

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



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: APR 10 2007

SUBJECT: Fiscal Impact Statement: "Neighborhood Investment Amendment Act of 2007"

REFERENCE: Draft – No Bill Number Available

Conclusion

Funds are sufficient in the FY 2007 budget and the proposed FY 2008 through 2011 budget and financial plan to implement the provisions of the proposed resolution.

Background

The proposed legislation amends the Neighborhood Investment Act of 2004 by:

- Authorizing the Mayor to make loans or grants from the Fund for Target Area projects,
- Expanding the Deanwood Heights Target Area,
- Identifying goals for potential projects within the 3 Target Areas (Areas 10, 11, and 12) which previously had no identified goals.

The Neighborhood Investment Act of 2004 identified 12 Target Areas in need of special investment by the District and established the Neighborhood Investment Fund (the "Fund"), a non-lapsing, revolving fund outside of the General Fund. The Act also required that, subject to appropriations, an amount equal to 15% of all personal property taxes collected should be deposited into the Fund annually, not to exceed \$10 million. Personal property tax is 3.5% of the value in excess of \$50,000 of tangible personal property owned.

The Neighborhood Investment Act of 2004 did not authorize expenditures from the Fund. The Neighborhood Investment Amendment Temporary Act of 2006 gave temporary authority to the Deputy Mayor for Planning and Economic Development to make grants and loans from the

Fund. The proposed legislation provides the Mayor permanent authority to make grants and loans from the Fund.

Financial Plan Impact

Funds are sufficient in the FY 2007 budget and the proposed FY 2008- FY 2011 budget and financial plan to implement the proposed amendment because sufficient revenues have been allocated to the Fund. Estimated revenues in the Neighborhood Investment Fund are \$9.7 million for FY 2007 and \$9.9 million for FY 2008, as indicated in Figure 1 below.

Figure 1.

Estimated Revenues to the Neighborhood Investment Fund					
(S in millions)					
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	5 - Year Total
\$9.7	\$9.9	\$10.0	\$10.0	\$10.0	\$49.6