

COVID EMERGENCY

Jobs & Tax Crisis in the District of Columbia

Restaurants, Hotels & Entertainment

DC2021

Urging proactive steps to prevent
severe unemployment, bankruptcy,
and lasting damage to District residents



DC2021



- **Advocacy** group
 - **50** locally owned businesses and civic leaders
 - **Coordinating** with local civic and trade associations
 - We **represent** local restaurants, retail, hospitality, sports & entertainment
 - These businesses employ **30%** of working D.C. residents who pay over **\$600 million** in D.C. income tax
 - These businesses provide **\$2.7 billion** in D.C. tax revenue
-

Why We Are Here

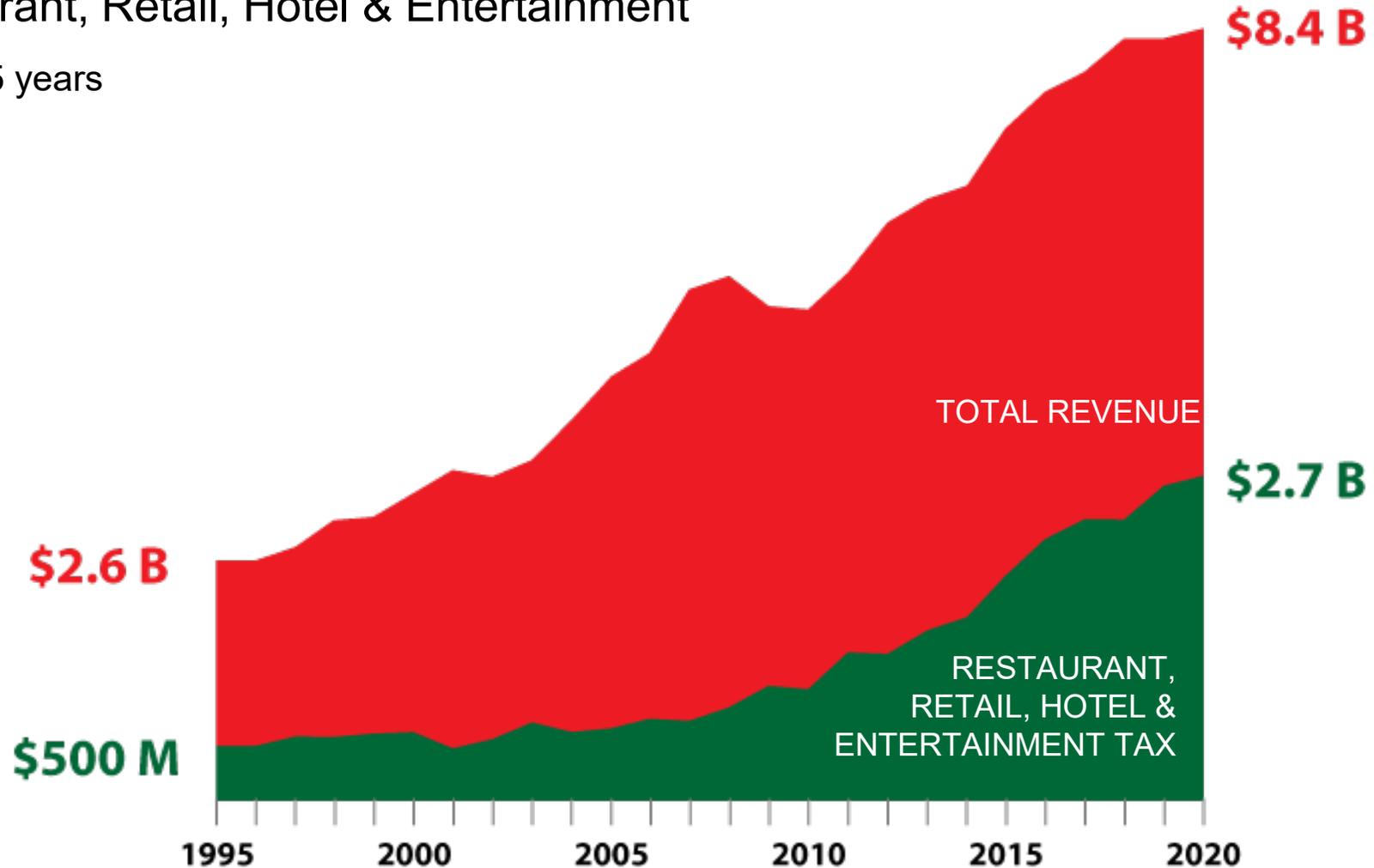


- We're **committed** to supporting the District and its leaders
- We're determined to save **10,065** D.C. businesses
- We're determined to save **172,399** jobs including **80,000** D.C. resident jobs
