Incentive programs deliver a strong return for residents and the local economy. Recent research has shown that the District is far from alone in this area, particularly regarding economic development tax incentives. In 2012, we released "Pew’s Revenue Restoration Report," which found that the District’s tax incentives are among the most generous in the country. These provisions have a substantial impact on the District’s ability to attract and retain businesses and workers.

We never check to ensure that the policies that we put in place are achieving their intended goals. The District is in the process of developing a new revenue strategy, and we need to evaluate the results of these initiatives. In particular, we need to evaluate how well these incentives are working and whether they are delivering the intended returns.

In determining whether these incentives are working as intended, we need to evaluate the District’s tax code and ensure that policymakers have the evidence they need to make informed decisions. We also need to ensure that the financial and economic benefits of these incentives are being realized. This is particularly important given the District’s history of economic challenges.

On behalf of the Pew Charitable Trusts, I would like to thank you for the opportunity to provide feedback on the District’s tax policy. We look forward to continuing this dialogue and working together to ensure that the District is on a path to economic stability and growth.

Sincerely,

Chairman William Wilmot
Washington, DC 20024
Suite 777
110 F Street NE
Chairman, District of Columbia Tax Revision Commission
The Honorable Anthony Williams
October 4, 2013
Schedule evaluations regularly. Every tax incentive represents a choice about how to allocate resources, so policymakers need information about the results of each one—Evaluating all tax incentives on a regular basis (the legislation would set up a five-year cycle) allows policymakers to make decisions and adjust their strategies accordingly.

2. Undertake thorough evaluations. We recommend rigorous evaluations that go beyond simple cost-benefit analysis and incorporate economic development and regional considerations. Evaluations should be comprehensive, covering all relevant factors and addressing key questions.

1. Set clear, measurable program goals. Council involvement early in the incentive process is vital to ensuring that policymakers use goals and metrics that reflect economic development and regional considerations.

Specifically, we recommend the following components:

- Identify the District as a national leader in tax incentive evaluation.

- Align economic development strategies with the information they need to ensure that the District’s policies and programs are effective, accountable, and affordable. Such a system also provides policymakers with a clear understanding of how the District is performing and how it can improve over time.

To build on this foundation, we urge the Commission to recommend a process similar to the one proposed in the legislation that each piece of legislation include a clear impact statement summarizing how the proposal will affect the budget. Moreover, our study also identifies evaluation policies that have been successful in leading
additional information. We appreciate your consideration of these recommendations as you complete the critical tasks before the commission. Please feel free to contact me if you have any questions or would like to implement this process. Our research shows that a regular evaluation process can be implemented by approximately two full-time equivalents. Additionally, the commission should recommend sufficient resources to produce an annual expenditure report and identify new incentives. The Chief Performance Officer, responsible for evaluations, would be logical given the Office’s existing duties.

5. Appropriate Resources
   Making the Office of the Chief Financial Officer

The Council would be required to hold public hearings on the evaluation. In addition, recommendations for improvements to existing programs, as well as recommendations for improvements to new programs, would be included. The proposed act would

4. Inform lawmakers’ choices. The best evaluations go beyond rigorous analysis by

Since, Robert Zahradi
The Pew Charitable Trusts

Policy

Director