

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

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

**FROM:** Natwar M. Gandhi [signature]  
Chief Financial Officer

**DATE:** June 7, 2004

**SUBJECT:** Fiscal Impact Statement: "The Fiscal Year 2005 Budget Support Act of 2004"

**REFERENCE:** Bill Number 15-768 - An Amendment in the Nature of a Substitution [from the May 14, 2004 Committee Print <sup>1</sup>]

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**Conclusion**

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia (Council). The estimated overall net increase to the General Fund<sup>2</sup> from provisions in this bill, including proprietary, dedicated non-tax<sup>3</sup> revenue is \$11.1 million in FY 2005 and \$61.5 million in FY 2005 through FY 2008. Overall, this bill, together with anticipated Mayoral rulemaking, tax initiatives and agency operational plans, will result in \$117.1 million in net revenue enhancements for the General Fund in FY 2005. The combined initiatives provide sufficient funds to balance the \$4.17 billion overall FY 2005 local budget.

The proposed legislation will increase or transfer "O" type revenue in the District by \$3.8 million in FY 2005 and \$10.4 million in FY 2005 through FY 2008. However, \$1.4 million in FY 2005 and \$5.6 million in FY 2005 through FY 2008 are funds that are converted from the local General Fund to "O" type funds.

Implementation of the proposed legislation will require the establishment of "O" type dedicated funds and revenue sources. These funds are controlled by the agencies. When all or a portion of a revenue stream is dedicated by statute to a particular agency

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<sup>1</sup> As of 2:00 pm, Tuesday, June 1, 2004.

<sup>2</sup> SOAR Fund 0100; District specific revenue and appropriated funds.

<sup>3</sup> SOAR Fund 0600; "Other" type funding.

operation or program, the Mayor and the Council lose flexibility to direct revenue to new or emerging priorities or to determine the proper level of agency expenditures.

Federal and local anti-deficiency laws, 31 USC § 1341 (2000) and D.C. Official Code § 47-355.01 *et Sequitor* (2003), prohibit District officers and employees from exceeding appropriations in any fiscal year. If funding is available to absorb the additional costs, then the fiscal impact would be zero. For subsequent years, the additional expenditures must be included in the budget and financial plan.

*The proposed legislation is an omnibus legislative vehicle for adopting service-related titles relating to local government operations. The purpose and financial impact of each title is summarized below and in the following pages.*

## **Title I – Government Direction and Support**

### **Subtitle A – Criteria for Spending Pay-As-You-Go Funding Act of 2004:**

#### **Background**

The proposed title establishes criteria for spending a portion of the District's \$43.1 million FY 2005 contingency funding. Triggered through notification by the Mayor and certification by the District's Chief Financial Officer that funds are necessary for the designated purpose(s), the Chairman of the Council will circulate the request. The request is deemed approved after 14 calendar days barring no objection or disapproval. Objections or disapprovals may be made through written notice to the Secretary of the Council or orally during a meeting of the Council during the 14-day circulation period. Notifications of use of PAYGO financing will not be deemed accepted by the Council for circulation during a recess period.

#### **Financial Plan Impact**

The proposed title will have no impact on the District's budget and financial plan because \$43.1 million has been included in the FY 2005 budget and financial plan for the purposes previously described. The proposed title serves to make clear procedures for the use of PAYGO funds.

When contracts with vendors are entered into for a portion or part-year period, costs for goods and services have a lower value for the dollar than contracts entered into for one-year periods. The market has always provided the best value for goods and services delivery over longer contractual periods. Therefore, if any of the funds held in contingency are PAYGO, and then an agency requires those funds to finance contractual services for less than a year, the restrictions on the use of the funds may result in higher costs per unit/value.

## **Subtitle B – Office of Financial Operations and Systems Reorganization Act of 2004:**

### **Background**

The proposed title will transfer the administration and operational functions for post employment benefit programs from the Office of the Chief Financial Officer (OCFO), Office of Financial Operations and Systems (OFOS) to the District of Columbia Retirement Board. Functions excepted from the proposed title are those that administer post-employment benefits for such agencies as but not limited to the federal Department of the Interior, Park Police and the federal Treasury Department, Secret Service.

### **Financial Plan Impact**

The proposed legislation requires the OCFO to transfer authority, functions, and records associated with administering post employment benefits for the District's Police, Firefighter and Teachers Retirement System. The proposed title does not provide any additional resources for these purposes and implementing the proposed legislation will cause a short-term operational pressure on the OCFO. The bill will require the OCFO (or DISBR) to absorb all the costs for statutory records transfers. Implementing the proposed legislation will create unbudgeted expenditures that cannot be estimated at this time. The authority transferred by the proposed title is an authority specifically and deliberately transferred to the District's Chief Financial Officer as part of the Control Act<sup>4</sup> and in amendments made to the Home Rule Act. The proposed legislation contains a request for Congressional action to approve the transfer of functions. The proposed title will not take effect until Congressional action has been taken.

## **Subtitle C – Compensation Bargaining Unit Overtime Negotiation Amendment Act of 2004:**

### **Background**

The proposed title stipulates that the District has the authority to establish the compensation of government employees and negotiate with the exclusive representative of collective bargaining unit employees concerning the compensation rules for overtime work in excess of the basic non-overtime workday<sup>5</sup>.

The result of this authority will be that the District will establish overtime compensation rules applicable to collective bargaining unit employees through collective bargaining with the exclusive representatives of those employees. The title clarifies the authority of the District to negotiate issues concerning compensation, including overtime, notwithstanding limitations previously imposed by the D.C. Financial Responsibility and

<sup>4</sup> Home Rule Act § 424(C)(21) and P.L. 104-8 Section 302(d)(4). Note that P.L. 106-553 extended the authority in perpetuity rather than limiting this authority to a Control Year.

<sup>5</sup> Fair Labor Standards Act, 29 USC § 201 *et Sequitor* and D.C. Official Code, Title 1 § 601.01 *et Sequitor*.

Management Assistance Authority (DCFRMAA a.k.a. the Control Board), during the control period.

### **Financial Plan Impact**

The proposed title will have no impact on the proposed FY 2005 through FY 2008 budget and financial plan because District agencies cannot exceed personnel services appropriations when compensating employees.

### **Subtitle D – Performance and Financial Accountability Amendment Act of 2004:**

#### **Background**

The proposed title amends D.C. Official Code Title 47 § 308.01(d)<sup>6</sup> so that beginning in FY 2006 the District's Chief Financial Officer will provide service level costs for activities with a minimum threshold of \$10 million as approved by the Mayor and the Council. Currently, the District's Chief Financial Officer provides this information for a particular group of 20 services that the Council periodically requests. The proposed title phases in these provisions by August 15 of each year in the following order: Public Safety and Justice and Public works in FY 2006; Government Direction and Support in FY 2007; Public Education Systems and Economic Development and Regulation in FY 2008; and Human Support Services and all remaining agencies by FY 2009.

#### **Financial Plan Impact**

The proposed FY 2005 through FY 2008 budget and financial plan has sufficient resources to implement the provisions of the proposed legislation. Appropriated funds and staff are provided to the Office of Budget and Planning (OBP) for these purposes.

### **Subtitle E – Fiscal Year 2006 Budget Submission Amendment Act of 2004:**

#### **Background**

The purpose of the proposed title is to require the Mayor to submit the FY 2006, and all subsequent budgets, whose amount is consistent with the projection made in the prior year's Committee of the Whole report on the Budget Request Act. If the budget submitted is not in compliance with this provision, and the Council's Budget Director has not certified that an exception is to be made, the Secretary of the Council will not accept the Mayor's proposed budget.

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<sup>6</sup> Last modified by Bill 15-218 "The Fiscal Year 2004 Budget Support Act of 2003," Title X (ten); effective November 13, 2003.