- We're determined to reverse the desperate trend of subsidizing losses at an **unsustainable rate**
- We're determined to **save the long-term District tax base** that funds essential services for those who need it most
- We'll **leverage** our federal, national and local relationships and resources
- We'll **assist** the District in providing an immediate proactive approach

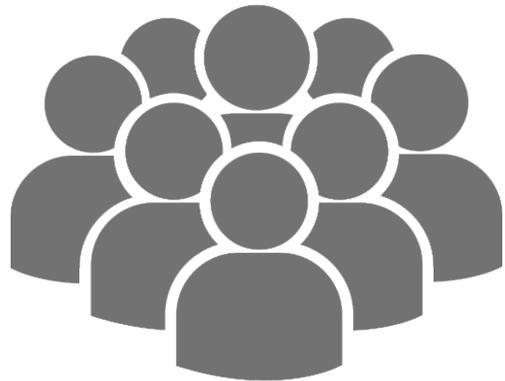
Tax Base Growth

From Restaurant, Retail, Hotel & Entertainment

Over the past 25 years



D.C.'s Economic Reliance



24 million

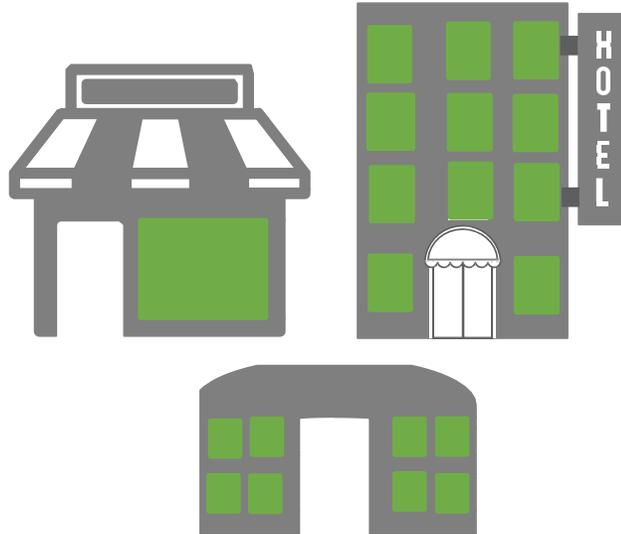
(19M Tourist & 5M Regional)

Consumers



\$20 billion

Annual Economic
Activity



10,065

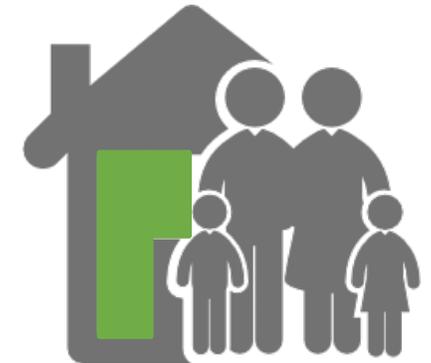
Businesses

Restaurants, Retail, Hotels,
Sports, Arts & Entertainment



172,399

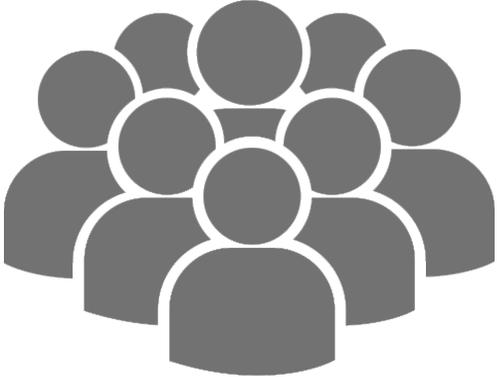
Jobs



**Families &
Community**

In Neighborhoods
Across D.C.

