

economic analysis

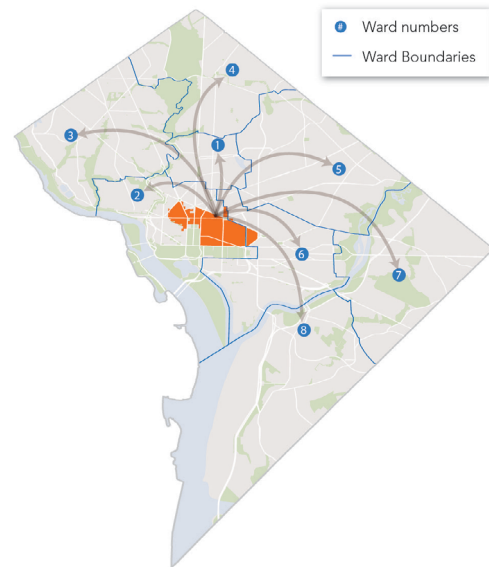


The Net Fiscal Impact of Downtown D.C.

April 2014

Background

The DowntownDC Business Improvement District produces studies almost every other year on the net fiscal impact of Downtown D.C. (the DowntownDC BID-area and the Golden Triangle Business Improvement District combined) on the rest of the city. The net fiscal impact is estimated tax revenues less estimated tax expenditures. Estimated tax revenues include tax revenue generated from property, business and individual income, sales and use, hotel, parking, deed and utility taxes. Estimated tax expenditures include the amount of the city's general operating funds spent on economic development, public safety, education, health and human services and public works in Downtown D.C.



Findings

In 2013, Downtown D.C.'s net fiscal impact to D.C. was \$1 billion: \$1.6 billion of estimated tax revenues less \$600 million of estimated tax expenditures. Downtown D.C. generated 25% of the city's gross tax revenues and used 8% of the city's local expenditures. In 2013, Downtown's net fiscal impact was equivalent to 91% of D.C.'s Public Safety and Justice budget.

As in most major cities, Downtown D.C. is the fiscal engine of the city. Downtown areas typically have a high density of office buildings, hotels and retail that generate net fiscal benefit to the surrounding neighborhoods and low-density commercial centers. The net fiscal benefit offsets the cost to the city for schools, roads, public safety, health and human services, etc. required in the neighborhoods outside of a downtown.

The DowntownDC BID will update this study for its upcoming annual State of Downtown report using the city's FY 2015 budget for the fiscal years 2015–2017.

Downtown's Net Fiscal Impact, FY 2013

DowntownDC BID Area	(Millions of \$)
D.C. Local Tax and Other Revenues	\$1,085
Estimated Fiscal Costs	-394
Net Fiscal Impact	690

Golden Triangle BID Area	(Millions of \$)
DC Local Tax and Other Revenues	\$527
Estimated Fiscal Costs	-190
Net Fiscal Impact	337

Total Downtown Area	(Millions of \$)
DC Local Tax and Other Revenues	\$1,612
Estimated Fiscal Costs	-585
Net Fiscal Impact	1,027

Downtown Revenue Share of
Total D.C. Gross Local Revenue **25%**
of \$6.48 billion in FY 2013

Source: DowntownDC BID

DowntownDC Business Improvement District
1250 H Street, NW
Suite 1000
Washington, D.C. 20005
p. 202-638-3232
f. 202-661-7599
www.downtowndc.org

For more information on our research, contact:
Alexandria Murnan
Economic Research Analyst
202-626-1131
alexandria@downtowndc.org

About the BID: The DowntownDC Business Improvement District is a private non-profit organization that provides capital improvements, resources and research to help diversify the economy and enhance the Downtown experience for all. This special district, where property owners have agreed to tax themselves to fund services, encompasses a 138-block area of approximately 520 properties from Massachusetts Avenue on the north to Constitution Avenue on the south, and from Louisiana Avenue on the east to 16th Street on the west.