## Financial Plan Impact

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan because no additional resources will be required.

### Subtitle F – Unclaimed Property Demutualization of Proceeds Act of 2004:

#### Background

Demutualization is the process by which insurance companies convert from being mutual companies to stock companies. A number of insurance companies have recently made this change for the purpose of restructuring their capital base. When a demutualization occurs, policyholders are entitled to payment representing their share of ownership in the mutual fund company. If the company cannot find a policyholder to receive that payment, the funds become unclaimed property and are turned over to the states (or the District of Columbia) at a specific time.

Under current District law, an insurance company holds abandoned demutualization proceeds for three years after the company demutualizes. Under the proposed amendment, abandoned demutualization proceeds would be declared unclaimed property two years from the date the company last had contact with the policyholder.

#### Financial Plan Impact

The proposed title would result in approximately \$3.5 million in net unclaimed proceeds which would be deposited in the General Fund during FY 2006. The table in Figure 1 presents the estimated revenue increase impacting the District's financial plan.

*Figure 1.*

Approximate Revenue Increase Impacting the Financial Plan				
(\$ in millions)				
FY 2005	FY 2006	FY 2007	FY 2008	4 - Year Total
\$0.0	\$3.5	\$0.0	\$0.0	\$3.5

### Subtitle G – Corporate Income Tax Base Protection act of 2004:

#### Background

The proposed title would close a loophole in District tax law that permits corporate entities to reduce their net taxable income and, thus, avoid paying a significant amount of franchise tax to the District. This title would disallow deductions for certain payments to related corporate holding companies that are not taxable in the District and change the definition of "business income" to conform automatically to U.S. Supreme Court rulings.

Many large corporations make payments to related holding companies located outside the state for the use of patents, copyrights, trade names and other intangible property. The holding companies are typically organized in Delaware or other states that do not tax intangible assets, and their incomes are not apportioned to the states in which the operating companies conduct business. The proposed title would require District franchise taxpayers to add those amounts paid to holding companies back to the taxpayers' net income.

### **Financial Plan Impact**

The proposed title will result in additional revenue of \$3.3 million in FY 2005 and \$13.3 million in FY 2005 through FY 2008. The table in Figure 2 presents the estimated revenue increase to the District's financial plan.

*Figure 2.*

<b>Approximate Revenue Increase Impacting the Financial Plan</b>				
(\$ in millions)				
<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 - Year Total</b>
\$3.3	\$3.3	\$3.3	\$3.3	<b>\$13.3</b>

### **Subtitle I – New E-Conomy Refinement Act of 2004:**

#### **Background**

Technology companies operating in the District of Columbia may apply to the Office of Tax and Revenue (OTR) for Qualified High Technology Status (QHTC) under the provisions of the New E-Conomy Transformation Act<sup>7</sup>. QHTC benefits include tax incentives such as reductions in franchise taxation and a ten-year exemption of personal property taxation. To qualify under current law technology companies must demonstrate that 51 percent of their revenue is derived from QHTC activities. The proposed title amends the law so that technology companies using alternative accounting systems may qualify for QHTC status by demonstrating 51 percent QHTC activities via a cost performance method. The proposed title will be made effective retroactively to January 1, 2004 and final approval for granting QHTC status will lay with the District's Chief Financial Officer.

#### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed legislation barring a significant increase in firms that succeed in applying for QHTC status over that which are currently projected.

<sup>7</sup> Law 13-256; effective April 3, 2001.

## **Subtitle J – Department of Employment Services Budget and FTE Authority Act of 2004:**

### **Background**

The proposed title requires the District to provide the Department of Employment Services (DOES) a FY 2005 operational budget authority limitation of \$88.5 million, including \$56.5 million in non-personnel services, containing not less than \$29.9 million in subsidies and transfers. In addition, the District will be required to provide DOES a FY 2005 personal services budget authority limitation of \$32.3 million. The District will be required to limit DOES to 513 Full-Time Equivalent (FTE) positions. The District will be required to allocate \$768,000 for the Office of Apprenticeship and Information Training and \$686,000 for security costs.

### **Financial Plan Impact**

The proposed FY 2005 through FY 2008 budget and financial plan has sufficient resources to implement the provisions of the proposed legislation. Appropriated funds and staff are provided to OBP for these purposes.

## **Subtitle K – Workers' Compensation Administrative Reform and Anti-Fraud Act of 2004:**

### **Background**

The proposed title establishes a Compensation Order Review Board for the purpose of expediting workers' compensation orders. The panel will consist of administrative law judges appointed by the Chief Judge of the Office of Hearings and Adjudication; an office within DOES. The Board will be required to convene to review an application within 7 days, review the materials for legal sufficiency, and dispose of the matter within 30 days. The proposed title requires periodic audits and reporting on the fund<sup>8</sup> and Board activities.

### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

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<sup>8</sup> The fund was established under D.C. Official Code Title 32 § 1540.

**Subtitle L – Workers' Compensation Third-Party Administrator Study Amendment Act of 2004:**

**Background**

The proposed title requires the Mayor to provide the Council a report analyzing whether use of a third party to administer workers' compensation would produce an operational savings for the District. The report will be due to the Council by January 1, 2005.

**Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

**Subtitle M – Workers' Compensation and Health Insurance Portability and Accountability Act Approval Requirement Amendment Act of 2004:**

**Background**

The proposed title prohibits expending funds governed by the Health Insurance Portability and Accountability Act<sup>9</sup> (HIPAA) or the District Workers' Compensation Administration without the Council approving a resolution authorizing the expenditure. Currently, regulations promulgated by the Department of Health and Human Services (DHHS) specifically exempts workers' compensation from HIPAA. Regulations further permit the disclosure of information to the extent necessary to comply with workers' compensation administration.

**Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

**Subtitle N – Workforce Investment Act Implementation Contracts Requirement Act of 2004:**

**Background**

The proposed title requires that beginning on January 1, 2005 no funding will be available for contracts funded by federal sources<sup>10</sup> for youth activities, including extensions and renewals, regardless of contract amount, funded by youth opportunity grants, in-school youth grants, and out-of-school grants pursuant to the Workforce

<sup>9</sup> 104 Public Law 191; 110 Statute 1936; approved August 21, 1996.

<sup>10</sup> Pursuant to the Workforce Investment Act; 112 Statute 936; 29 U.S.C. § 2822; approved August 7, 1998.



Investment Act<sup>11</sup> unless the contracts are affirmatively approved by the Council. The provisions extend to contract extensions, contract renewals and are apart from the contractual funding requirements.

In addition, a vendor providing contractual goods and services that have not been approved by the Council on January 1, 2005 shall not receive payment for deliveries made after January 1, 2005.

### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

### **Subtitle O – Workforce Investment Implementation Individual Training Accounts Limitation Amendment Act of 2004:**

#### **Background**

The proposed title restricts the opening of Individual Training Accounts to 5 per year unless a minimum of 50 percent of their students are paying commercially established tuition from sources other than the District government.

#### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

### **Subtitle P – Educational Stepladder Act of 2004:**

#### **Background**

The proposed title establishes an Educational Stepladder program in DOES. The purpose of the program is to dedicate Workforce Investment Administration<sup>12</sup> funding to unemployed District residents to enroll in certain certificate courses offered either by institutions of higher learning<sup>13</sup> or Workforce Investment Board approved programs<sup>14</sup>. The Board will be required to promulgate procedures and criteria. In addition, the proposed title requires that student enrollees must explore available grant funds prior to awarding Workforce Investment Administration Funds.

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<sup>11</sup> Approved August 7, 1998; 112 Statute 936; 29 U.S.C. § 2801 *et Sequitor*.

