

AN ACT

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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To amend Chapter 46 of Title 47 of the District of Columbia Official Code to provide an abatement of real property taxes on real property leased by EAB Global, Inc.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Local Jobs and Tax Incentive Amendment Act of 2018”.

Sec. 2. Chapter 46 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended as follows:

(1) Section designations 47-4665.01 through 47-4665.05 are amended to read as follows:

“47-4665.01. The Advisory Board Company – definitions. Repealed.

“47-4665.02. The Advisory Board Company – tax abatement. Repealed.

“47-4665.03 The Advisory Board Company – compliance. Repealed.

“47-4665.04. The Advisory Board Company – community benefits. Repealed.

“47-4665.05. The Advisory Board Company – certification by the Mayor.

Repealed.”.

(2) A new section designation is added to read as follows:

“47-4665.06. EAB Global, Inc. real property tax abatement.”.

“(3) A new section designation is added to read as follows:

“47-4670. Chemonics International real property tax abatement.”.

(b) Sections 47-4665.01 through 47-4665.05 are repealed.

(c) A new section 47-4665.06 is added to read as follows:

“§ 47-4665.06. EAB Global, Inc. real property tax abatement.

“(a) For the purposes of this section, the term:

“(1) “Abatement period” means October 1, 2020, through September 30, 2030, the time during which the incentive will be applied.

“(2) “Accumulated New District Resident Hires” means the goal for Net New District FTE Hires pursuant to the incentive agreement.

“(3) “Annual reporting date” means September 30 preceding every tax year of the Abatement Period.

“(4) “Company” means EAB Global, Inc.

“(5) “Community Benefits Agreement” means the agreement entered into between the Mayor and the Company.

“(6) “District resident” means an FTE whose principal place of residence is located within the District and who is on the annual reporting date subject to District personal income tax.

“(7) “FTE” means an employee of the Company, or one of its subsidiaries or affiliates, who is eligible for the full employee healthcare benefits of the Company, or its applicable subsidiary or affiliate, in accordance with its standard policies.

“(8) “Incentive agreement” means the agreement entered into between the Mayor and the Company outlining the Company’s incentive requirement, which shall include incentives for hiring 350 Net New District FTE hires.

“(9) “Lease commencement” means the date on which the Company occupies the Property with its employees.

“(10) “Lease execution” means the date on which the Company signs the lease for the Property.

“(11) “Net New District FTE Hires” means the aggregate number of District residents whose primary workplace is located in the District in excess of the resident employment baseline.

“(12) “Project” means the initial tenant improvements to the premises located at the Property undertaken by the Company or its contractor to construct the space for the initial occupancy.

“(13) “Property” means a building or a portion of a building that is subject to real property taxation under Chapter 8 of this title.

“(14) “Resident employment baseline” means the total number of District residents whose primary workplace is located in the District, as established in the incentive agreement.

“(15) “Total employment baseline” means the total number of FTEs, whose primary workplace is located in the District, as established in the incentive agreement, as of the date of the lease execution.

“(b) Subject to subsections (c) and (d) of this section, the real property taxes imposed by Chapter 8 of this title with respect to the Property shall be abated in an amount not to exceed \$2.1 million per tax year during the abatement period. The abatement shall be apportioned equally between each tax year’s installment billing. The abatement shall be non-refundable and shall not be credited to other tax years.

“(c) The amount of the abatement authorized in subsection (b) of this section shall be determined as follows:

“(1) If the Company exceeds the total employment baseline and meets the annual requirements for the Accumulated New District Resident Hires, as measured on the annual reporting date, then the abatement for each tax year shall equal \$2.1 million;

“(2) If the Company’s annual total of Net New District FTE Hires is less than the requirements for the Accumulated New District Resident FTE Hires for the same period, but the

Company exceeds the total employment baseline, then the abatement for each such tax year shall be calculated based on the ratio of actual Net New District FTE Hires to the requirement for Accumulated New District Resident Hires as of the annual reporting date; or

“(3) If there are fewer FTEs than the total employment baseline as of the annual reporting date, then the abatement for each such tax year shall be zero.

“(d) The Property shall be eligible for the abatement authorized in subsection (b) of this section each year of the abatement period as long as the Company:

“(1) Maintains a lease for the premises located on the Property that meets the requirements in subsection (e) of this section;

“(2) Maintains the total employment baseline;

“(3) Fulfills the requirements of the Community Benefits Agreement; and

“(4) Complies with subsection (h) of this section, including the requirements of the incentive agreement.

