent structure and one that should be used for future incentive legislation.

2. The Office of the Deputy Mayor for Planning and Economic Development (DMPED) did a very good job in being transparent about the reasons for this proposed incentive legislation and providing a significant amount of information to allow for independent analysis.

3. Between the information provided by DMPED, the Office of the Chief Financial Officer (OCFO) and publicly available information, the basic information for an "investment analysis" was possible. It is our conclusion that the investment of a maximum tax abatement of $6 million per year for ten years is in the best interest of the city because it
    a. Eliminates the risk that the Advisory Board would leave the city and cause a negative fiscal loss of $80 million to $90 million on a 15-year present value basis as most existing employees and most new employees would choose to live in the another jurisdiction. See Attachment A.
    b. Has a positive net present value return to the city as follows:
        i. $150 million to $165 million if the Advisory Board does not grow
        ii. $130 million to $150 million if the Advisory Board does grow and earns a partial or full $6 million per year tax abatement
    c. The probability of the Advisory Board leaving the District without any incentives is very high. Our estimate is 70% based primarily on lower rental rates of $10 to $30 per SF available in the suburbs (which would equate to $5

million to $15 million per year on a 500,000 SF lease, or $75 million to $225 million on a 15-year lease—equal to a present value difference of $55 million to $164 million), and the aggressive incentive packages being offered by suburban jurisdictions with office vacancy rates above 20% compared to the District's 12%.
    d. This analysis will be posted on the DowntownDC BID website in a few days.

4. The positive impact of supporting a slow DC office market in a weak regional office market that is hyper competitive at this time is significant.
    a. DMPED and the DC BID Council are in the midst of a District Office Study to produce a District Office Market Strategy because of the recent slowdown in the city's office market's operating performance under heavy regional competitive pressure and the reduction in office SF per employee caused by fundamental changes in office workplace use and design.
    b. Given that office buildings generate approximately $900 million in annual property taxes and are projected to generate over $200 million more over the next four years, the health of the office market is directly related to the city's ability to fund its progressive social agenda.

5. The targeting of 655 New York Avenue, NW, is bringing office development to an area of the city where office demand is currently weak and it will spur additional development.

6. The Advisory Board is a significant player in key growth areas of the global economy that will help the city continue to diversify its employment and economic base away from the federal government: technology and healthcare.

7. It is much easier to retain a business/organization than attract a new one.

The DowntownDC BID suggests the Bowser Administration, the Council and the Chief Financial Officer should begin a process of selecting another $500 million to $1 billion in infrastructure and economic development investments to assure the rapid and progressive development of the city's remaining 150 million square feet (SF) to 200 million SF of existing development capacity. This new development will generate $1.5 billion to $2.0 billion in new annual tax revenue, or a present value of $30 billion to $40 billion. The DowntownDC BID suggests investing 1.7% to 3.3% of total development costs is an appropriate amount to accelerate and assure that this development capacity is developed.

In the case of office development, the incentive structure used in the proposed Advisory Board legislation should be the model for the moderate and strategic use of incentives to (i) retain or attract large employers, (ii) retain or attract employers in new business sectors to help diversify the city's economy and (iii) to attract employers to underdeveloped areas of the city like St Elizabeth's East Campus, Poplar Point and even the developing office submarkets of Capitol Riverfront, Mount Vernon Triangle and NoMa.

The Remainder of This Written Testimony Provides Additional Information Regarding Points One Through Six Above

1. The proposed incentive structure is an excellent structure and one that should be used for future incentive legislation.

1. The proposed tax abatement is for ten years: 2020 to 2030. As many others have correctly pointed out over the years, particularly the DC Fiscal Policy Institute, some District incentives have been open ended and not based on measurable performance criteria. For example, many large non-profits were granted perpetual tax abatements that are not reviewed on a regular basis. Examples of good structures are the Downtown and NoMa residential tax abatements which had/have ten years of abatements.
2. The tax abatement is contingent on the growth of employees that are DC residents not total employee growth.
3. The tax abatement is contingent on the growth of DC resident employees: no growth, no tax abatement.
4. The tax abatement will be adjusted each year depending on the Advisory Board's performance.
5. The incentive package requires a 15-year lease.
6. The Community Benefits package is an additional set of benefits that are important.

