

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Small and Local Business Development



Public Hearing on:

B23-0438, “Small and Local Business Assistance Amendment Act Of 2019”;
B23-0439, “Longtime Resident Business Preservation Amendment Act Of 2019”;
And
B23-0432, “Protecting Local Area Commercial Enterprises Amendment Act Of
2019”

Testimony of
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Before the
Committee on Business and Economic Development
Kenyan McDuffie, Chairman

John A. Wilson Building
1350 Pennsylvania Avenue, N.W
Washington, D.C. 20004
Room 120

November 6, 2019
10:00 a.m.



Good afternoon, Chairman McDuffie, distinguished members of the Committee, and Committee staff. My name is Kristi C. Whitfield and I am the Director of the Department of Small and Local Business Development (DSLBD). I am pleased to testify before you today.

DSLBD's mission is to support the development, economic growth, and retention of District-based businesses and to promote economic development throughout the District's commercial corridors.

Mayor Bowser's administration understands that when District businesses succeed, so do District residents who depend upon those businesses for employment and a myriad of goods and services. As part of Mayor Bowser's commitment to providing small and local businesses a Fair Shot at prosperity, her administration continues to support and further DSLBD's mission by investing in programs and opportunities that ensure District-based businesses grow and thrive during these times of economic boom.

Therefore, as director of DSLBD, and Mayor Bowser's designated advocate for small and local businesses, I welcome the opportunity to discuss three recently introduced pieces of legislation aimed at contributing to the betterment of the District's small and local business community: B23-0438, the "Small and Local Business Assistance Amendment Act of 2019"; B23-0439, the "Longtime Resident Business Preservation Amendment Act of 2019"; and B23-0432, the "Protecting Local Area Commercial Enterprises (PLACE) Amendment Act of 2019."

These three bills all strive to ameliorate the rising burdens of exponentially increasing commercial rents and property taxes which often cause longstanding and new small and local businesses to become displaced or ultimately go out of business.

B23-0438, the "Small and Local Business Assistance Amendment Act," offers tax credits to local businesses to offset rent and property taxes paid in a given year, as well as, a tax

deduction for landlords who choose to rent to local businesses. This legislation would also establish a credit enhancement program that would guarantee rent payments to landlords on behalf of qualifying tenants.

DSLBD applauds the fact that the legislation provides a lifeline to small and local businesses by allowing qualifying enterprises to claim up to double the current tax credit amount for monies spent on rent or commercial property taxes as well as a new tax deduction incentive for landlords who rent to these qualifying small and local businesses. Furthermore, DSLBD is supportive of the bill's overarching goal of positioning small and local businesses to be on competitive footing with national chain stores through the use of government-backed rent guarantees to landlords for up to three years.

B23-0439, the "Longtime Resident Business Preservation Amendment Act," establishes a Preservation Fund that would offer longstanding businesses grants or low-interest loans to pay for capital improvements and operating expenses, as well as, supplement a percentage of rent paid to qualifying landlords.

DSLBD supports the notion of a dedicated fund to combat the displacement of the long-term resident businesses that have undoubtedly helped shape and define the District's communities and culture.

Similar to the aforementioned longtime resident bill, B23-0432, the "PLACE Amendment Act," too, would issue financial assistance in the form of grants to longstanding businesses that are otherwise financially healthy and resilient, but for the rising costs of commercial rents in the District.

Again, DSLBD stands behind financial relief efforts dedicated to the District's longstanding legacy businesses, that would in turn combat mounting levels of displacement.

While the goals and objectives set forth in these three bills are indicative of a step in the right direction, DSLBD urges that the Council identify adequate funding to bring to fruition the financial relief programs proposed.

The three bills, in their current form, each add significant programming and responsibilities within DSLBD. The Small and Local Business Assistance Amendment Act would establish a Business Credit Enhancement Program within the Department that requires DSLBD, through a rigorous review process, to determine, on an annual basis, the creditworthiness of eligible small and local businesses who wish to receive rent guarantee assistance and to maintain a registry of such eligible businesses.

The Longtime Resident Business and PLACE Acts would both establish programs within the Department that would create new DSLBD responsibilities, such as: the establishment of new application processes to approve and register eligible legacy businesses for financial aid, the maintenance of programmatic registries of eligible longtime and legacy businesses, the creation of public awareness campaigns, the surveying of targeted businesses, and the administration of new programmatic grants and low-interest loans.

The loans, grants, and rent guarantees distributed through these programs would unquestionably require more departmental funding for added supports and services, as well as, monies for the hiring and training of personnel to implement new programmatic requirements.

In addition to funding amounts, DSLBD urges that the Council identify appropriate funding sources as the Council considers advancing these bills. Moreover, DSLBD asks that the Council not shift funds from existing departmental programs to fund these newly proposed programs. Such shifts could be detrimental and stymie the overall progress the agency continues to make on behalf of small and local businesses in current service areas.

DSLBD appreciates the spotlight these bills are shedding on the financial hardships of the District's resilient small and local businesses. Mayor Bowser's administration very much looks forward to continued work with the Council in identifying viable, sustainable, cost-effective, and high-impact solutions that will address current challenges of high rents and property taxes confronting the District's small and local business community. The administration also looks forward to working to with the Council to explore solutions to equip small and local business owners with the tools and backing necessary to transition from renting to commercial property ownership.

Thank you again for the opportunity to testify today. This concludes my testimony and I look forward to answering your questions at this time.