“(e) The terms of the Company’s lease for the Property shall meet the following requirements:

“(1) The premises subject to the lease shall be located in the District.

“(2) The lease execution shall occur on or before January 1, 2019.

“(3) The term of the initial lease shall be at least 10 years.

“(4) The premises leased by the Company shall be at least 148,750 square feet of net rentable area.

“(f) During the abatement period, the Property shall not be eligible for the abatement authorized under § 47-811.03.

“(g) The Company shall be deemed to be in compliance with the First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code § 2-219.01 *et seq.*) (“FSEA act”), if the Mayor, pursuant to section 4a of the FSEA act, determines that the Company is in compliance with the hiring requirements of subsection (c) of this section and the incentive agreement.

“(h)(1) On or before October 31, the Company shall provide the Mayor with the following information pertaining to the previous tax year:

“(A) A detailed report as of the annual reporting date that identifies the:

“(i) Number of employees whose primary workplace is located in the District;

“(ii) Number of District resident employees;

“(iii) Median salary of the District resident employees;

“(iv) Median tenure of District resident employees; and

“(v) Total employment baseline; and

“(B) A certification of compliance with the Community Benefits Agreement.

“(2) The Company shall comply with requirements of section 2346 of the Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D. C. Official Code § 2-218.46), with regard to the Project.

“(i) Within 30 days of effective date of this section, the Company shall enter into a Community Benefits Agreement with the Mayor that shall include requirements for training, employment, and youth development and free services to underserved communities in the District.

“(j) In each year of the abatement period, the Mayor shall certify to the Office of Tax and Revenue the Property’s eligibility for the abatement set forth in subsection (b) of this section. The Mayor’s certification shall include:

“(1) The Company’s taxpayer identification number and the identity of any related entity that is occupying all or part of the eligible premises, including the entity’s taxpayer identification number;

“(2) A description of the eligible property, by street address and square, lot, parcel, or reservation number, and a description of the eligible premises, including the number of floors, location, and square footage;

“(3) The date of lease commencement and the term of the lease; and

“(4) Any other information that the Mayor considers necessary or appropriate.

“(k)(1) Upon receiving the verifying documents from the Company, as required by subsection (j) of this section, the Mayor shall certify to the Office of Tax and Revenue by December 1 following each annual reporting date the Property’s eligibility to receive an abatement pursuant section (b) of this section.

“(2) The Office of Tax and Revenue shall process the abatement before the first semi-annual billing of the tax year.”.

(d) A new section 47-4670 is added to read as follows:

“§ 47-4670. Chemonics International real property tax abatement.

“(a) For the purpose of this section, the term:

“(1) “Abatement period” means October 1, 2022, through October 1, 2030, the time during which the incentive will be applied.

“(2) “Annual reporting date” means September 30 preceding every tax year of the Abatement Period.

“(3) Certified Business Enterprise” means a business enterprise or joint venture certified pursuant to the Small and Certified Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 *et seq.*).

“(4) “Company” means Chemonics International, Inc.

“(5) “District resident” means an FTE whose principal place of residence is located within the District and who is subject to District personal income tax on the annual reporting date.

“(6) “Employment target” means 1,000 FTEs, of which 500 are District residents.

“(7) “First Source Agreement” means an agreement with the District governing certain obligations of the Developer pursuant to section 4 of the First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code § 2-219.03), and Mayor’s Order 83-265, dated November 9, 1983, regarding job creation and employment generated as a result of the construction on the Property.

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“(8) “FTE” means an employee of the Company, or one of its subsidiaries or affiliates, who is eligible for full employee healthcare benefits of the Company, or its applicable subsidiary or affiliate, in accordance with its standard policies.

“(9) “Incentive agreement” means the agreement entered into between the Mayor and the Company outlining the Company’s incentive requirement, which shall include incentives for hiring and training District residents.

“(10) “Lease commencement” means the date on which the Company occupies the Premises with its employees.

“(11) “Lease execution” means the date on which the Company signs the lease for the Premises.

“(12) “Lessor” means the developer or landlord of the Property

“(13) “Premises” means a building or portion of a building on the Property that is leased and occupied by the Company.

