

**Government of the District of Columbia
Office of the Chief Financial Officer**

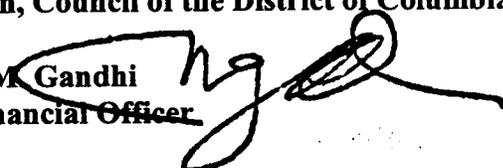
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CHAIRMAN CROPP



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: SEP -6 2005

SUBJECT: Fiscal Impact Statement: "Political Party Tax Check-Off Act of 2005"

REFERENCE: Bill Number 16-201 as Introduced

Conclusion

Funds are not sufficient in the FY 2005 budget nor the proposed FY 2006 through FY 2009 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia (Council). Implementing the bill's provisions will result in unbudgeted expenditures of approximately \$360,800 in FY 2005 and \$1.2 million in FY 2005 through FY 2009.

Background

The proposed legislation establishes a voluntary tax return contribution check-off for the purpose of transferring funds from a District tax filer to a political party of the filer's choice. The District's individual income tax returns would be modified so that a check-off is added and a place to indicate the political party designated. Using the voluntary check-off requires that an individual file a tax return with the City, and that there are sufficient funds from the taxpayer to cover the contribution declared. The tax filer's refund amount must be free of any and all tax liabilities and liens.

Financial Plan Impact

The proposed legislation will result in unbudgeted administrative costs of \$360,800 in FY 2005. These costs are the result of personnel and system resources required to implement the bill's provisions. In addition, the Office of Tax and Revenue will incur approximately \$200,000 annually in printing costs to print tax forms that will contain the tax check-off provisions.

The table in Figure 1 presents the unbudgeted administrative costs impacting the financial plan.

Figure 1.

Estimated Impact to the Financial Plan						
(\$ in 000s)						
Item	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	5 - Year Total
PS Costs	(\$10.8)	(\$11.2)	(\$11.6)	(\$12.0)	(\$12.4)	(\$58.0)
NPS Costs	(350.0)	(200.0)	(200.0)	(200.0)	(200.0)	(1,150.0)
Net Annual Impact	(\$360.8)	(\$211.2)	(\$211.6)	(\$212.0)	(\$212.4)	(\$1,208.0)