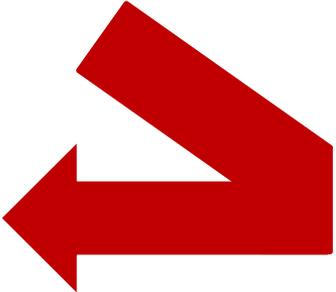
COVID Impact



24 million

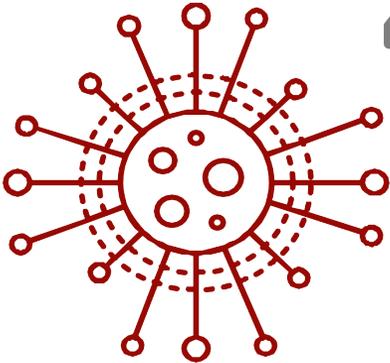
(19M Tourist & 5M Regional)

Consumers



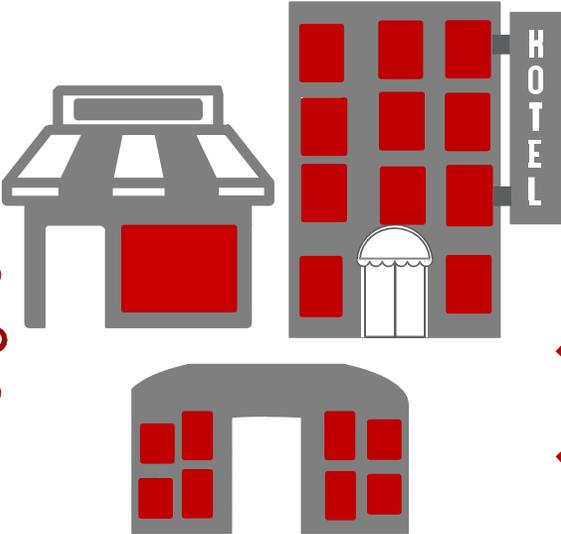
\$20 billion

Annual Economic Activity



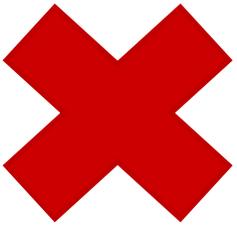
STOP

Annual Economic Activity



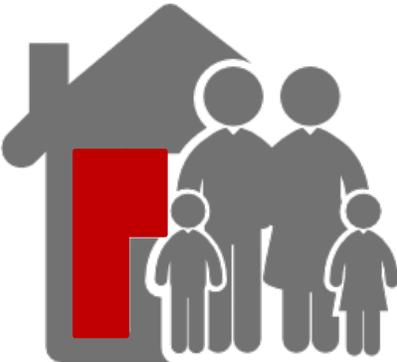
10,065

Businesses
Retail, Restaurants, Hotels,
Sports, Arts & Entertainment



172,399

Jobs



Families & Community

In Neighborhoods
Across D.C.

Restaurants

- **5,273 restaurants** at risk
- **96%** of D.C. “full service” restaurants are independently operated
- **8%** of total D.C. employment
- **\$4.1 billion** in annual sales
- **\$2.3 billion** in annual F&B tourism sales





Retail & Our 131 Neighborhoods



The Wharf Neighborhood

- **Restaurants & Retail: 1,608 employees laid off** or furloughed across **57 restaurants and retailers**
- **Hotels: 330 employees furloughed** across 3 hotels
- **Entertainment: 907 employees laid off**
- **Parking: 13 employees laid off** (50% of workforce)



Impact with sustained operations

- **Hotels: \$37 million** lost revenue across 3 hotels through 3/31/21
- **Retail & Restaurants: \$51 million reduction to gross sales** (44.4% decrease relative to 2019)
- **The Anthem: 65 events cancelled** (~141,000 tickets)

Busboys and Poets in Anacostia

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Sports, Arts & Entertainment



COVID EMERGENCY: Retail, Hotel, Restaurants, Sports, Arts & Entertainment Jobs & Tax Crisis In The District of Columbia

Hospitality Damage

- **68 of the 142** D.C. hotels closed
- **Over 55%** of hotel rooms off line
- **All hotels** in the District are independently owned (no corporate ownership)
- 2020 peak season **lost**
- **\$2 billion** in projected hotel revenue gone