“(14) “Project” means the initial tenant improvements to the Premises at the Property undertaken by the Company or its contractor to construct the space for the initial occupancy.

“(15) “Property” means a portion of the real property located at the northwest corner of New Jersey Avenue S.E. and N Street S.E., known for tax and assessment purposes as Lot 0094 in Square 0743 and subject to real property taxation under Chapter 8 of this title.

“(b) Subject to subsections (c) through (l) of this section, the real property taxes imposed by Chapter 8 of this title with respect to the Property shall be abated in an amount not to exceed \$650,000 per tax year during the abatement period. The abatement shall be apportioned equally between each tax year’s installment billing. The abatement shall be non-refundable and shall not be credited to other tax years.

“(c)(1) The amount of the abatement authorized in subsection (b) of this section shall be determined based on the requirements set forth in the incentive agreement.

“(2) As further described in the Incentive Agreement and while the Company is targeting approximately 1,200 FTEs, the abatement amount may be reduced if the Company does not achieve the annual incentive requirements, including the employment target.

“(d) The Property shall be eligible for the abatement authorized in subsection (b) of this section each year of the abatement period as long as the Company complies with subsections (e) through (l) of this section, including requirements of the incentive agreement.

“(e) The terms of the Company’s lease for the Premises on the Property shall require that:

“(1) The Property be located in the District;

“(2) The lease or sub-lease execution occur on or before January 31, 2019;

“(3) Premises be a minimum of 240,000 square feet; and

“(4) The term of the initial lease term or sub-lease term be at least 12 years.

“(f) During the abatement period, the Property shall not be eligible for the abatement authorized under § 47-811.03.

“(g) The Company shall be deemed to be in compliance with the First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official

Code § 2-219.01 *et seq.*) (“FSEA act”), if the Mayor, pursuant to section 4a of the FSEA act, determines that the Company is in compliance with the hiring requirements of this section and the incentive agreement.

“(h)(1) On or before October 31, the Company shall provide the Mayor with the following information pertaining to the previous tax year:

“(A) A detailed report of the annual reporting date that identifies the:

“(i) Number of employees whose primary workplace is located in the District;

“(ii) Number of District resident employees;

“(iii) Median salary of the District resident employees;

“(iv) Median tenure of District resident employees; and

“(v) Total employment; and

“(B) A certification of compliance with the Incentive Agreement.

“(2) The Company shall comply with the requirements of section 2346 of the Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-333; D. C. Official Code § 2-218.46), with regard to the Project.

“(i) Within 60 days of the effective date of this section, the Company shall enter into an incentive agreement with the Deputy Mayor for Planning and Economic Development, which may include commitments for community sponsorship, community participation, education training, and apprenticeships.

“(j) Within 60 days of execution of the incentive agreement, the Company or Lessor shall:

“(1) Enter into a First Source Agreement with the District that shall govern certain obligations of the Company; and

“(2) Execute an agreement or acknowledgement that requires the Lessor to, at a minimum, contract with Certified Business Enterprises for at least 35% of the contract dollar volume of the Project.

“(k) In each year of the abatement period, the Mayor shall certify to the Office of Tax and Revenue the Property’s eligibility for the abatement set forth in subsection (b) of this section. The Mayor’s certification shall include:

“(1) The Company’s tax payer identification number;

“(2) A description of the eligible Property, by street address and square, lot, parcel, or reservation number, and a description of the eligible Premises, including the number of floors, location, and square footage;

“(3) The date of lease or sub-lease commencement and the term of the lease or sub-lease;

“(4) Any other information that the Mayor considers necessary or appropriate.

“(l)(1) Upon receiving the verifying documents from the Company, as required by subsection (k) of this section, the Mayor shall certify to the Office of Tax and Revenue by December 1 following each annual reporting date, the Property’s eligibility to receive an abatement pursuant to section (b) of this section.

“(2) The Office of Tax and Revenue shall process the abatement before the first semi-annual billing of the tax year.

“(m) The Mayor may delegate the functions vested in the Mayor under this chapter with regard to this section to an appropriate executive office, agency or department.”.

**Sec. 3. Fiscal impact statement.**

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement in the committee report as the fiscal impact statement required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

**Sec. 4. Effective date.**

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

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Chairman  
Council of the District of Columbia

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Mayor  
District of Columbia