

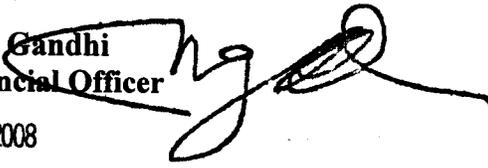
Government of the District of Columbia  
Office of the Chief Financial Officer



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:** MAR 28 2008

**SUBJECT:** Fiscal Impact Statement: "Fiscal Year 2009 Budget Support Act of 2008"

**REFERENCE:** Bill 17-678 As Introduced

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**Conclusion**

The proposed legislation implements the FY 2009 through FY 2012 budget and financial plan as introduced by the Mayor to the Council of the District of Columbia. Overall, this bill, together with anticipated Mayoral rulemaking and agency operational plans, will result in an estimated \$5.66 billion in FY 2009 local source budget. The combined initiatives provide sufficient funds to balance the estimated \$8.67 billion FY 2009 proposed all sources budget and financial plan.

*The proposed legislation, the "Fiscal Year 2009 Budget Support Act of 2008," is the legislative vehicle for adopting statutory changes needed to implement the District's proposed FY 2009 through FY 2012 budget and financial plan. The purpose and the impact of each subtitle are summarized in the following pages.*

**TITLE I – GOVERNMENT DIRECTION and SUPPORT**

**Subtitle (I)(A) – Late Fee Avoidance Act of 2008:**

**Background**

The proposed subtitle would require that the Office of Finance and Resource Management (OFRM) and the Office of Property Management (OPM) pay an equal share of any fees incurred by the District as a result of late payment for the consumption of

energy commodities. Such commodities include electricity, natural gas, heating fuel, steam, and water. In addition to requiring shared fees for late payments, the proposed subtitle would prohibit OFRM and OPM from paying late fees from Intra-District Funds collected from assessments to District agencies for the payment of projected cost expenses.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. If late fees are required to be paid, in order to avoid a fiscal impact and thus a budget imbalance, OFRM and OPM will be required to absorb the cost in their respective budgets.

### **Subtitle (I)(B) – Commodities Cost Reserve Fund Amendment Act of 2008:**

#### **Background**

The proposed subtitle would amend D.C. Official Code § 47-368.04 (b) to add "build-out or moving expenses" to the list of allowable expenditures from the Commodities Cost Reserve Fund (Fund). The Fund is a segregated (within the General Fund), non-reverting account into which unobligated and unexpended annual appropriations for the District's consumption-driven commodity costs – including electricity, fuel, water, steam, natural gas, postage, telephone, custodial, security, occupancy, and rent – are deposited. Under current law, the Fund may be used only to cover unbudgeted expenses caused by unanticipated increases in consumption-driven commodity costs.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. Merely allowing an additional expenditure category to the Fund would not increase spending above the available resources.

**Subtitle (I)(C) – Parking Program Fund Establishment Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 10-1001 *et seq.* to establish the District of Columbia Employee Parking Program Fund (Fund), which would be a nonlapsing, nonreverting fund within the District's General Fund. In addition, the proposed subtitle would authorize the Office of Property Management (OPM) to expend revenue from the Fund for maintenance of and non-capital improvements to District-owned properties, the administration of the employee parking program, and the establishment and operation of commuter benefits programs for District government employees. The Fund would receive revenue from the District employee parking programs.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. Revenues are currently collected in an O-Type Fund (Agency Fund 1450).

**Subtitle (I)(D) – Surplus Personal Property Sales Revolving Fund Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 2-307.03 to change the District of Columbia Surplus Personal Property Sales Operating Fund from its current structure as a segregated but reverting fund to a non-lapsing, non-reverting fund, the District of Columbia Surplus Personal Property Sales Revolving Fund (Fund).

As currently structured, the Fund, which is administered by the Chief Procurement Officer (CPO) in the Office of Contracting and Procurement (OCP), receives revenue from the sale of District surplus personal property. All revenue in the Fund, less payment of costs accrued during the previous year for conducting sales and 10% reserve operation balance, reverts to the District's General Fund at the end of the fiscal year.