<sup>12</sup> Authorized under the Workforce Investment Act of 2000; Law 13-150; effective July 18, 2000.

<sup>13</sup> The institution must meet certification by Middle States Association of Colleges and Schools and be located in the District.

<sup>14</sup> Workforce investment Implementation Act of 2000, §§ 4; D.C. Law Title 13 § 150; effective July 18, 2000.

The proposed title authorizes the use of individual training accounts to pay for enrolling in approved courses to cover costs beyond available grant funds. In addition, the proposed title authorizes an extension of unemployment benefits for those persons who are eligible if it is determined that their performance in certificate courses is at a satisfactory level. For those who are not eligible for employment benefits persons participating in certificate courses may receive a minimum weekly benefit to the extent funds are available for those purposes.

### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

### **Subtitle Q – Owner-Occupant Residential Tax Credit and Homestead Deduction Clarification Act of 2004:**

#### **Background**

The proposed title makes owner-occupied property eligible for a new tax credit. The proposed credit will be equal to the difference between the current real property tax liability and 112 percent of the previous year's real property tax liability. Eligibility is triggered by the conditions for the existing Homestead Deduction program. In addition, the proposed title will increase the maximum allowable District Homestead Deduction from \$30,000 to \$38,000. The proposed title makes these provisions permanent as they have been recently implemented on an emergency basis<sup>15</sup>.

In addition, the proposed title clarifies that the provisions of the proposed title will include cooperatives located in the District, and persons who receive the Senior Citizen Homestead Deduction.

### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed title because additional revenue has been certified sufficient to offset the costs of implementation (i.e. real property tax revenue reductions). No additional staff or resources will be required. The table in Figure 3 presents the projected reductions in tax burdens when the tax cap is reduced from the 25 percent limitation in recent law to the 12 percent limitation on increases to real property tax and factors in the change to the maximum allowable limit of the Homestead Deduction from \$30,000 to \$38,000.

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<sup>15</sup> D.C. Law 15-135 enacted February 6, 2004; effective April 22, 2004.

Figure 3.

<b>Budgeted Revenue Impact to the Financial Plan</b>				
(\$ in millions)				
<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 - Year Total</b>
(\$31.0)	(\$26.2)	(\$21.3)	(\$17.6)	<b>(\$96.1)</b>

The fiscal effects of the proposed title were certified in the context of prior legislative actions.

**Subtitle R – Lower Income, Long Term Home Owner's Protection Administration Act of 2004:**

**Background**

The proposed title proposes changes to D.C. Code § 1806.8 *et Sequitor* of Title 47. This amendment provides an income tax credit for low income, long-term District residents owning homes that increased in value by more than five percent from one tax year to the next. Household eligibility requirements are:

- 1) Ownership as a principal residence of a class I property in which the household has resided for more than seven years; and
- 2) Gross income less than or equal to 50 percent of the area median income for the Metropolitan Washington Area, which is currently \$57,500 for a family of four<sup>16</sup>.

After satisfying eligibility requirements, the filer will be eligible for an income tax credit equal to the difference between the current year real property tax liability and 105 percent of the previous year's real property tax liability. The income tax credit may be carried over into succeeding tax years until credited funds are exhausted. There is a three-year statute of limitations on the use of the credit.

**Financial Plan Impact**

Based on income tax filings, it is estimated that the District has approximately 39,000 households with incomes less than or equal to 50 percent of the area median income. It is currently not possible to determine the length of residency of a given household via District operations and systems. Assume that only half of this population, or an estimated 19,500 qualified filers, would apply for the proposed tax credit. The deduction for a household would be \$72. Multiplied by the number of people in the estimated qualified population the potential foregone revenue for FY 2005 would be \$1.4 million. Over time this would be expected to increase as property values grow. The tax credits allowed under this section would be allowed for tax years beginning on or after October 1, 2004.

<sup>16</sup> Per Housing and Urban Development FY 2004 MFI: 85400 for region Washington, DC, Maryland, Virginia and West Virginia.

There will be substantial administrative costs associated with this program that will be borne by OTR. These costs cannot be estimated at this time. The table in Figure 4 presents the fiscal effects as a result of implementing the proposed title have been accounted for in the FY 2005 budget and financial plan.

Figure 4.

<b>Budgeted Revenue Impact to the Financial Plan</b>				
(\$ in millions)				
<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 -Year Total</b>
<b>(\$1.4)</b>	<b>(\$1.4)</b>	<b>(\$1.4)</b>	<b>(\$1.4)</b>	<b>(\$5.6)</b>

The fiscal effects of the proposed title were certified in the context of prior legislative actions.

**Subtitle S – Sales Tax Holiday Act of 2004:**

**Background**

The proposed legislation would exempt certain sales of clothing, footwear, and clothing accessory items costing \$100 or less from the District's gross sales tax during two periods of the year. The first period will begin at 12:01 am on the first Saturday in August and end at midnight on the second Sunday in August of every year<sup>17</sup>. The second period will begin at 12:01 am on the fourth Friday in November ending at midnight of the first Sunday in December. The sales tax exemption will apply to mail order items if the seller accepts the sale within the defined period. It will also apply to lay-away items but only if the whole transaction is executed in the defined period.

The exemption will not apply if the exempt items are sold with non-exempt items, items sold as "buy one, get one free," or "buy one, get one for a reduced price" if both items are averaged to qualify for the exemption. The exemption will not apply to prices reduced via a manufacturer's coupon, rental items, or repairs and/or alterations of exempt items.

**Financial Plan Impact**

Funds are sufficient in the FY 2004 budget because a \$0.4 million reserve was created for the purpose of this legislation. Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan because current revenue projections account for the fiscal effects of the proposed title. The table in Figure 5 presents the estimated revenue impacts that would result from implementing the proposed title.

<sup>17</sup> An exception will be made when the first day of August falls on a Sunday. The exemption period is pushed forward a week thus ending on the third Sunday in August.

Figure 5.

Estimated Revenue Impacts to the Financial Plan				
(\$ in millions)				
FY 2005	FY 2006	FY 2007	FY 2008	4 - Year Total
(\$1.05)	(\$1.10)	(\$1.14)	(\$1.19)	(\$4.48)

The fiscal effects of the proposed title were certified in the context of prior legislative actions.

**Subtitle T – Office of the District of Columbia Auditor Statutory Audit Requirements Amendment Act of 2004:**

**Background**

The proposed title requires<sup>18</sup> that the D.C. Auditor issue a report every three years detailing activities on selected privatization contracts. In addition, the proposed title requires a report auditing the Boxing and Wrestling Commission and the Washington Convention Center Authority every three years and the Eastern Market Enterprise Fund every two years.

The proposed title repeals mandatory audits for Mental Health Services Client Enterprise Fund, Seniors Protection Fund and the Victims of Violent Crime Compensation Fund.

**Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

**Subtitle U – Office of Zoning Additional Space Needs Act of 2004:**

**Background**

The proposed title requires that by no later than September 30, 2004 the Office of Property Management (OPM) will provide the Office of Zoning additional and prepared space on the second floor of District facilities at One Judiciary Square located at 441 4<sup>th</sup> Street N.W.

**Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

<sup>18</sup> The requirement is the result of amending the D.C. Procurement Practices Act of 1985; effective xx/xx/1985.

The FY 2003 budget and financial plan included \$350,000 in non-lapsing capital funds to cover costs for build-out operations required by the proposed title. In addition, the FY 2005 budget includes \$65,000 to fund non-personnel services costs incurred in expanding the Office of Zoning operations into the additional space.

#### **Subtitle V – Historic Preservation Review Board Stipends Amendment Act of 2004:**

##### **Background**

The proposed title increases the annual stipend limit for members of the Historic Preservation Board from \$1,800 per year to \$3,000 per year.

##### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required. As a result of the increase to the stipend limitation the District will expend a total of \$13,400 for the purposed previously described. The District will fund the stipends from Historic Preservation Grants totaling \$450,000 that are annually received by the Office of Planning (OP). Redirecting grant funds for stipends will reduce funds available for historic district surveys.

#### **Subtitle W – Freedom of Information Amendment Act of 2004:**

##### **Background**

The proposed title clarifies existing law requiring that building permits be a type of document subject to the Freedom of Information Act (FOIA).

##### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

#### **Subtitle X – Recordation and Transfer Tax Reduction Act of 2004:**

##### **Background**

The proposed title amends the Housing Production Trust Fund Act to state that if during FY 2005 the District's Chief Financial Officer certifies that annual revenue will exceed the annual revenue estimate incorporated in the approved financial plan and budget for the fiscal year, and the rate of tax imposed<sup>19</sup> for deed transfer and deed recordation shall be reduced, incrementally by 0.1 percent, from 1.5 percent to 1.3 percent in accordance

<sup>19</sup> D.C. Official Code Title 42 §§ 1103(a)(1), 1103(a)(3), and Title 47 § 903(a)(1).

with reduction on rate of certain excise tax<sup>20</sup> law where the rate is applied on January 1 of the fiscal year following the change.

### **Financial Plan Impact**

Funds are not sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title unless the District's Chief Financial Officer executes the certification described in the title with a favorable outlook on revenue collections that subsequently trigger the previously described reductions.

## **Title II – Economic Development and Regulation**

### **Subtitle A – Vacant and Abandoned Properties Amendment Act of 2004:**

#### **Background**

The proposed title amends D.C. Official Code Title 42 § 3171.01 so that beginning in FY 2005 the Mayor may dispose of any real property that has previously been determined to be abandoned or deteriorated property as defined by the Housing Act of 2002<sup>21</sup>. This disposal is on the condition that the property is owned or has been acquired by the District, and the property is suitable for single-household residence or a multi-household of fewer than 5 units.

In addition, the proposed title replaces an existing provision where the Mayor's authority is to expire on September 30, 2004 and replaces it with provisions that continue this authority until September 30, 2006. The proposed title requires that within 90 days of winning the proposal the Mayor and the entity representing the successful proposal shall enter into a contract. In addition, the proposed title requires the District and the entity a proposal is awarded to shall close the asset transfer in 270 days of the effective date of the contract.

#### **Financial Plan Impact**

The proposed FY 2005 through FY 2008 budget and financial plan has sufficient resources to implement the components of the proposed legislation. Appropriated funds and staff are provided to the Executive Offices of the Mayor (EOM).

### **Subtitle B – Housing Production Trust Fund Amendment Act of 2004:**

#### **Background**

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<sup>20</sup> D.C. Official Code § 47-368.03(g).

<sup>21</sup> Bill 14-183 "The Housing Act of 2002," Title IX (nine), effective April 19, 2002; as it amended Bill 13-646 "Abatement and Condemnation of Nuisance Properties Omnibus Amendment Act of 2000," Title IV, effective April 27, 2001.

The proposed title increases the affordability time period from 30 to 40 years on housing units created through the Housing Production Trust Fund (HPTF). It also allows the Department of Housing and Community Development (DHCD) to cover administrative costs before grant funding is received by the District. The agency is going to be required to recover these expenses once federal grants have been made available for expenditure.

### **Financial Plan Impact**

The proposed title will have no impact on the District's local budget and financial plan if properly implemented. If federal grants are not achieved DHCD will incur spending pressures as a result of covering administrative costs at the front end of HPTF projects or initiatives.

### **Subtitle C – Housing Tax Abatement Amendment Act of 2004:**

#### **Background**

The proposed title clarifies the definition of the Mayor's Eligibility Area #3 for the purposes of determining the eligibility for real property tax abatements for new residential developments. The purpose of the abatement is to act as an incentive to developers to build in areas of the City that otherwise might not be considered by such entities.

The proposed title changes the first condition for eligibility from a measurement of fair market rent as determined by the United States Department of Housing and Urban Development (HUD) for the purposes of analyzing Section 8 programs to a measurement of the median rent in the District as determined by the Mayor after an analysis of the economic conditions and development pressures in the geographic area.

#### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed title. The fiscal effects of this title have been included in the District's budget development. No additional staff or resources will be required.

### **Subtitle D – Construction and Zoning Compliance Management Fund Amendment Act of 2004:**

#### **Background**

The purpose of the proposed title is to establish a non-tax dedicated fund for the purpose of depositing fees collected as the result of violations of the District's laws governing construction. In addition, the proposed title dictates that funds be expended to offset specific staffing requirements in the Construction Compliance Management division of



the Building and Land Regulation Administration, the Building and Land Administration itself, and the Office of the Zoning Administrator. These offices are in the Department of Consumer and Regulatory Affairs (DCRA).

The proposed title requires the transfer of \$600,000 from the Basic Business License Fund, and \$1 million from the Real Estate Guaranty and Education Fund to the new Construction and Zoning Compliance Management Fund.

### **Financial Plan Impact**

The proposed title has no net impact on the proposed FY 2005 through FY 2008 budget and financial plan. DCRA has sufficient staff and resources to implement the proposed title. The title will reduce local General Fund revenue and place an equal amount in a dedicated proprietary fund.

The new Fund is expected to collect revenue in the amount of \$550,000 in FY 2005. Estimates from DCRA indicate anticipated collections of \$430,000 in construction code-related fines, and \$120,000 in zoning regulation-related fines. The new Fund would receive transfers from two other special purpose funds. FY 2003 fund balances of \$1 million from the Real Estate Guarantee and Education Fund and \$600,000 from the Basic Business License Fund. The anticipated total fund balance could achieve approximately \$2.15 million.

## **Subtitle E – Registration and Inspection of Weighing and Measuring Devices Act of 2004:**

### **Background**

The proposed title reenacts a section of the District of Columbia Code that was repealed in 1999. The proposed title amends previously repealed sections by setting new fees for registration.

### **Financial Plan Impact**

DCRA estimates that the fees established in the proposed title will result in \$367,000 for the local General Fund. DCRA's Weights and Measures Division, which is funded through the agency's local budget, can implement the proposed legislation using existing staff and resources. The table in Figure 6 presents the estimated increase to the District's financial plan.

*Figure 6.*

<b>Approximate Revenue Increase Impacting the Financial Plan</b>				
<b>(\$ in millions)</b>				
<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 - Year Total</b>
\$0.4	\$0.4	\$0.4	\$0.4	<b>\$1.6</b>

## **Subtitle F – Board of Condemnation and Insanitary Buildings Amendment Act of 2004:**

### **Background**

The proposed title establishes an account within a proprietary, non-lapsing, non-reverting "O" fund for the purpose of depositing non-tax revenue generated through collections of new fees and penalties. Non-resident owners of property in violation of registered agent law, sanitary and safety conditions law, and certain condemnation law will be subject to a fine of \$300. In addition, the proposed title re-organizes the Board of Condemnation and Insanitary Buildings<sup>22</sup>.

### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed title. There is no net impact as a result of the proposed title because the Board will expend all funds collected as a result of fees and fines. No additional staff or resources will be required to implement the proposed title.

## **Subtitle G – Housing Assistance Fund Amendment Act of 2004:**

### **Background**

Whenever a building in the District is converted from rental to condominium units, or is substantially rehabilitated or demolished, or is discontinued from housing use, the Relocation Assistance Office (RAO) provides relocation advisory services for tenants.