2. The Office of the Deputy Mayor for Planning and Economic Development (DMPED) did a very good job in being transparent about the reasons for this proposed incentive legislation and providing a significant amount of information to allow for independent analysis.

Within a few days of the announcement of the proposed Advisory Board legislation, DMPED had posted on its website the following information:

1. A descriptive press release
2. The draft legislation: "Local Jobs and Tax Incentive Act of 2015"
3. A comprehensive Fact Sheet.
4. The signed Incentive Agreement
5. The signed Community Benefits Agreement

This represents a major step forward for DMPED in sharing information so that others can evaluate the proposed legislation.

3. Between the information provided by DMPED and publicly available information, the basic information for an "investment analysis" was possible. Please see Attachment B to this written testimony. It is our conclusion that the investment of a maximum tax abatement of $6 million per year for ten years is in the best interest of the city because it

a. **Eliminates the risk that the Advisory Board would leave the city and cause a negative fiscal loss on a 15-year present value basis of $80 million to $90 million.**

b. **Has a positive net present value return to the city as follows:**
    i. **$150 million to $165 million if the Advisory Board does not grow**
    i. **$135 million to $150 million if the Advisory Board does grow and earns a partial or full $6 million per year tax abatement**

It is important to note that an "investment analysis" is different than both the OCFO's "Fiscal Impact Statement" and "Tax Abatement Financial Analysis".

The investment analysis of the proposed legislation requires specific information to determine if it has a positive net present value for the residents of the District. The specific information and its sources that the DowntownDC BID used in its investment analysis is provided below:

1. Probability of the Advisory Board leaving the city: Northern Virginia and Suburban Maryland rents are $10 to $30 dollars cheaper than the District's $60 Class A full service rents and that the vacancies in those jurisdictions are at 21% and 22%, respectively, (compared to DC's 12% vacancy rate) with 28 million SF and 12 million SF of vacant space, respectively, (compared to DC's 13 million SF of vacant space). Source is Cushman & Wakefield. As a result, **The DowntownDC BID views the probability of the Advisory Board moving to Northern Virginia at 70%.** A few recent examples of firms leaving DC for Northern Virginia are the Corporate Executive Board, Gridpoint, Cvent and Intelstat. Two big firms that remained in DC were organizations that had special ties to the District: The Washington Post and Fannie Mae.

2. SF of office space currently occupied by the Advisory Board: Approximately 324,922 SF in several DC locations. Source is the Advisory Board.

3. Number of employees located in the District: 2,000 out of a total of 3,500. Source is DMPED Fact Sheet and Incentive Agreement.

4. Absolute number of employees living in the District: 865, or 43% of total DC employees. Source is DMPED Fact Sheet and Incentive Agreement.

    This is compared to the average District employer where of 30% - 33% of its employees live in the city. Source is the 2009 American Community Survey and Downtown BID tenant surveys. This number may be rising as the number of employed DC residents is growing faster than the DC's total employment as highlighted by the OCFO's Office of Revenue Analysis in their excellent monthly report "District of Columbia Economic and Revenue Trends: August 2015". This report notes that resident employment has grown 12.3% form the end of 2011 through June 2015, while total employment has grown by 4.6%. The report provides three reasons for this increase in District resident employment:
    c. Rapid increase in the District's population.
    d. Turnover in regional employment market is substantial, but it is not yet clear if the new employed District residents are filling vacancies in the District or outside of the District.
    e. A potential increase in self-employed District residents

5. Percentage of employees in Northern Virginia and Suburban Maryland living in the District:
    a. Alexandria: 5.7%
    b. Arlington: 7.5%
    c. Fairfax: 2.0%
    d. Montgomery: 4.2%
    e. Prince Georges: 4.8%

    Source is 2009 – 2013 American Community Survey. See Attachment A.