The proposed subtitle would change the current Fund structure to make the Fund a non-lapsing, non-reverting fund. The CPO would be authorized to use Fund revenue to pay the costs of conducting surplus personal property sales, operating and maintaining the Personal Property Division within the OCP, and improving the procurement function of the District. At no point would revenue in the proposed Fund revert to the balance of the District's General Fund.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

### **Subtitle (D)(E) – Water and Sewer Authority Amendment Act of 2008:**

#### **Background**

The proposed subtitle would exempt the District of Columbia Water and Sewer Authority (WASA) from the provisions of the "Jobs for D.C. Residents Amendment Act of 2007" (Act) (L17-108). The Act requires that all specified agencies and instrumentalities must provide qualified District residents a preference over non-District residents in the hiring process and that all specified agency and instrumentality heads be District residents.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

### **Subtitle (D)(F) – Position Control Act of 2008:**

#### **Background**

The proposed subtitle would require, no later than October 1, 2008, the Agency Fiscal Officer (AFO) for each District agency to maintain an accurate schedule of active, authorized, and funded full-time equivalent (FTE) positions within the agency. The information maintained by the AFOs is to be consistent with information in PeopleSoft (or any successor system) and with the agency's appropriated budget authority. The proposed subtitle would also require the Office of Budget and Planning (OBP) to develop a standard format for the position schedule.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

**TITLE II – ECONOMIC DEVELOPMENT AND REGULATION**

**Subtitle (II)(A) – Unemployment Compensation Improvement Amendment Act of 2008:**

**Background**

The proposed subtitle would amend the District of Columbia Unemployment Compensation Act, approved August 1935 (D.C. Official Code § 51-101 *et seq.* and § 51-114) to:

- continue the current administrative assessment rate of 0.2% of wages through 2011;
- allow the Director of the Department of Employment Services (DOES) to transfer carryover funds on a quarterly basis to a new Adult Training Account; and
- create an Adult Training Account within the General Fund.

Current law specifies that if the administrative assessment yields more than \$4 million in any calendar year beginning after December 31, 2008, the administrative assessment rate should be recalculated to a level that will yield no more than \$4 million in the following calendar year. The proposed subtitle postpones this provision until any calendar year beginning after December 31, 2010.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. The proposed subtitle is expected to generate approximately \$10.99 million in additional funds in the FY 2009 to FY 2012 period.

Estimated Impact of Subtitle (II)(A) Estimated Increase in Administrative Assessments (S in Millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	4 Year Total
Current Law	\$9.53	\$5.38	\$4.00	\$4.00	\$22.91
Proposed Law	\$9.53	\$9.50	\$9.50	\$5.38	\$33.91
<b>NET Impact</b>	<b>\$0.00</b>	<b>\$4.12</b>	<b>\$5.50</b>	<b>\$1.38</b>	<b>\$10.99</b>

Source: Office of Revenue Analysis

**Subtitle (II)(B) –Comprehensive Housing Strategy Fund Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 42-2855.01, § 42-1103(a-4) and § 47-903(a-4) to specify that the Deed Recordation and Deed Transfer taxes allocated under existing law to the Comprehensive Housing Strategy Fund (CHSF) be deposited in the General Fund beginning in fiscal year 2009<sup>1</sup>; and that any remaining unobligated and unexpended monies from the Fund be transferred to the General Fund within 180 days of the beginning of FY 2009. In addition, the proposed subtitle would repeal D.C. Official Code § 42-2855.01 effective March 31, 2009. The repeal of this section of code would remove the statutory authority for the CHSF, thus abolishing the CHSF.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. The proposed subtitle would reallocate deed recordation and transfer taxes of \$19.3 million in FY 2009 and \$80.3 over the FY 2009 through FY 2012 period from the Comprehensive Housing Strategy Fund (CHSF) to the General Fund. The fund balance at the end of fiscal year 2008 is estimated to be zero.

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<sup>1</sup> Subtitle II(B), Sec. 2005a. contains conforming amendments to D.C. Official Code § 47-903 and § 42-1103 that would allocate all of the 0.35% increase in deed transfer and recordation taxes imposed in those sections to the General Fund. However, per D.C. Official Code § 42-2802(c)(16), as well as the intent of the Mayor's proposed budget, 15% of all deed transfer and recordation taxes should be deposited in the Housing Production Trust Fund (HPTF). As such, a technical amendment to Subtitle II(B) may be required to bring the Act into conformity with the intent of the Mayor's proposed budget. Estimated impacts included in this fiscal impact statement are based on the assumption that 15% of all deed transfer and recordation taxes are deposited in the HPTF per D.C. Official Code § 42-2802(c)(16).

Estimated Impact of Subtitle (II)(B) <sup>1</sup>					
Transfer of Taxes from CHSF to General Fund					
(S in Millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	4 Year Total
Recordation Tax Reallocation from CHSF to General Fund	\$11.2	\$11.3	\$11.8	\$12.4	\$46.7
Transfer Tax Reallocation from CHSF to General Fund	\$8.2	\$8.1	\$8.5	\$8.8	\$33.6
<b>Total Transfer from CHSF to General Fund</b>	<b>\$19.3</b>	<b>\$19.4</b>	<b>\$20.3</b>	<b>\$21.3</b>	<b>\$80.3</b>

Source: Office of Revenue Analysis

**Subtitle (II)(C) – Continuation of Economic Development Grant Authority Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 2-1203.02 to provide the Economic Development Liaison Office, with appropriated funds, the authority to issue grants, provide loans, credit support, or enhancement as may be necessary to promote economic development in the District of Columbia. Any grants, loans or credits issued under the proposed subtitle would constitute an agreement making grants-in-aid for the purposes of the Procurement Practices Act of 1985.