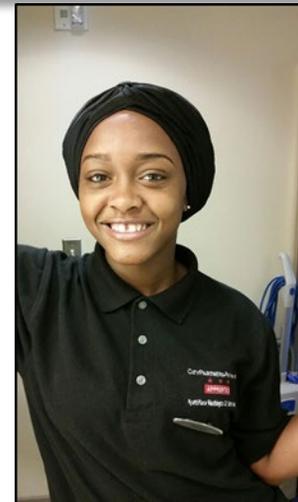
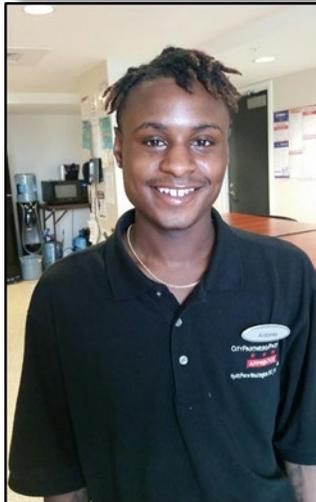
Hyatt Place D.C. | National Mall

A Locally-Owned Franchise Hotel



COVID-19 Impact at Hyatt Place D.C.

- **\$4.3 million** lost revenue at HPDC from cancellations since March 1
- HP D.C. is owned by a local business/D.C. Residents
- Hyatt/Marriott etc. do not own the hotels in D.C. nor financially support D.C. hotel owners.
- D.C. Hotels are **job creators** and career sustainers
- D.C. Hotels are **independent businesses** that are not getting help
- New loans from Feds are capped and not enough, and more debt with lost revenue **cannot work**
- Occupancy at HPDC for March is **below 10%**. *Typical March occupancy is 88% to 94%*
- **80%** of HPDC staff has been **furloughed or laid off**
- **\$12.4 million lost revenue at HPDC** anticipated through March 2021
- Without Spring season revenue, we are facing **catastrophic losses** which threatens our ability to survive and bring our workers back
- **CityPartners Pathways Apprenticeship** program cannot return without the staff to support the trainees



| Hotel Occupancy (214 Rooms) | | | |
|-----------------------------|----------------------|-------------------|--------|
| | Pre-Crisis Occupancy | Crisis Projection | Impact |
| Feb | 75.60% | 73.90% | |
| Mar | 87.70% | 7.70% | -80% |
| Apr | 90.30% | 6.20% | -84% |
| May | 84.40% | 10.40% | -74% |
| Jun | 94% | 12% | -82% |
| Jul | 93.90% | 14% | -80% |
| Aug | 83.30% | 18% | -65% |
| Sep | 84.70% | 22% | -63% |
| Oct | 90.10% | 35% | -55% |
| Nov | 73.90% | 28% | -46% |
| Dec | 64.60% | 27% | -38% |
| Jan-21 | 55.20% | 42.90% | -12% |
| Feb-21 | 75.60% | 64.30% | -11% |
| Mar-21 | 88.40% | 78.20% | -10% |

COVID-19 Damage



Retail Trade

CLOSED

- 3,807 establishments
- 46,655 jobs
- \$1.79 billion payroll



Sports, Arts & Entertainment

CLOSED

- 985 establishments
- 19,720 jobs
- \$1.53 billion in payroll



Food & Beverage

DELIVERY ONLY

- 5,273 establishments
- 65,200 jobs
- \$5.05 billion in payroll



Hotel Industry

EMPTY

- 142 establishments
- 40,824 jobs
- \$760 million in payroll
- \$1.9 billion in room sales

What is at Stake?



