

**Testimony of Jeremy D Koulish
Before the DC Tax Revision Commission
June 24, 2013**

Good evening. My name is Jeremy Koulish; I am a Ward 6 resident who happens to have a Master's degree in tax and budget policy. I am here to congratulate the District of Columbia, and you in particular, Mr. Chairman, for a job well done. The degree to which this city's economy has turned around over the past couple of decades is simply astounding. Over that time, the government and its tax structure have been focused on making the city more attractive to investors, businesses and upper-income residents. Personal income taxes and property taxes are substantially lower, especially for those at the top of the economic ladder. During this time, total economic development subsidies lavished upon developers and companies through the tax code have easily been in the billions, maybe the tens of billions, and continue unabated to this day. And judging by the astounding number of cranes deployed all throughout the city, those strategies have yielded their intended effect.

Therefore, I hope you forgive my confusion about two of this commission's state goals. Aiming to make the District's tax policy more competitive with surrounding jurisdictions and seems unnecessarily humble. As others have already pointed out, the District's tax policy already *is* competitive with surrounding jurisdictions, in fact lower than any of the five adjacent counties for most individual income groups when all taxes are taken into account.

I also don't understand exactly why D.C. needs to do more to encourage business growth and job creation. The city is already a great place to do business given its special status as the home of national government and attractiveness as a tourist destination, its highly educated workforce, and its close proximity to other economic hubs on the eastern seaboard. A recent study examining the best places to do business ranked D.C. behind only Boston of any metro area east of the Mississippi.¹ Furthermore, another annual study of corporate executives by the same company found that tax rates, exemptions and incentives have decreased in importance as factors driving business site selection. None are higher than seventh out of 26 factors examined by the study.² So please forgive me if it appears to me like further cutting into the tax base in the name of improving "business climate" would function as wasteful corporate welfare, not sensible economic development policy.

Clearly, the District is now a hot place to live, work and play. In fact, it may be becoming *too* hot for working and middle-class Washingtonians to afford. The downside of economic development, of course, is that the cost of living rises. Housing prices are approaching New York City levels. Meanwhile, unemployment and poverty remain unacceptably high east of the river, and safety net services have still not recovered from massive budget cuts suffered during the Great Recession. We may be reaching a tipping point, where the addressing the yawning gap of income inequality is outweighing the need to incentivize economic growth as a priority of tax policy. The invisible hand is working quite well to create jobs. In addition, concerns about rampant government waste and preserving a strong credit rating are no longer in line with reality – we have vanquished those old demons with aplomb, and the Control Board is not coming back anytime soon. It's time to declare victory and move on to a new challenge: ensuring that D.C.'s tax structure encourages shared and sustainable prosperity for *all* of the city's residents, and brings in the resources necessary to do so.

Finally, I hope you will hold another public hearing in the Fall to gather feedback on the Commission's draft recommendations, and take that feedback into account when crafting a final report.

Thank you, and I would be happy to answer any questions you may have.

¹ <http://www.areadevelopment.com/Leading-Locations/Q2-2013/Leading-Locations-2013-Full-Results-262716.shtml#>

² <http://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2013/27th-Corporate-Executive-RE-survey-results-37376241.shtml>