6. Projected growth of employees and District resident employees: The former is not provided, however, the OCFO Tax Abatement Financial Analysis (TAFA) states that the Advisory Board's employment has been growing at 15% per year since 2001 (but does not say where most of this growth occurred as 1,200 Advisory Board employees are located outside of DC). The growth in District Resident Employees can be assumed from the Advisory Board's agreeing that the maximum incentive will only be achieved if they grow by 100 District resident employees per year. Source is DMPED Fact Sheet and Incentive Agreement.

7. Rent comparison between the suburbs and the District (both face rents and additional costs, real estate taxes and operational expenses): See number 1 above.

8. Analysis of how a business/organization will support new economic activity (specifically, the creation of growing industry clusters) that will help grow and diversify the city's economy: The retention of the Advisory Board in the District will strengthen both the city's critical mass of knowledge workers in both technology and health care – two major growth areas in the national and global economy. Source is Bureau of Labor Statistics.

9. Analysis of how the development of a new office building will support additional development in an underdeveloped area of the city: The development of a 700,000 SF building at 655 New York Avenue will accelerate office development in that area by two to five years. Source is Downtown BID's experience over the past 20 years.

10. Fiscal impact of the Advisory Board today: Approximately $10.6 million per year, or a present value of $136 million over 15 years (assuming 3% growth in salaries and property value and a 5% discount rate).

11. Fiscal impact of the Advisory Board leaving the city: Approximately $4 million per year growing to approximately $8 million per year or a present value of negative $80 million to $90 million over 15 years (assuming 3% growth in salaries and property value and a 5% discount rate). The key assumption here is that over three years the number of DC residents declines from 43% to 11% of Advisory Board employment (as this is based on the 2009 – 2013 American Community Survey – see Attachment A -- and doubled to account for the city's recent increase in employed residents, which we feel is conservative)

12. Fiscal impact of the Advisory Board growing outside of the city: Approximately $0.6 million per years growing to $5 million per year of "lost" revenue or a present value of negative $25 million over 15 years (assuming 3% growth in salaries and property

value and a 5% discount rate). The key assumption is that the number of new Advisory Board employees that live in the District is 10% of the new hires outside of DC.

13. <u>Fiscal impact of the Advisory Board growing in the city:</u> approximately $6 million to $12 million per year growing to $15 million to $20 million or a present value of $80 million to $90 million.

14. <u>Fiscal Impact of the Advisory Board Tax Incentive:</u> $0 to $44 million present value with a 5% discount rate.

15. Community benefits agreement disclosure.

Based on the information above, the Advisory Board Incentive legislation has the following investment returns:

1. Avoids a potential loss of tax revenue of $80 million to $90 million if the Advisory Board were to leave the District.
2. The benefit of keeping the Advisory Board in the District is
   a. A net present value of approximately $150 million to $165 million if the Advisory Board does not grow.
   b. A net present value of approximately $135 million to $150 million if the Advisory Board does grow and earns a partial or full $6 million per year tax abatement.

4. The positive impact of supporting a slow District office market in a weak regional office market that is hyper competitive at this time is significant.

Despite several claims to the contrary, the largest employment sector in the District is the office-using employers (federal workers, private law firms, non-profit organizations, associations and a growing private sector, such as the Advisory Board, Blackboard, Co-Star and many small tech companies). The District's office market provides the workplaces for approximately 450,000 of the District's 760,000 workers, or 59%.

In addition, the city's office market produces approximately $900 million in property taxes per year, or 14% of Local General Fund revenues. Furthermore, the city's revenue estimates call for the office market to grow by $250 million over the next few years.