172,399 jobs



\$8.38 billion in payroll



10,065 establishments



**\$7.8 billion in tourism
spend/economic
activity**



\$346 million in Property tax



\$1.6 billion in Sales tax



\$600 million in Income tax



\$150 million in Corporate tax

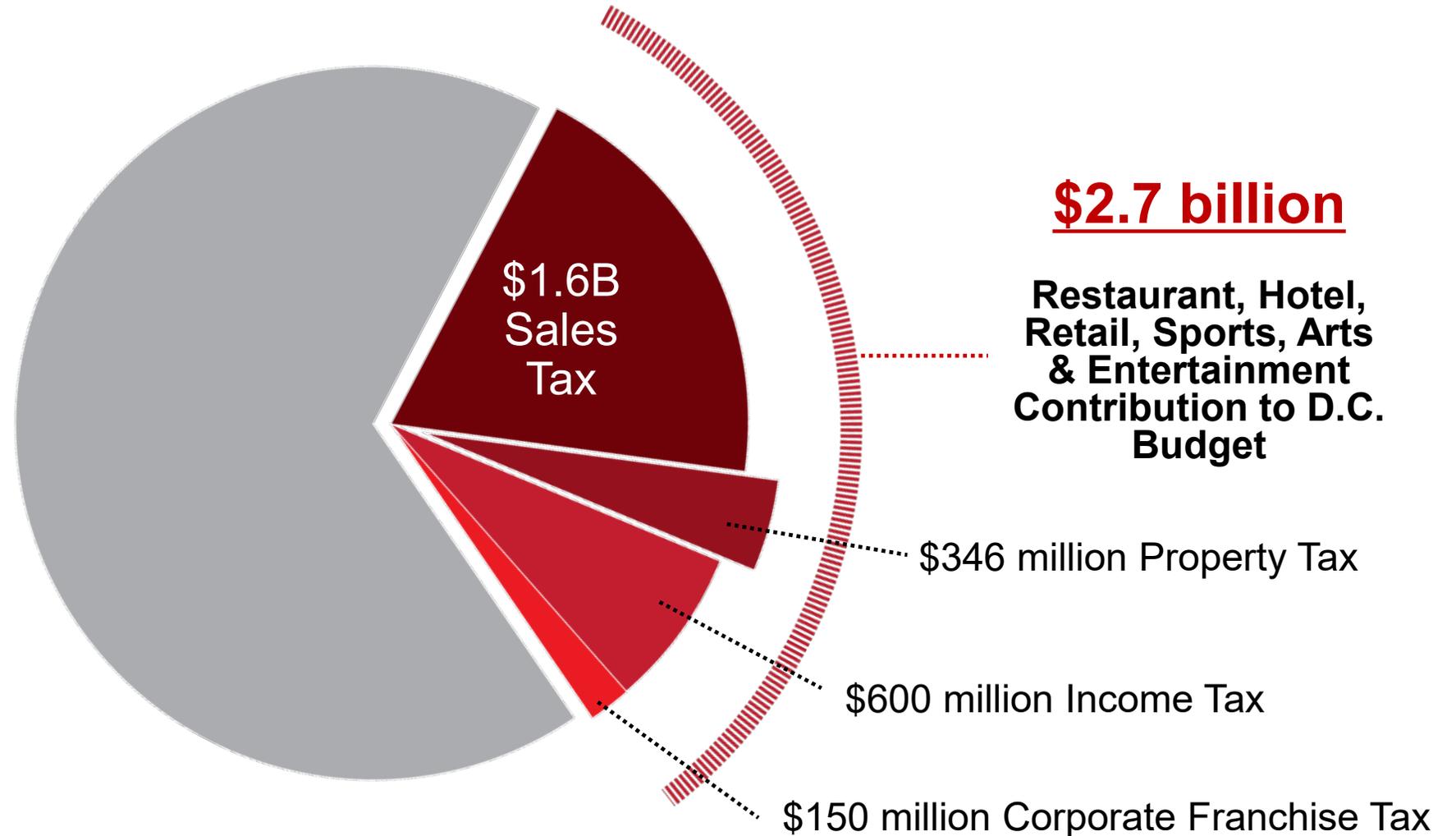


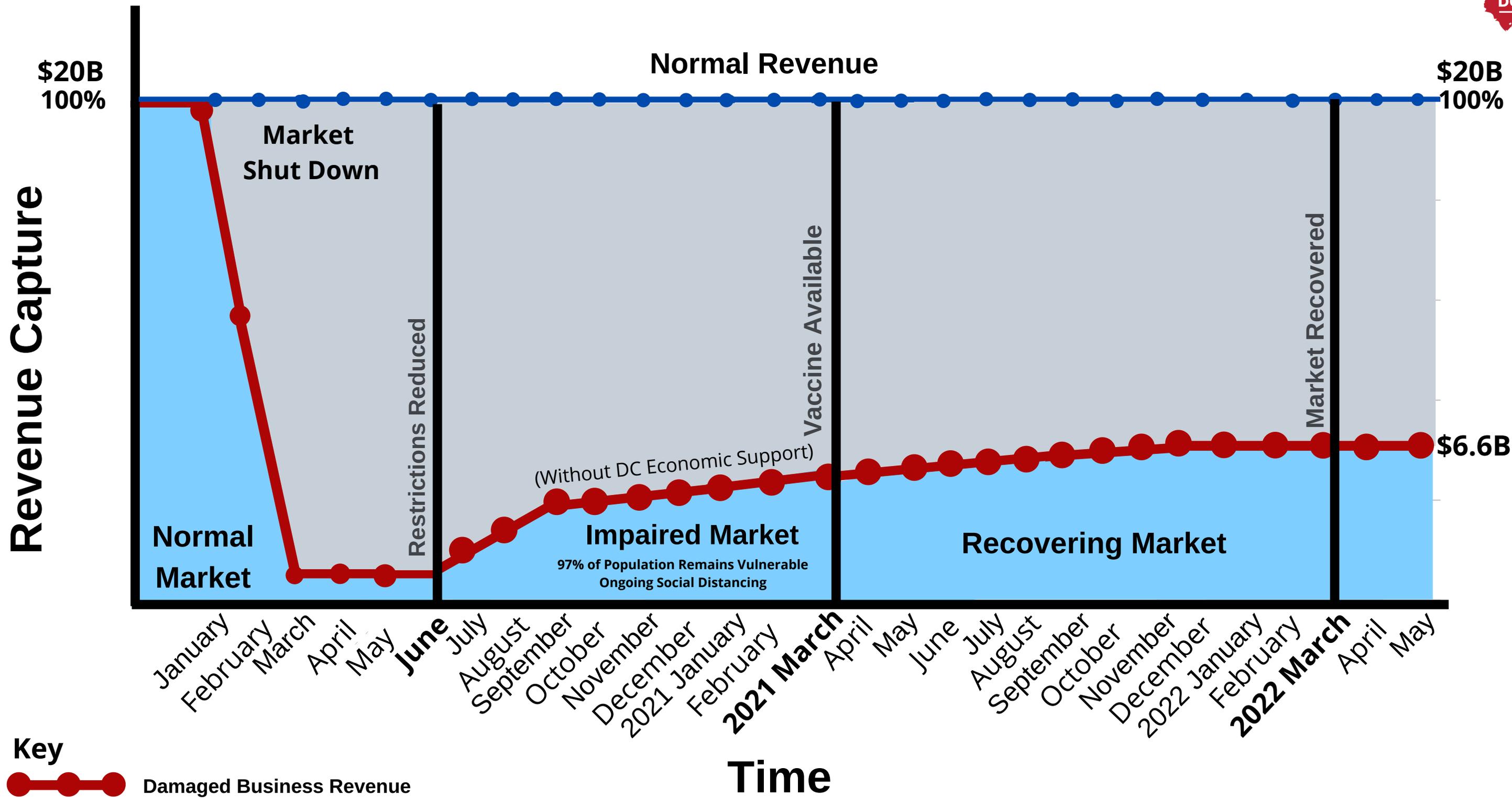
\$280 million in Hotel Room tax

Overall Impact to D.C. Budget



\$8.4 billion
Local Tax
Revenue





