

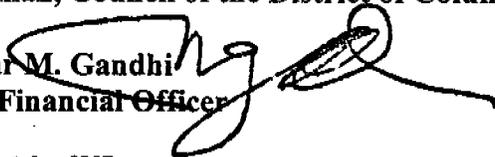
Government of the District of Columbia
Office of the Chief Financial Officer



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: JUN 12 2007

SUBJECT: Fiscal Impact Statement (Addendum): "Fiscal Year 2008 Budget Support Act of 2007"

REFERENCE: Bill Number 17-148 – Enrolled Original

This Addendum supplements the fiscal impact statement on Bill 17-148, Engrossed Original, that was issued on June 5, 2007 and reflects amendments to Bill 17-148 approved by the Council at its legislative session of the same date. In particular, this Addendum addresses the funding for two Subtitles in Bill 17-148 as passed by Council on June 5, 2007.

Subtitle (D)(G) – Small Business Commercial Property Tax Relief Act of 2007:

Background

The proposed subtitle would reserve an amount of \$11,073,000 in unallocated local funds for commercial property tax relief for small businesses. The mechanism for small business tax relief has not been finalized. It is anticipated that a plan will be developed for FY 2008.

Financial Plan Impact

Fund balance has been applied such that funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed subtitle.

Subtitle (D)(P) Establishment of the District of Columbia Economic Development Authority

Background

This subtitle repeals the National Capital Revitalization Corporation (NCRC) and Anacostia Waterfront Corporation (AWC) Acts as of the effective date of the Act, and transfers the real property from those agencies as well as all other property, records, and unexpended balances of appropriations, allocations, and other funds available to the Mayor.

The subtitle gives the Mayor authority to continue to operate NCRC and AWC using their current administrative systems, and to meet all payroll and other financial and legal obligations through October 1, 2007. The subtitle further requires the Mayor to submit to Council by July 12, 2007, a transition plan for the transfer of all functions and duties.

The subtitle sets up a special Economic Development Special Account Fund (Fund) to which all funds will be transferred, including ongoing fees, revenues, and other income from real property or assets formerly under the authority of the NCRC and the AWC. These funds may be used to pay the costs of operating and administering properties and programs under the authority of the Deputy Mayor for Planning and Economic Development, including properties and programs formerly operated and administered by the NCRC and AWC.

The subtitle gives substantial new responsibilities to the Mayor, which will result in significant operating expenses. It also transfers various revenues and fund balances that can be used to support the new expenses. Although operating expenses are likely to exceed annual revenues in FY 2008, the available one-time transfers to the Fund will be sufficient for FY 2008.

Fiscal Impact

Funds are sufficient in the FY 2008 budget to implement the proposed subtitle. The legislation requires the Mayor's transition plan to be submitted to Council by July 12th. That plan should outline the availability and proposed uses of all funds to be transferred to the Mayor. At this time, we cannot determine whether additional funds will be needed after FY 2008 to manage the new responsibilities given to the Deputy Mayor for Planning and Economic Development. Should it be determined that additional funds are required in future years, they would need to be appropriated in future year budgets.