Observations of studying office tenants and businesses in Downtown DC and DC overall for almost 20 years:

1. Regional competition between DC and Suburban Maryland and Northern Virginia is intense:
   a. There is 40 million SF of vacant office space in the suburbs.

   b. Metrorail's Silver Line opened in Tyson's in July 2014. It has the capacity for 20 million SF to 25 million SF of office development. As of June 2015, 476,000 SF of office space is under construction. This new office space will have a much lower cost basis than District office space.

c. Exxon moved 2,100 jobs from Fairfax to Houston a few years ago. This is because Fairfax is expensive compared to Houston. And, the District is expensive compared to Fairfax.

d. The current full service Class A office rent differences between Downtown DC and nearby, mostly metro-accessible, locations are significant:
   i. Arlington $10 to $25 per SF lower rents than Downtown DC
   ii. Alexandria $15 to $30 per SF lower rents than Downtown DC
   iii. Fairfax $15 to $35 per SF lower rents than Downtown DC
   iv. Mont Cty $15 to $30 per SF lower rents than Downtown DC
   v. PG County $25 to $40 per SF lower rents than Downtown DC

   $5 to $10 per SF of this differential is due to the difference in commercial property taxes per SF.

e. Regional Corporate Tax Rate Comparison
   i. DC 9.2% for 2016 (reduced form 9.975% in 2014)
   ii. Maryland 8.25%
   iii. Virginia 6.00%

f. I refer you to Mark Ein's speech before the Chamber of Commerce regarding regional competitiveness.

2. Over the past 15 years, office tenants occupying 2.6 million net SF have left DC (4.0 million SF have moved out and 1.4 million SF have moved in)
   a. This has a net cost to the city of $25 million to $40 million per year from property, sales and individual income taxes.
   b. Corporate Executive Board, Gridpoint, Cvent and Intelstat have left DC in the past five to ten years—all large private sector companies.
   c. Recently, the tenant departures have slowed and tenant move-ins have increased, so that from the start of 2013 and projected through 2017, the net tenant movement will be a positive 64,000 SF. This is great news.

5. The targeting of 655 New York Avenue, NW, is bringing office development to an area of the city where office demand is currently weak and it will spur additional development.

Given that the District has the development potential of 170 million SF to 200 million SF under current zoning, it is assumed that the new 700,000 SF office building at 655 New York Avenue has accelerated 700,000 SF of office construction for ten years. The next sites to be developed are (1) the Boston Properties/Steuart Investment site at 5th and K, NW—approximately 520,000 SF, (2) Property Group Partners Capitol Crossing project over I-395 between Massachusetts Avenue and E Streets and Third and Second Streets, NW—approximately 1.8 million SF, (3) the Quadrangle Wilkes site at 4th and Eye, NW—approximately 120,000 SF and (4) the Quadrangle/Wilkes site at 4th and K, NW—approximately 300,000 SF. The tax revenue present value of accelerating this development is $86 million based on approximately $11.2 million per year for ten years in new tax revenue at a 5% discount rate.

6. The Advisory Board is a significant player in key growth areas of the global economy that will help the city continue to diversify its employment and economic base away from the federal government: technology and healthcare.

Across the nation, the technology and health services sectors of the economy are the leading job creators, and the Advisory Board is part of both these sectors. Thus, it is a leader in the city in hiring and growing knowledge workers. These knowledge workers will earn high incomes and some will become entrepreneurs and start their own companies.

7. It is much easier to retain a business than attract a new one.

Thus, DMPED's retention work should be congratulated in engaging in a successful discussion and negotiation with the Advisory Board to produce a mutually beneficial incentive proposal.

Other benefits of a robust office business retention program are:

1. Maintains office space demand (and office building values and the city's commercial property tax revenues) in light GSA's highly probable decline in office demand, which is driven by
    a. Driven by efficiency and occupancy cost goals of moving office space per employee towards 100 to 125 SF from the current 200 to 250 SF

    b. Driven by possible District federal employee head count reduction

2. Maintains office space demand (and office building values and the city's commercial property tax revenues) in light of the private sector's drive for greater office space efficiency.
    a. Driven by technology. For example, law firms no longer need law libraries as this information is now available on-line

    b. Driven by offsite working

    c. Driven by the high cost of District office space

3. Confronts the strong regional competition the city faces for jobs and office tenants.

4. In the case of retaining a growing e-commerce corporation, retention will diversify the city's economy.

5. All of the above maintain the city's tax base, and allows for the continued funding of the city's progressive social agenda.