An owner who seeks to convert must pay a conversion fee of 5 percent of the declared sales price for each condominium unit<sup>23</sup> within the housing accommodation. If a condominium unit is sold for less than the declared price, that proportionate share of the conversion fee is refunded to the owner. If a condominium unit is sold for more than the declared sales price, the conversion fee on that increment of value becomes a lien on the property which is collected with the property taxes.

The proposed title re-establishes a proprietary, non-lapsing, non-reverting "O" fund for the purpose of depositing non-tax revenue generated through collections of conversion fees. Funds deposited are used for housing assistance payments limited to 50 percent of the annual fund balance. The proposed title requires the Mayor to appropriate these funds for RAO purposes annually.

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<sup>22</sup> 34 Statute 157; D.C. Official Code Title 6 § 902 *et Sequitor*; approved May 1, 1906.

<sup>23</sup> In the case of these particular laws "condominium unit" means each condominium residence/unit or the proportionate value of a cooperative residence.

## **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed title. There is no net impact as a result of the proposed title because RAO will expend all funds collected as a result of fees and fines. No additional staff or resources will be required to implement the proposed title. Anti-deficiency law applies to RAO and they are required to maintain a positive fund balance at all times.

## **Subtitle H – Tenant and Housing Provider Ombudsman Amendment Act of 2004:**

### **Background**

Each housing provider including those otherwise exempt from rental control and registration<sup>24</sup> (because they are fewer than four units) pays a fee for each rental unit in a housing accommodation. The proposed title increases the Rental Accommodation Fee from \$15 to \$16.

In addition, the proposed title creates three new positions in DCRA: A tenant Ombudsman; An Ombudsman in the Housing Regulation Administration; and an Advisory Neighborhood Commission liaison position in the Customer Service Division.

### **Financial Plan Impact**

The proposed FY 2005 through FY 2008 budget and financial plan has sufficient resources to implement the components of the proposed legislation. The increase in Rental Accommodation Fees from \$15 to \$16 will result in approximately \$612,000.

DCRA will hire three staff members; A tenant Ombudsman; An Ombudsman in the Housing Regulation Administration; and an Advisory Neighborhood Commission liaison position in the Customer Service Division. Salaries and benefits will cost \$192,000 in FY 2005 and the proposed title requires the costs for these 3 new positions to be offset by the fee increase. Surplus funds due to the Rental Accommodation Fee increase will be deposited into an existing non-tax revenue, proprietary, non-lapsing, non-reverting "O" fund. The table in Figure 7 present the net impact of the proposed title on the District's budget and financial plan.

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<sup>24</sup> Pursuant to D.C. Official Code Title 42 § 3502.05(a)(3); approved July 17, 1985.

Figure 7.

Net Impact on the Financial Plan (\$ in 000s)					
Item	FY 2005	FY 2006	FY 2007	FY 2008	4 - Year Total
Fee Increase	\$612	\$612	\$612	\$612	\$2,448
PS Costs	(192)	(199)	(206)	(213)	(810)
<b>Net Annual Impact</b>	<b>\$420</b>	<b>\$413</b>	<b>\$406</b>	<b>\$399</b>	<b>\$1,638</b>

**Subtitle I – Storefront Improvement Program Act of 2004:**

**Background**

The proposed title requires that a portion of the funds appropriated for the Storefront Improvement Program administered by DHCD be expended on storefront improvement projects in the 6200 and 6400 blocks of Georgia Avenue.

**Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed title. There is no net impact as a result of the proposed title because the title requires an allocation of existing funds. No additional staff or resources will be required to implement the proposed title.

**Title III - Public Safety and Justice**

**Subtitle A – Government Facility Security Amendment Act of 2004:**

**Background**

The proposed title will transfer the Protective Services Division (PSD) from OPM to the Metropolitan Police Department (MPD). The proposed title transfers all staff and resources associated with PSD to MPD.

**Financial Plan Impact**

The proposed title has no net impact on the proposed FY 2005 through FY 2008 budget and financial plan. OPM and MPD will be required to absorb all the costs of personnel, equipment, records and property transfer. All budgetary authority and appropriations will be transferred from OPM to MPD.

## **Subtitle B – Office of Unified Communications Establishment Act of 2004:**

### **Background**

The proposed title unifies the resources and operations of all communications for the MPD, the Department of Fire and Emergency Medical Services, the Office of Customer Service Operations and other offices and agencies that the Mayor may designate. This includes operations known as the Mayor's Call Center, E-911, 311 and 727-1000 emergency and non-emergency telephone and telecommunications centers. All staff and resources associated with these operations will be transferred to the Office of Unified Communications (OUC).

OUC will be responsible for the administration of the Unified Communications Center (UCC) and will house all of these communications operations in one consolidated, civilianized agency. The new agency will have labor relations authority and statutorily immunizes OUC from any prior collective bargaining agreements. The proposed bill requires the transfer of all proceeds from the Emergency and Non-Emergency Number Telephone Calling Systems Fund to OUC.<sup>25</sup> The OUC will enter into memoranda of understanding with other District agencies to perform necessary government services.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed legislation.

## **Subtitle C – Antitrust Fund Cap Increase Amendment Act of 2004:**

### **Background**

The District of Columbia Antitrust Fund<sup>26</sup> consists of money that is appropriated to the Fund, transferred pursuant to a court order or judgment in an antitrust action, gifts or grants made to support antitrust activities, criminal or civil penalties in recovery of costs and attorney's fees in an antitrust actions, or received by the District pursuant to a settlement of an antitrust action. Non-appropriated monies in the Fund remain available without lapse or reverting the District's local General Fund. Any balance in excess of that allowed in the Fund shall be deposited in the District's local General Fund. The proposed title increases the statutory limitation on the Fund balance. The current limitation will be increased from \$500,000 to \$1 million.

The Fund supports operations in the Office of the Attorney General for the District of Columbia<sup>27</sup> (OAG) specifically operations related to the investigation, preparation,

<sup>25</sup> Emergency and Non-Emergency Number Telephone Calling Systems Fund Act of 2000; effective October 19, 2000; D.C. Official Code Title 1 § 603.01(17).

<sup>26</sup> D.C. Official Code Title 28 § 4516(a).

<sup>27</sup> Formerly the Office of the Corporation Counsel (OCC).

institution, and maintenance of antitrust actions. This revenue is expended to offset the costs, expenses and reasonable charges incurred in antitrust investigations.

### **Financial Plan Impact**

The proposed title will have no impact on the District's proposed FY 2005 through FY 2008 budget and financial plan. The increase to the Fund balance reduces the amount surplus revenue from being transferred to the District's local General Fund. The proposed title has the potential of making additional resources available to OAG for the purpose of antitrust investigations and prosecutions.

### **Subtitle D – Child Support Transfer of Functions Amendment Act of 2004:**

#### **Background**

The proposed title will transfer child support collection and disbursement functions from the D.C. Superior Court to OAG.

#### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan. OAG has sufficient budget to support agency operations, staffing and the engagement of contractual services.

### **Subtitle E – Office of Administrative Hearings Amendment Act of 2004:**

#### **Background**

The proposed title extends a deadline by one year a planned transfer of the Rent Administrator's adjudication functions in DCRA to the Office of Administrative Hearings (OAH). The deadline has been moved from October 1, 2004 to October 1, 2005. The proposed title requires that a detailed plan of transfer be submitted to the Mayor and the Council by December 31, 2004.

#### **Financial Plan Impact**

The proposed title has no net impact on the proposed FY 2005 through FY 2008 budget and financial plan. Under the current plan 44 FTE positions will move from DCRA to OAH.

**Title IV – Public Education System**

**Subtitle A – Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Amendment Act of 2004:**

**Background**

The proposed title implements a change in the weighting and per pupil allocations used to fund operations in the District of Columbia Public Schools (DCPS) and the District of Columbia Public Charter Schools (PCS). Figures 8 and 9 present the weighting for school year 2004 through 2005.

