



DC TECH INCENTIVES

The Qualified High Technology Companies (QHTC) offers one of the most attractive incentive packages for high-tech businesses in the country. The incentive reduces the cost of doing business by providing certain credits, exemptions and other benefits for technology businesses.

THRIVE IN DC

- 0% corporate income tax rate for five years and a reduction in the corporate income tax rate from 9.975% to 6% for the life of a company
- Exemption from sales tax on purchase of hardware and software

GROW IN DC

- Wage reimbursements of up to \$10,000 for each new hire—or up to \$30,000 for newly hired veterans
- Ten-year exemption of qualified personal property taxes
- Training tax credits of up to \$20,000 for newly hired veterans—up to \$10,000 may be refunded
- Exemption from sales tax charged for retail sales and service provided by a qualified company

MOVE TO DC

- Relocation reimbursements of up to \$5,000 for each employee relocated to the District or \$7,500 if the employee also relocates his or her principle residence to the District
- Five-year freeze on assessed value of real property (no increase in real property tax)

ELIGIBILITY

To qualify for incentives, businesses must be located in the District, employ at least two individuals, and derive a majority of revenue from qualifying high technology activities.

QUALIFIED HIGH TECHNOLOGY COMPANIES (QHTC)

A mid-sized technology company can save nearly \$300,000 each year.

	Taxes without DC Tech Incentives	Taxes with DC Tech Incentives	Savings
Corporate Income Tax	\$124,685	\$0	\$124,685
Sales Tax	\$100,625	\$0	\$100,625
Personal Property Tax	\$50,575	\$0	\$50,575
Real Property Tax Increase	\$13,165	\$0	\$13,165
New Hire Wage Credit	--	\$(100,000)	\$100,000
Employee Relocation Credit	--	\$(150,000)	\$150,000
Total	\$289,050	\$(250,000)	\$539,050
		Available in Year 1	\$289,050
		Carry forward-unused credits	\$250,000

*Relocation and new hire wage credits carry forward for 10 years.

Savings are based on a technology business with:

- Revenues of \$12.5 million; taxable income of \$1.25 million
- 20 new hires and 20 people relocated to work and live in DC
- Furniture and equipment valued at \$5 million, with \$1.25 million of new hardware purchases
- Renovation of leased space costing \$625,000 (with increase in property value)

DC TECH INCENTIVES: CREATIVE AND OPEN SPACE MODERNIZATION GRANT



The Creative and Open Space Modernization Grant fosters the development of creative and technology-focused businesses in Washington, DC with the potential for up to \$5 million for qualified tenant improvements.

The purpose of the Creative and Open Space Modernization Grant is to foster the development of creative and technology - focused businesses in the District, increase the District's tax base, and create new job opportunities for District residents.

DMPED will award individual grants of up to a maximum of \$1,000,000 each per qualified business for Fiscal Year 2016. Grant funds will be utilized to assist grantees with improving their place of business or for the purchase and installation of heavy equipment that will be used onsite at the business location.

The grant amount can be up to 10% of the total qualified improvements or up to \$1,000,000 per eligible applicant. The improvements must be substantially completed no later than one year after lease commencement.

This one-year program will be aligned with the proposed tax rebate program for up to four additional years, allowing eligible applicants up to five years of total incentive and up to 50% of total eligible costs, with a cap of \$5 million per eligible applicant.

Total funding availability for this grant program for FY2016 is \$2,000,000.

ELIGIBILITY

To qualify for the grant, businesses must meet the following requirements:

- A Qualified High Technology Company (QHTC)
- Signed lease (or sub-lease) of at least 50,000 SF of office space in DC after July 1, 2015
- Maintain site control of this office space for at least twelve (12) years after the date of grant application
- Provide a public benefit that will have a material, positive impact on DC such as:
 - Providing employment or contracting opportunities for District of Columbia residents and Certified Business Enterprises (CBEs)
 - Providing low - income or underserved individuals or communities in the District of Columbia with reduced - price or free products, services, or commercial or community space
 - Providing economic opportunities, training, or jobs for individuals or communities beyond those offered through the normal course of business
 - Providing innovation and technology-related educational, training, or internship opportunities for students in the District of Columbia

APPLICATION

To apply please visit www.dmped.dc.gov and go to Services – Grant Opportunities. Awards will be made on a rolling basis through June 1, 2016 or until funding is fully committed. For more information you can go the Creative and Open Space Modernization Emergency Amendment Act of 2015 (enrolled version of Bill 21-0283).