

Testimony of the Honorable Eleanor Holmes Norton
Committee on Ways and Means
Member Day
June 4, 2019

I begin by thanking Chair Neal and Ranking Member Brady for the opportunity to speak before this committee today. As this committee begins examining tax extenders, I encourage the Committee to consider amending the empowerment zone tax extender to include my bill (H.R. 3678, 115th Congress) that would designate certain areas of the District of Columbia as empowerment zones.

This bill would effectively reauthorize many of the unique tax incentives for business investment in the District of Columbia that expired in 2011, yet are more timely than ever today. Congress has recognized that the benefits of incentives for investment in economically distressed communities outweigh their costs, as it has continually extended the national empowerment zone program (though it is currently expired). The tax incentives for the District of Columbia were the only tax incentives for a big city that were not extended in the last tax extenders package, even though they were initially created by Republicans, with the help of several Democrats. The wisdom of these bipartisan, modest, targeted tax incentives has been amply and visibly demonstrated in the economic resurgence in many parts of the nation's capital where they were applied. Among the most visible examples are the formerly rundown area around the Verizon Center (now Capital One Arena), which is now surrounded by offices, restaurants and vibrant nightlife, and the Penn Quarter neighborhood, which had limited residential, commercial and retail spaces, and is now a popular mixed-use neighborhood.

Unfortunately, the D.C. tax incentives expired before the poorest neighborhoods were ready to make use of them. The federal government's decision to build the Department of Homeland Security in the District's lowest-income ward, Ward 8, lays the groundwork for much-needed revitalization there. The new headquarters for the U.S. Coast Guard is now open in Southeast D.C., in Ward 8, the first in a complex of buildings Congress has authorized for the federally owned West Campus of the St. Elizabeths hospital. Tax incentives, particularly in areas in D.C. where the federal government is expanding, as it did in the NoMa neighborhood, have demonstrated that incentives can revitalize such neighborhoods. Withdrawing the D.C. incentives, particularly after they had proven to be effective in several other areas of the city, has left the nation's capital with essentially half of a revival, and was tragically timed just as the lower-income parts of the District, which need the incentives most, were ready for redevelopment.

If the national empowerment zone program is extended, the District, the nation's capital, should not be singled out as the only empowerment zone not to be renewed just as the low-income sections of the city have become ripe for development. The effectiveness of these incentives for the District of Columbia has been demonstrated, and their costs have been de minimis compared to the measurable benefits they have generated in the District.

I appreciate your consideration of this important bill.