*Figure 8.*

<b>Grade Level</b>	<b>Weighting</b>	<b>Per Pupil Allocation in FY 2005</b>
Pre-School	1.17	\$8,077.21
Pre-Kindergarten	1.17	\$8,077.21
Pre-K Incentive	1.17	\$8,077.21
Kindergarten	1.03	\$7,110.71
Grades 1-3	1.03	\$7,110.71
Grades 4-5	1.00	\$6,903.60
Ungraded ES	1.03	\$7,110.71
Grades 6-8	1.03	\$7,110.71
Ungraded MS/JHS	1.03	\$7,110.70
Grades 9-12	1.17	\$8,077.21
Ungraded SHS	1.17	\$8,077.21
Alternative	1.30	\$8,974.68
Special Education Schools	1.17	\$8,077.21
Adult	0.75	\$5,177.70

*Figure 9.*

<b>Level/Program</b>	<b>Weighting</b>	<b>Supplemental \$ per Pupil FY 2005</b>
Level 1: Special Education	0.55	\$3,796.98
Level 2: Special Education	0.85	\$5,868.06
Level 3: Special Education	1.50	\$10,355.40
Level 4: Special Education	2.70	\$18,639.72
LEP/NEP	0.40	\$2,671.44
Summer	0.17	\$1,173.61
Residential	1.70	\$11,736.12
Level 1: Special Education -	0.374	\$2,581.95

Residential		
Level 2: Special Education - Residential	1.36	\$9,388.90
Level 3: Special Education - Residential	2.941	\$20,303.49
Level 4: Special Education - Residential	2.924	\$20,186.13
Level 5: Special Education - Residential	9.40	\$64,893.84
LEP/NEP - Residential	0.68	\$4,694.45

In addition, the proposed title requires that the capital budget for public schools shall be allocated by the prior year's pupil count and that the facilities allowance for charter schools shall be allocated by a 5-year average beginning with the previous school year. The proposed title also requires that the entire annual payment must be made available as the first payment of the fiscal year for existing and new facilities.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2005 through FY 2006 budget and financial plan to implement the proposed title. The proposed title will result in a transfer of \$568 million<sup>28</sup> from the District's resources to DCPS, and \$154 million to the charter schools.

**Subtitle B – Truth in Student Residency in Public and Public Charter Schools Amendment Act of 2004:**

**Background**

The proposed title amends the District of Columbia Non-Resident Tuition Act of 1960<sup>29</sup> to require that each adult attending a public school in the District, or a child who attends public school in the District but does not have a resident parent, guardian, custodian or other primary caregiver must pay the non-resident tuition as set by the District's State Education Office (SEO).

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed legislation.

**Subtitle C – District Public and Public Charter School Facilities Management Officer Establishment Act of 2004:**

<sup>28</sup> Overall appropriated amounts are approximately \$950.7 million for FY 2005.

<sup>29</sup> D.C. Official Code Title 38 § 302; effective September 8, 1960.



## **Background**

The proposed title establishes District of Columbia Public and Public Charter School Facilities Management Officer. The purpose of the new position is to coordinate the use of school, charter school and parks and recreation facilities.

## **Financial Plan Impact**

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed legislation. No additional funds have been budgeted for the purpose of the proposed title. At present, all benefits and resources needed to implement the proposed title will need to come from existing appropriations.

## **Subtitle D – Summer Food Service Amendment Act of 2004:**

### **Background**

The proposed title clarifies that the method for moving the implementation and administration of delivering summer meals from SEO to the Department of Parks and Recreation (DPR) as a local service provider will hold harmless other service providers. If for some reason DPR is unable to deliver goods and services the proposed title requires SEO to administer any part of or all of the program. In such a circumstance DPR will be required to submit a report detailing impediments and difficulties. The proposed title also clarifies that DPR will be the agency responsible for developing a program to comply with the recommendations of the Special Nutrition and Commodities Program (SNAC) task force. The proposed title requires this transfer be considered as a part of the SNAC recommendations. DPR's implementation plan must be submitted to the Mayor and the Council by December 31, 2004.

### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed title. The proposed title provides no additional staff or resources to implement the initiative. The Mayor and DPR will be required to implement the proposed title with existing appropriations.

## **Subtitle E – District of Columbia Public Library Facilities Amendment Act of 2004:**

### **Background**

The proposed title requires a facilities plan for the Georgetown, Petworth, Southeast, Mount Pleasant and Francis Gregory libraries. Planning is to take part in FY 2005 and incorporate literacy activities at existing libraries and recreations centers. Agencies

responsible for the plan are District of Columbia Public Libraries (DCPL), OPM, and DPR.

### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed title. The proposed title provides no additional staff or resources to implement the initiative. The Mayor, OPM, DCPL and DPR will be required to implement the proposed title with existing appropriations.

### **Subtitle F – Maximize Collections of Federal and Private Grants Act of 2004:**

#### **Background**

The proposed title requires that to support the effective use of local dollars, DCPS, PCS, the University of the District of Columbia (UDC), DPR and DCPL each provide a detailed plan for maximizing federal and private grants. These agencies are to provide a report to the Council of their efforts to pursue grants and private opportunities by November 1, 2004.

#### **Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed title. The proposed title provides no additional staff or resources to implement the initiative. The Mayor, DCPS, UDC, PCS, DCPL and DPR will be required to implement the proposed title with existing appropriations.

### **Title V – Human Support Services**

#### **Subtitle A – Tobacco Trust Fund Amendment Act of 2004:**

#### **Background**

The proposed title requires that all money deposited into the Tobacco Trust Fund be transferred to the District's local General Fund.

#### **Financial Plan Impact**

Local General Fund revenue available for District program operations will be increased by the title's provisions in an equal amount to the projected collections by the debt service savings in the Tobacco Securitization Fund. Current projections indicate that the proposed title will result in an increase to the local General Fund of approximately \$58.8 million in FY 2005. The table in Figure 10 presents the re-allocation impacting the financial plan.

*Figure 10.*

<b>Re-Classification of Funds in the Financial Plan</b>				
(\$ in millions)				
<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 - Year Total</b>
\$58.8	\$56.7	\$54.7	\$59.9	<b>\$230.1</b>

The proposed title results in making funds available for expenditure from the local General Fund, but does not result in an increase or decrease in revenue. Funds would be re-classified by the provisions of this title.

**Subtitle B – Nursing Home Assessment and Medicaid Nursing Facility and Case Mix Reimbursement Quality of Care Fund Act of 2004:**

**Background**

The proposed title establishes a proprietary, non-lapsing, non-reverting “O” fund called the Medicaid Nursing Facility Quality Care Fund for the purpose of depositing District appropriations to assist private nursing homes.

The proposed title establishes a new tax on nursing homes not to exceed 6 percent per annum of net resident revenue expressed as a uniform amount per licensed bed. This provision is effective October 1, 2004 (FY 2005). For FY 2005 nursing homes will be required to pay \$3,600 per licensed bed on an annualized basis. The Mayor will establish future assessments by rulemaking beginning October 1, 2005 (FY 2006).

The proposed title establishes a Medicaid case mix reimbursement system.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan to implement the proposed title because the District will achieve a net additional revenue of approximately \$5.5 million in FY 2005 and \$38.5 million in FY 2005 through FY 2008. The table in Figure 11 presents the estimated increase to the District's financial plan.

*Figure 11.*

<b>Approximate Revenue Increase Impacting the Financial Plan</b>				
(\$ in millions)				
<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 - Year Total</b>
\$5.5 <sup>30</sup>	\$11.0	\$11.0	\$11.0	<b>\$38.5</b>

<sup>30</sup> FY 2005 revenue assumes collections beginning in the third quarter.

