DC Fiscal Policy Institute

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LivingSocial, the online daily deal company, is looking for its own deal from the District of Columbia —$32.5 million in tax breaks in return for keeping its global headquarters here. This deal is now before the DC Council for approval.

There are good reasons to encourage LivingSocial to stay in DC, but the deal would provide substantial tax breaks without safeguards to ensure that the District will gain as well. A few changes — such as guaranteeing job growth and hiring of DC residents — will make the LivingSocial tax-break deal mutually beneficial and worth supporting.

What's Wrong with the LivingSocial Subsidy Deal?

- LivingSocial could claim almost half of the $32.5 million in subsidies **even if they don't hire a single DC resident**.
- LivingSocial could claim the tax breaks **without any growth in employment in DC**. The deal requires "new hires," but this includes 1,000 people already hired, and it would count new people hired to replace departing staff.
- LivingSocial **could move their entire product development division** to other places and still claim all the $32.5 million in tax breaks.
- LivingSocial has made **no specific community benefit commitments,** such as the number of Summer Youth Employment Program (SYEP) participants they will hire.

Making the LivingSocial Deal Mutually Beneficial

A deal of this magnitude must benefit District residents. The deal should be changed to:

Tie subsidies to an increase in quality jobs for DC residents

- Require LivingSocial to add employees in DC—rather than its other world-wide offices—and meet a minimum DC hiring threshold.
- Mandate that LivingSocial maintain its solid wage and benefit policies.

Ensure that DC Benefits from LivingSocial's High-Tech Presence

- Require LivingSocial to keep its product development and IT headquarters in DC.
- Require any future buyer of LivingSocial to abide by the deal or repay the subsidies.

Require LivingSocial to Repay Subsidies if It Fails to Live Up to the Deal

- LivingSocial should be expected to stay in DC and meet the hiring and other requirements through 2025, when the property tax abatement period passes. If it leaves early, the company should have to repay the subsidies it received.

Strengthen Community Benefits

- LivingSocial should agree to specific benefits, such as the number of students it will hire from the SYEP, the deals it will develop with DC businesses, and the number of individuals and businesses it will train in software development and social media.

Read the full report at www.dcfpi.org.