Attachment A -- Employment Status and Home Location for Select Jurisdictions, 2009-2013 Average
10-13-15

	Total Employment	Total Population	Employed Residents	Work Location:	Employees Living in: DC	Alexandria	Arlington	Fairfax	Montgomery	Prince George	Other, WMSA*	Other, Outside WMSA*	Total Living Outside Work Jurisdiction**
DC	797,044	619,371	312,875	DC	235,646	26,854	48,944	95,323	111,136	139,757	73,678	65,706	561,398
Alexandria	98,193	143,684	89,384	Alexandria	5,566	24,426	5,799	31,314	3,359	8,699	19,030	4,420	73,767
Arlington	191,706	214,861	138,161	Arlington	14,328	13,631	45,721	50,129	9,823	16,117	41,957	10,635	145,985
Fairfax	593,828	1,101,071	591,056	Fairfax	11,750	15,483	24,462	314,595	19,736	17,471	190,331	24,096	279,233
Montgomery	485,780	989,474	520,225	Montgomery	20,485	1,748	4,330	16,252	310,261	45,739	86,965	49,631	175,519
Prince George	328,128	873,481	447,931	Prince George	15,627	2,187	2,003	10,532	30,717	173,173	93,889	63,214	154,955
Other, WMSA	690,772	1,817,388	921,399	Other, WMSA	2,664	3,030	4,690	62,137	9,808	9,981	NA	NA	NA
				Working Outside WMSA	6,809	2,025	2,212	10,774	25,385	36,994	NA	NA	NA
WMSA, Total	3,185,451	5,759,330	3,021,031	Total	312,875	89,384	138,161	591,056	520,225	447,931	NA	NA	NA
NoVA	1,387,949	2,747,916	1,471,371	NoVA	33,924	56,306	80,543	457,160	36,823	46,581	NA	NA	NA
Sub MD	982,289	2,337,912	1,210,800	Sub MD	36,496	4,199	6,462	27,782	346,809	224,553	NA	NA	NA

* This is the number of an area's workers living outside of DC, Alexandria, Arlington, Fairfax, Montogmery and Prince George.
** This total is the total of an area's workers living outside of its area. For DC it would be the total of all the columns but DC.

Souce: U.S. Census 2009-2013 American Community Survey

Attachment B: Advisory Board Incentive Analysis: Cost of Advisory Board Leaving DC

October 28, 2015 by G Widdicombe

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(all numbers in millions of dollars)

