

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

RECEIVED



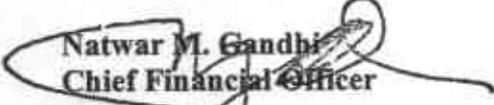
2005 MAR -1 PM 12: 17

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:** MAR -1 2005

**SUBJECT:** Fiscal Impact Statement: "Fee Collection Incentive Act of 2001"

**REFERENCE:** Bill Number 16-015 as Introduced

**Conclusion**

There is no negative impact associated with the provisions of the proposed legislation. If this legislation had been in force in FY 2004, about \$1.25 million would have been allocated back to agency operating budgets.

**Background**

District agencies generally collect fees and charges as two types of revenue. Type 'O', or special purpose revenue is non-reverting, non-lapsing and dedicated to a specific agency operation. The proposed legislation will not affect this type of revenue because dedicated non-tax revenue is not available for General Fund use. However, some fees and charges are collected as type 'A' revenue and deposited in the local General Fund for District-wide use.

The proposed legislation would earmark five percent of all type 'A' non-tax revenue collected above the amounts projected in an agency's budget as available for agency operating expenses. The intent is to provide an incentive to the District's agencies to make fee-collecting operations more efficient.

The proposed legislation requires that beginning October 1, 2004, 5 percent of all supplemental revenue<sup>1</sup> received through fee collections will be deposited into the Fee

<sup>1</sup> Supplemental revenue is defined for the purposes of the proposed legislation as funds exceeding the agency's revenue estimates from fees and fines as those estimates were projected for the current fiscal year.

Collection Incentive Fund and made available to the agency in the year allocated. Agencies are precluded from using these funds for employee bonuses. The legislation requires that these funds be used to enhance the agency's efficiencies and at the end of the dispersal year are to be transferred to the District's local General Fund.

### Financial Plan Impact

The following table shows the amount of revenue<sup>2</sup> that would have been transferred from the local General Fund to agency when revenue collections exceeded FY 2004 projections.

Revenue Impact to the Financial Plan (S in millions)	
Item	Example
Actual FY 2004 Revenue	\$117.10
FY 2004 Revenue Estimate	92.40
Actual FY 2004 Supplemental Revenue	24.70
5% Agency Recovery – Transfer from General Fund	\$ 1.25

<sup>2</sup> This revenue results from fees and fines that exceeded the original FY 2004 estimates. It does not include reimbursements from the U.S. Marshall Service, Interest income, unclaimed property, sales of surplus property, or miscellaneous income.