\$20B
100%

\$20B
100%

Normal Revenue

Market
Shut Down

Normal
Market

Impaired Market

Recovering Market

Restrictions Reduced

Vaccine Available

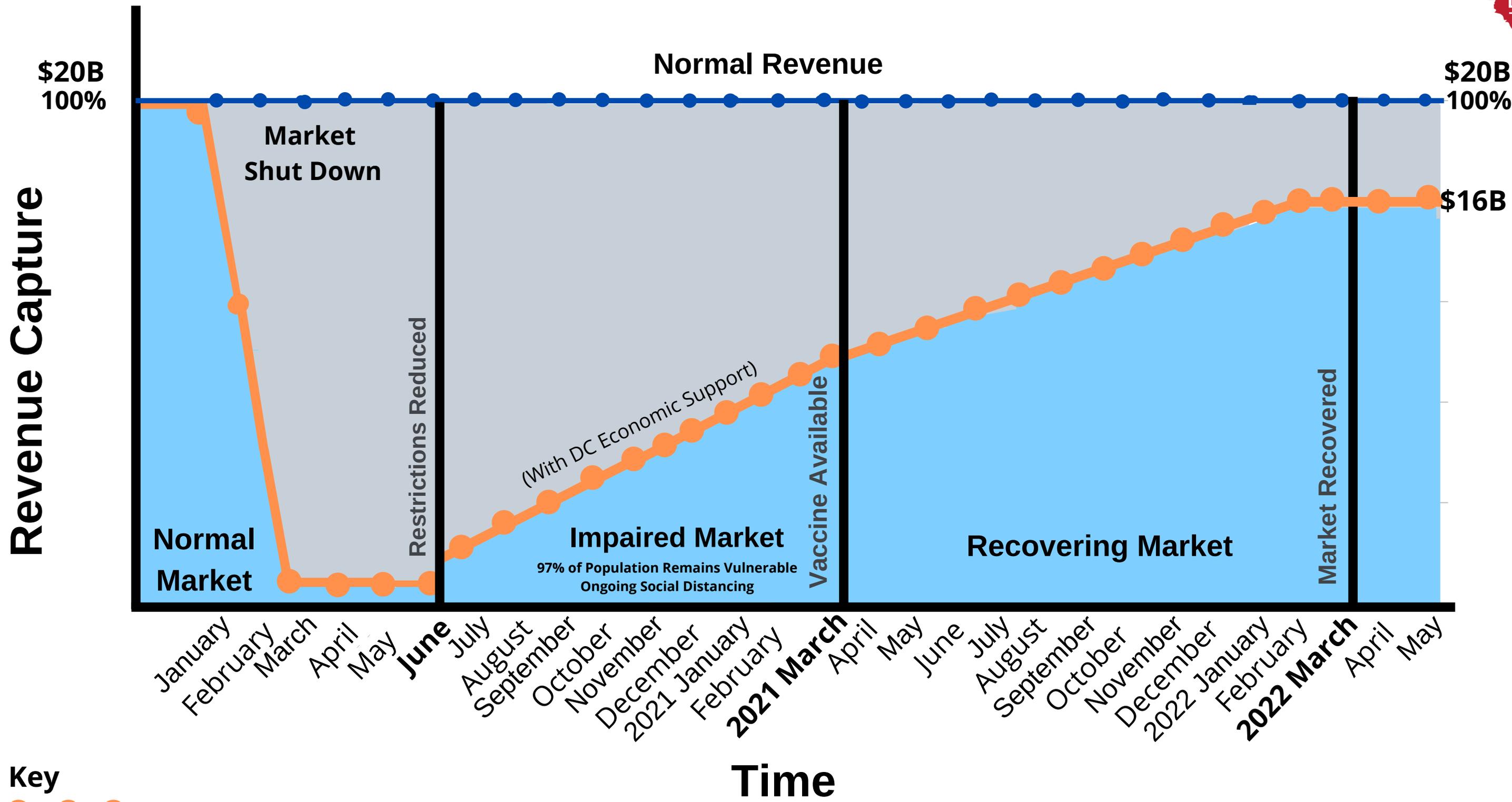
Market Recovered

(Without DC Economic Support)

97% of Population Remains Vulnerable
Ongoing Social Distancing

\$6.6B

January February March April May **June** July August September October November December 2021 January February **2021 March** April May June July August September October November December 2022 January February **2022 March** April May



Key

●—●—● Impaired Business Revenue

A scenic photograph of a sunset over the Tidal Basin in Washington, D.C. The Washington Monument is visible on the left, and the sun is setting on the right, casting a golden glow over the water and the city skyline. The sky is filled with soft, orange and yellow clouds.