	Annual Taxes Per Employee	Expected Value of Total Cash Flows	Prob-ability	Expected Value of Specific Cash Flows	Prob-ability	Net Present Value (5% Dis Rt)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Discount Factor at	2.0% Per Year to Present 2015 $ (Assumes a discount rate of 5% less growth of 3% per year)						1	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.27	1.29	1.32	1.35
		Discount Rate	5.0%	Growth	3.0%																	
A Advisory Board Leaves DC																						
1 Impact of 324,922 SF of vacant office space							324,922 SF of existing office space value is reduced from						$ 600	to	$ 400	per SF for ten years: 2017 thru 2021						
							-	-	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	-	-	-	-
							-	-	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)				
		$ (10.6)	100%			$ (10.6)	-	-	$ (1.2)	$ (1.1)	$ (1.1)	$ (1.1)	$ (1.1)	$ (1.0)	$ (1.0)	$ (1.0)	$ (1.0)	$ (1.0)				
2 Loss of current DC resident employees							75%	of current		865	DC resident employees move to Virginia over					3	years: 2016 - 2018			Leaving 10.8% in DC.		
Income Taxes/Yr/Res Emp (a)	$ 6,900						-	-	(216)	(433)	(649)	(649)	(649)	(649)	(649)	(649)	(649)	(649)	(649)	(649)	(649)	(649)
Property Taxes/Yr/Res Emp (a)	2,635						-	-	$ (2.3)	$ (4.6)	$ (6.9)	$ (6.9)	$ (6.9)	$ (6.9)	$ (6.9)	$ (6.9)	$ (6.9)	$ (6.9)	$ (6.9)	$ (6.9)	$ (6.9)	$ (6.9)
Sales Taxes/Yr/Res Emp (a)	1,104	$ (75.3)	100%			$ (75.3)	-	-	(2.2)	(4.3)	(6.4)	(6.3)	(6.1)	(6.0)	(5.9)	(5.8)	(5.7)	(5.6)	(5.4)	(5.3)	(5.2)	(5.1)
Total	$ 10,639																					
							1,135	employees who do not live in DC														
3 Loss of Lunch Sales Taxes From Employees Not Residents of DC							-	-	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Sales Taxes/Yr/Emp (a)	$ 112	$ (1.5)	100%			$ (1.5)	-	-	(0.12)	(0.12)	(0.12)	(0.12)	(0.11)	(0.11)	(0.11)	(0.11)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.09)
4 Loss of Hotel Revenue							DC will lose hotel revenue from Advisory Board visitors staying at hotels outside of DC										9.0%	Weighted Sales Tax Rate				
1 Scenario	>>>						100	Groups of		5	for	2	nights	$150	RevPAR	and	Sales Taxes on		$200	of spendir per Guest per day		
							-	-	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
				$ (0.16)	33%	$ (0.5)	-	-	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
2 Scenrio	>>>						150	Groups of		7.5	for	2	nights	$150	RevPAR							
							-	-														
				$ (0.24)	33%	$ (0.7)	1.5 X 100 Groups		(0.06)	(0.06)	(0.06)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.04)
3 Scenario	>>>						200	Groups of		10	for	2	nights	$150	RevPAR							
							2.0 X 100 Groups															
				$ (0.31)	33%	$ (0.9)	-	-	(0.08)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
		$ (0.7)		$ (0.7) Sub-Total																		
Loss of DC Tax Revenue If Advisory Board Moved and Their Employment Did Not Grow		$ (88.1)																				
5 Loss of future DC resident employees at three different DC resident employee growht patterns							Only	10%	live in DC as opposed to			43%	if Advisory Board moves to Virginia.									
a 500 new employees over ten years																						
1 Scenario	>>>						100	net new DC resident employees per year for 2017 thru 2021 that will not live in DC														
							-	-	(33)	(66)	(99)	(132)	(165)	(165)	(165)	(165)	(165)	(165)	(165)	(165)	(165)	(165)
Tax revenue loss/emp	$ 10,639						-	-	$ (0.4)	$ (0.7)	$ (1.1)	$ (1.4)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)
				$ (5.84)	33%	$ (17.5)	-	-	$ (0.3)	$ (0.7)	$ (1.0)	$ (1.3)	$ (1.6)	$ (1.5)	$ (1.5)	$ (1.5)	$ (1.4)	$ (1.4)	$ (1.4)	$ (1.4)	$ (1.3)	$ (1.3)
2 Scenario	>>>						50	net new DC resident employees per year for 2017 thru 2026 that will not live in DC														
							-	-	(17)	(33)	(50)	(66)	(83)	(99)	(116)	(132)	(149)	(165)	(165)	(165)	(165)	(165)
Tax revenue loss/emp	$ 10,639						-	-	$ (0.2)	$ (0.4)	$ (0.5)	$ (0.7)	$ (0.9)	$ (1.1)	$ (1.2)	$ (1.4)	$ (1.6)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)
				$ (4.54)	33%	$ (13.6)	-	-	$ (0.2)	$ (0.3)	$ (0.5)	$ (0.6)	$ (0.8)	$ (0.9)	$ (1.0)	$ (1.2)	$ (1.3)	$ (1.4)	$ (1.4)	$ (1.4)	$ (1.3)	$ (1.3)
3 Scenario	>>>						100	net new DC resident employees per year for 2022 thru 2026 that will not live in DC														
							-	-	-	-	-	-	-	(33)	(66)	(99)	(132)	(165)	(165)	(165)	(165)	(165)
Tax revenue loss/emp	$ 10,639						-	-	-	-	-	-	-	$ (0.4)	$ (0.7)	$ (1.1)	$ (1.4)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)	$ (1.8)
				$ (3.24)	33%	$ (9.7)	-	-	-	-	-	-	-	$ (0.3)	$ (0.6)	$ (0.9)	$ (1.2)	$ (1.4)	$ (1.4)	$ (1.4)	$ (1.3)	$ (1.3)
	>>>>>>>>>>>>>	$ (3.4)	25%	$ (13.6) Sub-Total																		
b 1000 new employees over ten years																						
1 Scenario	$ 10,639				33%		200	net new DC resident employees per year for 2017 thru 2021 that will not live in DC														
2 Scenario	$ 10,639				33%		100	net new DC resident employees per year for 2017 thru 2026 that will not live in DC														