**Subtitle C – Adoption Voucher Fund Amendment Act of 2004:**

**Background**

The proposed title requires funds deposited into the Adoption Voucher Fund not revert to the local General Fund. The fund was originally established to deposit and subsequently expend \$2 million in one-time federal funding transferred to the District in 1999. The purpose of the federal funds was to create incentives for the adoption of foster children. All federal funds have been expended.

**Financial Plan Impact**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed title. No additional staff or resources will be required to implement the proposed title. The proposed title makes a one-time payment of \$500,000 into an existing proprietary, non-lapsing, non-reverting "O" fund to continue adoption incentives. The table in Figure 12 presents the impact to the financial plan.

*Figure 12.*

<b>Approximate Revenue Increase Impacting the Financial Plan</b>				
<b>(\$ in millions)</b>				
<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 - Year Total</b>
\$0.5	\$0.0	\$0.0	\$0.0	<b>\$0.5</b>

**Subtitle D – Special Purpose Revenue Funds Chief Financial Officer Certification Act of 2004:**

**Background**

When transferring money from "O" type funds to the local General fund the Mayor, in consultation with the District's Chief Financial Officer, submits the transfer to the Council attached to an approval resolution. The District's Chief Financial Officer will provide the Council a certification stating need for the transfer, that the money is not restricted or deferred revenue, does not prevent an agency from meeting maintenance of effort or matching fund requirements, or cause a decrease in grant or other source funding. The proposed title requires that in addition to the certification that funds transfer is not against federal law, court order or settlement, the transfer will not be against local, or District, law. Note that there are no "O" type funds that are not restricted by local law. Therefore the net impact of this is the same as repealing the law itself.

**Financial Plan Impact**

The proposed title will not have an impact on the FY 2005 budget or the FY 2005 through FY 2008 budget and financial plan. The proposed title will not require any

additional staff or resources to implement and does not impact local General Fund revenue.

### **Subtitle E – Substance Abuse Treatment for Youth Amendment Act of 2004:**

#### **Background**

The proposed title requires the Addiction Prevention and Recovery Administration to provide no less than 400 slots in the pilot program for youth treatment services. The 400 slots are to be dedicated in the following manner: 15 youth residential treatment slots and 385 community-based youth outpatient treatment slots exclusively for youth under age 21. Of the 385 community-based youth outpatient treatment slots 75 are to be dedicated to intensive outpatient and 125 dedicated to outpatient treatment slots. These slots will be utilized exclusively to provide a continuum of community-based care services for youth in the care of the Youth Services Administration (YSA) who are released from the Oak Hill Youth Center.

#### **Financial Plan Impact**

The proposed title is procedural and will not have an impact on the FY 2005 budget or the FY 2005 through FY 2008 budget and financial plan. The proposed title will not require any additional staff or resources to implement and does not impact local General Fund revenue.

### **Subtitle F – Office on Aging AccessRX Prescription Drug Assistance Act of 2004:**

#### **Background**

The proposed title requires the Office of the Chief Technology Officer (OCTO) to establish and maintain a website dedicate to information for District residents on prescription drug savings.

#### **Financial Plan Impact**

The proposed title will not have an impact on the FY 2005 budget or the FY 2005 through FY 2008 budget and financial plan. The proposed title will not require any additional staff or resources to implement and does not impact local General Fund revenue.

### **Subtitle G – Bureau of Environmental Quality Funding Act of 2004:**

#### **Background**

The proposed title transfers \$842,000 from two "O" type funds within the Department of Health (DOH) to provide funding to the Air Quality and Water Quality Divisions of the

Environmental Health Administration for one year. The Environmental Health Administration (EHA) is responsible for preventing and controlling environmentally related diseases while protecting and preserving the ecological system of the District. Several bureaus and divisions make up EHA including the Air Quality and Water Quality Divisions.

### **Financial Plan Impact**

Funds are sufficient in the FY 2005 budget and the FY 2005 through FY 2008 budget and financial plan because the proposed title is a one-time transfer of funding from within existing balances of the local General Ledger. The proposed title has no effect on the District financial plan in the out years. This amendment will increase the funding for the Department of Health by \$842,000 to fund the Department's Total Maximum Daily Load (TMDL) program (\$300,000), and air quality programs (\$542,000 and 4 FTEs) in the Environmental Health Administration for one year.

The District will transfer \$300,000 from the Pesticide Product Registration Fund within the Department of Health (DOH) to TMDL for one year. The District will transfer \$542,000 from Asbestos Certification and Abatement Fee Fund and authorizes 4 term FTEs within DOH to fund and operate EHA air quality programs for one year.

## **Title VI – Public Works and the Environment**

### **Subtitle A – Rodent Control Act of 2000 Amendment Act of 2004:**

#### **Background**

The proposed title repeals Section 910 of the Fiscal Year 2001 Budget Support Act of 2000 for the purpose of curtailing a conflict with the fine schedule under the Litter Control Administration Act of 1985.

#### **Financial Plan Impact**

The proposed legislation will have no impact on the District's budget and financial plan. The proposed title makes a technical correction in the law and can be implemented with existing staff and resources and will not impact revenue.

### **Subtitle B – Lead Pipe Replacement Funding Act of 2004:**

#### **Background**

The proposed title requires the District to assist homeowners with lead pipe mitigation from the property line to the water meter. The proposed title requires the District to pay 100 percent of the replacement costs for homes with incomes of 50 percent of the HUD

Area Median Income (AMI). Currently this translates to a resultant of \$28,750 for a family of four.

The proposed title requires that the District will pay 75 percent of the replacement costs of the first \$2,000 and 100 percent of the replacement costs over \$2,000 for families whose households are between 50 and 80 percent of the HUD AMI. Provisions of this title require that the household cost will not exceed \$1,000.

In addition, the proposed title requires that the District will pay 50 percent of the replacement costs if the household falls within 80 and 100 percent of the HUD AMI with the District contribution limited to \$2,500.

Provisions of the proposed title require that in the event of insufficient resources to cover all governmental costs, priority shall be given to those with the lowest income. The District will also by means of the previously mentioned formulas reimburse homeowner's for replacement cost incurred from operations on or after January 1, 2003 or if the homeowner paid for the replacement.

The proposed legislation allocates \$2.5 million in the FY 2004 budget and \$5.0 million in each fiscal year from FY 2005 through FY 2009 for the purposes described in this title.

### **Financial Plan Impact**

Funds are not thought to be sufficient but the title describes use of existing resources to fund the proposed lead pipe mitigation programs. However, the proposed title directs that funds must be used for lower income households first if insufficient in any fiscal year through FY 2009. [Federal and local anti-deficiency laws, 31 USC § 1341 \(2000\)](#) and [D.C. Official Code § 47-355.01 \*et Sequitor\* \(2003\)](#), [prohibit District officers and employees from exceeding appropriations in any fiscal year](#). If funding is available to absorb the additional costs, then the fiscal impact would be zero. For subsequent years, the additional expenditures must be included in the budget and financial plan.

### **Subtitle C – Abatement of Dangerous Conditions on Public Space Act of 2004:**

#### **Background**

The proposed title defines public space, public right-of-way, private structure then places the governing authority with the Director of the District Department of Transportation (Director, DDOT). The title requires that if a presumed dangerous condition is reported the Director of DDOT will make the necessary efforts to inspect the structure's condition, and if presumed to be a public danger, immediately transmit the appropriate notice for the owner to rectify the situation. The owner will be given until noon of the day following the service of such a notice.