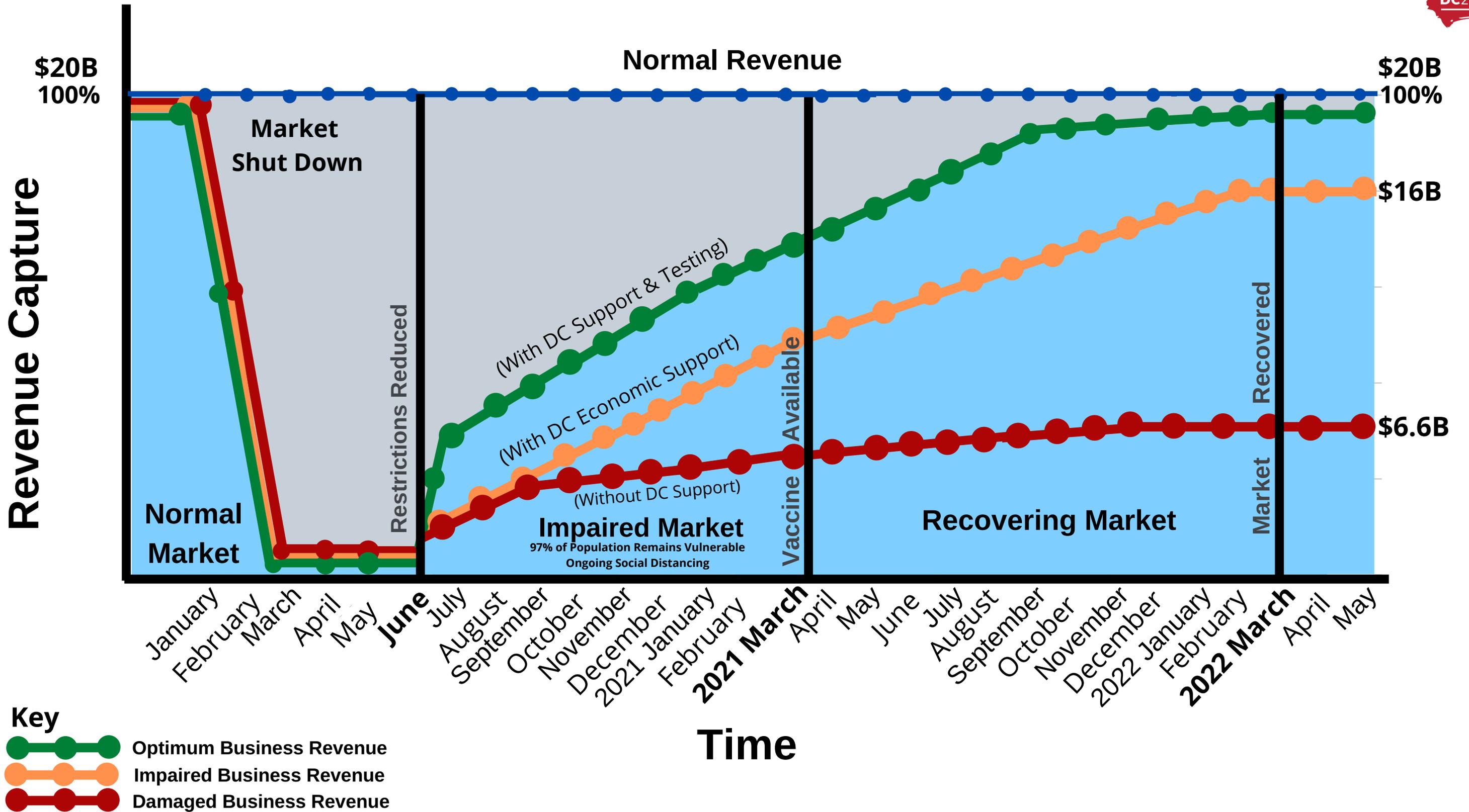
How We Move Forward

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Testing Taskforce

- Public health and safety are critical to our recovery efforts
- Large scale testing and tracing is necessary to open society
- Restoring public confidence is necessary
- Free and accessible testing and support in every neighborhood in all 8 Wards are critical
- Testing must be regional (DMV)
- DC2021 membership will utilize relationships, facilities, employees and resources to power District implementation



Way Forward

Solutions

- Provide 1-year tax abatement for restaurant, retail, hotel, sports and entertainment uses \$346 million
- Sunset transfer and recordation taxes from 2023 to July 2020
- Eliminate franchise taxes
- Recipient businesses to partner with the District to implement aggressive testing and contact tracing program (potential cost \$50M)

Sources

- Full federal funding of state COVID assistance at \$1.25B
- Special Treasury Bond up to 20% of District annual revenue (requires local and federal action)
- 'Rainy Day Fund'
- Events DC Fund

A scenic photograph of the Washington Monument and the Tidal Basin in Washington, D.C., during a sunset. The sun is low on the horizon, casting a warm orange glow across the sky and reflecting on the water. The Washington Monument is visible on the left side of the frame. The text "How We Move Forward" is overlaid in white on the left side of the image.

How We Move Forward

The logo for DC2021, featuring three white stars above a horizontal line, with the text "DC2021" below it, all in white on a blue background.

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