	3 Scenario	$ 10,639				33%	200	net new DC resident employees per year for 2022 thru 2026 that will not live in DC
			$ (17.7)	65%	$ (27.3) Sub-Total			Simply double Scenario 3a
c 1500	new employees over ten years							
	1 Scenario	$ 10,639				33%	300	net new DC resident employees per year for 2017 thru 2021 that will not live in DC
	2 Scenario	$ 10,639				33%	150	net new DC resident employees per year for 2017 thru 2026 that will not live in DC
	3 Scenario	$ 10,639				33%	300	net new DC resident employees per year for 2022 thru 2026 that will not live in DC
			$ (4.1)	10%	$ (40.9) Sub-Total			Simply triple Scenario 3a
Expected Value of Tax Revenues Lost If Advisory Board Employment Grows			$ (25.21)					
Loss of DC Tax Revenue If Advisory Board Moved and Their Employment Did Grow			$ (113.34)					

(a) Annual Tax Assumptions

Individual Income Average of $100,000	$ -	to	$ 10,000	at	4.00%	=	$ 400
	$ 10,001		$ 40,000	at	6.00%	=	$ 1,800
	$ 40,001		$ 60,000	at	6.50%	=	$ 1,300
	$ 60,001		$ 100,000	at	8.50%	=	$ 3,400
				Total			$ 6,900

Property Taxes Per Employee	1.5	people per DC housing unit on average		
	$ 500,000	value per housing unit		
	50%	own homes		
	$ 35,000	average homestead deduction	so $ 465,000	of taxed value
			0.85%	tax rate
			$ 2,635	

Sales Taxes From All Employees	Lunch	200	workdays	70%	in office		$ 8	spend	10%	tax rate	=	$ 112	of lunch sales taxes per employee per year
Sales Taxes From Resident Employees (b)													
	Lunch	200	workdays	70%	in office		$ 8	spend	10%	tax rate	=	$ 112	of lunch sales taxes per resident employee per year
	Dinner	365	days	25%	eat out		$ 40	spend	10%	tax rate	=	$ 365	of dinner sales taxes per resident employee per year
	Clothes	$ 2,400	per year in DC						5.75%	tax rate	=	$ 138	of clothes sales taxes per resident employee per year
	Other	$ 8,000	per year in DC						5.75%	tax rate	=	$ 460	of other sales taxes per resident employee per year
	Car	$20,000	once every	10	years	by	0.25	of emp	5.75%	tax rate	=	$ 29	average car sales taxes per resident employee per year
												$ 1,104	

(b) Data from Bureau of Labor Statistics.