If the Director determines that the situation of the structure requires immediate action then the title provides the Director the authority to take unilateral action and perform the necessary operations to stabilize the conditions and secure the area. The title provides other guidance to accommodate any special circumstances that the Director may encounter when implementing the proposed title.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2005 through FY2008 budget and financial plan because the title will not impact the District's local General Fund. All public hazard mitigation operations required by the proposed title must be completed within existing DDOT resources. Future spending requirements on a case-by-case basis will have to be met by the approval of additional appropriations as they become evident and before any additional expenditures may be made beyond DDOT resources. Federal and local anti-deficiency laws, 31USCA § 1341 (2000) and D.C. Official Code § 47-355.01 *et Sequitor* (2003), prohibit District officers and employees from exceeding appropriations in any fiscal year.

### **Subtitle D – Litter Control Administration Act Fine Amendment Act of 2004:**

#### **Background**

The proposed title will change the amount of a fine or fee for 334 civil infractions having to do with litter control from a \$75 fine for the first violation for littering or any low impact improper refuse disposal, to an \$8,000 fine for the fourth violation within a 60-day period of either illegal dumping or debris illegally drained into a storm sewer.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan because the proposed title will result in an increase in local General Fund non-tax revenue if the Department of Public Works (DPW) issues then collects fines. The non-tax revenue anticipated by implementing the proposed title cannot be quantified at this time. DPW has sufficient staff and resources to implement the provisions of the proposed title.

### **Title VII – Washington Metropolitan Area Transit Authority**

#### **Subtitle A – Anacostia Corridor Demonstration Project Funding Act of 2004:**

#### **Background**

The proposed title requires the Washington Metropolitan Area Transit Authority (WMATA) to deposit into a separate account funding for the Anacostia Corridor



Demonstration project. Specific funding will include all undedicated funds from the following accounts:

- District of Columbia Statement of Accounts with WMATA Schedule "A": Principal and Interest Statement; and
- WMATA/District of Columbia Local Funding Agreement Escrow Account.

### **Financial Plan Impact**

The proposed legislation will have no impact on the District's budget and financial plan. The proposed title makes a procedural change in the law, can be implemented with existing staff and resources, and will not impact revenue.

### **Subtitle B – Metro Matters Funding Requirements Act of 2004:**

#### **Background**

The proposed title provides the Mayor with the authority to conclude a funding agreement with WMATA by January 1, 2005. The purpose of the agreement is to fund capital projects identified in Metro Matters. Metro Matters identified a need for \$1.5 billion of capital funding. In addition, the proposed title requires that no fewer than 78 rail cars be assigned to the Branch Avenue portion of the Green Line during peak periods by October 1, 2004.

#### **Financial Plan Impact**

The proposed legislation will have no impact on the District's budget and financial plan. The proposed title makes a procedural change in the law, can be implemented with existing staff and resources, and will not impact revenue.

### **Subtitle C – Metrorail Late-Night Funding Requirement Act of 2004:**

#### **Background**

The proposed title authorizes the use of \$468,000 of the District's contribution from any fare increase made after April 30, 2004 to fund the continuation of the 3:00 am closing of Metrorail on weekends. The proposed title would support service beginning on January 1, 2005.

#### **Financial Plan Impact**

The proposed legislation will have no impact on the District's budget and financial plan. The proposed title makes a procedural change in the law, can be implemented with existing staff and resources, and will not impact revenue.

### **Subtitle D – Downtown Circular Bus Service Funding Act of 2004:**

#### **Background**

The proposed title authorizes the use of \$500,000 of the District's contribution from any fare increase made after April 30, 2004 to fund a Downtown Circular Bus Service. These funds are in addition to the \$500,000 appropriated in the District of Columbia Appropriations Act of 2005.

#### **Financial Plan Impact**

The proposed legislation will have no impact on the District's budget and financial plan. The proposed title makes a procedural change in the law, can be implemented with existing staff and resources, and will not impact revenue.

### **Subtitle E – Cardozo Pre-Apprenticeship Program Act of 2004:**

#### **Background**

The proposed title authorizes the use of \$213,925 of the District's contribution from any fare increase made after April 30, 2004 to fund the Electro-Mechanical Technology Training Program at Cardozo Senior High School.

#### **Financial Plan Impact**

The proposed legislation will have no impact on the District's budget and financial plan. The proposed title makes a procedural change in the law, can be implemented with existing staff and resources, and will not impact revenue.

#### **SUMMARY**

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan as agreed to by the Mayor and the Council. The estimated overall net increase to the General Fund from provisions in this bill, including proprietary, dedicated non-tax revenue is \$11.1 million in FY 2005 and \$61.5 million in FY 2005 through FY 2008. The Table in Figure 13 presents the proprietary, non-lapsing, non-reverting "O" funds impacted by the proposed legislation.

Figure 13.

<b>Funds Retained in Proprietary Funds</b>					
(\$ in millions)					
<b>Item</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 - Year Total</b>
<b>Converted from Local General Fund to Proprietary Fund</b>					
Title II(D) New Revenue	\$0.6	\$0.6	\$0.6	\$0.6	<b>\$2.4</b>
Title II(F)	0.4	0.4	0.4	0.4	<b>1.6</b>
Title II(G)	Unknown	Unknown	Unknown	Unknown	<b>Unknown</b>
Title II(H)	0.4	0.4	0.4	0.4	<b>1.6</b>
<b>Transferred from One Proprietary Fund to Another</b>					
Title II(D) Transfers	1.6	0.0	0.0	0.0	<b>1.6</b>
Title V(G)	0.8	0.8	0.8	0.8	<b>3.2</b>
<b>Converted Subtotal</b>	<b>\$1.4</b>	<b>\$1.4</b>	<b>\$1.4</b>	<b>\$1.4</b>	<b>\$5.6</b>
<b>Transferred Subtotal</b>	<b>\$2.4</b>	<b>\$0.8</b>	<b>\$0.8</b>	<b>\$0.8</b>	<b>\$4.8</b>
<b>Net Annual Impact</b>	<b>\$3.8</b>	<b>\$2.2</b>	<b>\$2.2</b>	<b>\$2.2</b>	<b>\$10.4</b>

The table in Figure 14 presents the net impact to the financial plan of the provisions of the proposed legislation.

Figure 14.

<b>Net Impact to the Financial Plan</b>					
(\$ in millions)					
<b>Item</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 - Year Total</b>
<b>New "O" Type Funds</b>					
Title II(D) New Revenue	\$0.6	\$0.6	\$0.6	\$0.6	<b>\$2.4</b>
Title II(F)	0.4	0.4	0.4	0.4	<b>1.6</b>
Title II(G)	Unknown	Unknown	Unknown	Unknown	<b>Unknown</b>
Title II(H)	0.4	0.4	0.4	0.4	<b>1.6</b>
<b>New Local General Funds</b>					
Title I(F)	\$0.0	\$3.5	\$0.0	\$0.0	<b>3.5</b>
Title I(G)	3.3	3.3	3.3	3.3	<b>13.2</b>
Title II(E)	0.4	0.4	0.4	0.4	<b>1.6</b>
Title V(B)	5.5	11.0	11.0	11.0	<b>38.5</b>
Title V(C)	0.5	0.0	0.0	0.0	<b>0.5</b>
<b>"O" Fund Subtotal</b>	<b>\$1.4</b>	<b>\$1.4</b>	<b>\$1.4</b>	<b>\$1.4</b>	<b>\$5.6</b>
<b>Local GF Subtotal</b>	<b>\$9.7</b>	<b>\$12.7</b>	<b>\$9.2</b>	<b>\$9.2</b>	<b>\$40.8</b>
<b>Net Annual Impact</b>	<b>\$11.1</b>	<b>\$19.6</b>	<b>\$16.1</b>	<b>\$16.1</b>	<b>\$61.5</b>