

D.C. Tax Revision Commission

June 24, 2013 | Public Hearing

Good evening Commission members.

Thank you for having me today and allowing me to testify. My name is Chad Shuskey, Senior Vice President for Research & Visual Communications for the Washington, DC Economic Partnership.

The Washington, DC Economic Partnership is a non-profit that focuses on business attraction and retention on behalf of the District of Columbia. We focus on retail attraction, business development, site location assistance and provide market tools and resources for existing businesses, new businesses and entrepreneurs looking to start a business.

My testimony today is not so much on the tax rates or structure, but rather to speak on the third question that you have been tasked with answering which is “Is the tax system easy and efficient to administer both from the perspective of taxpayer compliance and District enforcement?”

While compliance and enforcement are vital issues for this commission to discuss, I would encourage the commission to think beyond enforcement and look at how the information that the Office of Tax & Revenue collects can benefit the District of Columbia from an economic development perspective.

Numbers tell stories, and when it comes to retail attraction and expansion the sales and tax data that the OTR collects is invaluable to economic development organizations like ours that promote the District of Columbia, its commercial corridors and neighborhoods.

Unfortunately, this information appears to only be collected at the tax rate level, which tends to group non-related business entities together such as restaurants and rental vehicles. Due to these limitations it is very difficult to do any detailed analysis of the health of the retail or restaurant market in the District of Columbia let alone sub-markets like Georgetown, H Street or Historic Anacostia. Imagine trying to craft a tax code in which you only knew those residents who made greater than \$100,000 or less than \$100,000.

While I understand the safeguards that are put in place to make sure that a specific business' information is not made public, I would encourage the Tax Revision Commission to look at additional ways to group tax and sales data together using industry standards so sales and tax information can be analyzed across industry types as well as for neighborhood-level analysis. One example of this is the North American Industry Classification System (NAICS).

While the overall health of DC's economy remains strong, there are several areas of the city lacking the services they need. Better collection and categorization of tax information can help us understand how these micro-economies are performing and thus give decision makers better information to determine a course of action for revitalization investment.

Better data leads to better decisions and a small change such as tracking tax data by industry sector could help the District of Columbia understand its economy through a more detailed lens.

This concludes my testimony and I again thank you for your time.

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