In addition, the proposed subtitle would allow a \$13.5 million one-time, nonrecurring grant to the Canal Park Development Association out of funds appropriated to the Office of the Deputy Mayor for Planning and Economic Development for the construction of Canal Park.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. As the proposed grant for the construction of Canal Park would come from appropriated funds, the authorization of the grant would have no impact on the budget and financial plan.

**Subtitle (II)(D) – Business Licensing Processing Adjustment Act of 2008:**

**Background**

The proposed subtitle would establish a new D.C. Official Code § 47-2851.03(d), requiring District of Columbia businesses not otherwise licensed by the Department of Consumer and Regulatory Affairs or other certification bodies to obtain a General Business License and pay a biennial fee of \$200 for the license.

In addition, § 47-2851.03(d) would require individuals or businesses engaged in general contracting or construction management to obtain a General Contractor/ Construction Manager License and pay a biennial fee of \$500 for the license.

The proposed subtitle would also amend D.C. Official Code § 47-2851.08 to raise business license application fees from \$35 to \$70 for new licenses and from \$20 to \$70 for license renewals. The proposed subtitle would also raise any associated endorsement fees from \$10 for a new application and \$5 for a renewal application to \$25 for all endorsement applications.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. The proposed subtitle would raise \$4.67 million in additional business license fees in FY 2009 and \$20.14 million in additional business license fees in the FY 2009 through FY 2012 period.

Estimated Impact of Subtitle (II)(D) Estimated Increase in Business License Fees (\$ in Millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	4 Year Total
BBL Application Fee Increase	\$1.58	\$2.17	\$1.58	\$2.17	\$7.51
Endorsement Application Fee Increase	\$0.56	\$0.78	\$0.56	\$0.78	\$2.68
New General Business License Fee	\$2.40	\$2.40	\$2.40	\$2.40	\$9.60
New General Contractor Endorsement Fee	\$0.13	\$0.05	\$0.13	\$0.05	\$0.35
<b>Total Increase in Business License Fees</b>	<b>\$4.67</b>	<b>\$5.40</b>	<b>\$4.67</b>	<b>\$5.40</b>	<b>\$20.14</b>

Source: Department of Consumer and Regulatory Affairs and Office of Revenue Analysis

**Subtitle (II)(E) – Unified Housing and Community Development Establishment Fund Act of 2008:**

**Background**

The proposed subtitle would establish the Department of Housing and Community Development Unified Fund (Unified Fund), a non-lapsing fund for use as determined by the Department of Housing and Community Development (DHCD); and specifies that revenues from the following sources would be re-designated to the Unified Fund (including any unexpended balance at the end of fiscal year 2008):

- Home Purchase Assistance Program fund (HPAP);
- Land Acquisitions for Housing Development Opportunities Program fund (LAHDO);
- Rehabilitation Repayment account;
- Low Income Housing Tax Credit Fee Collection (LIHTC);
- Home Again Revolving Fund; and
- Portal Site.

All of the identified sources of revenues are existing O-Type funds currently designated or restricted for use by DHCD.

The proposed subtitle further specifies the purposes for which the Fund may be used, requires DHCD to submit an annual report of the Unified Fund to Council, and prohibits the deposit of federal funds into the Unified Fund.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. The proposed subtitle would have no impact on the General Fund; rather, it would direct revenue sources from the identified existing O-type funds into the new Unified Fund. Estimated Unified Fund revenues are included in the table below.

Estimated Impact of Subtitle (II)(E) Transfer of Certified Revenues to DHCD Unified Fund (S in Millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	4 Year Total
HPAP Revenues	\$1.83	\$6.82	\$6.82	\$6.82	\$22.29
LAHDO Revenues	\$0.62	\$0.27	\$0.27	\$0.27	\$1.45
Rehabilitation Repayment	\$0.50	\$0.45	\$0.45	\$0.45	\$1.85
LIHTC Revenues	\$0.85	\$0.85	\$0.85	\$0.85	\$3.40
Home Again Revolving Fund	\$1.04	\$0.50	\$0.50	\$0.50	\$2.54
Portal Site	\$0.50	\$0.50	\$0.50	\$0.50	\$2.00
<b>Total Revenues Transferred to DHCD Unified Fund</b>	<b>\$5.34</b>	<b>\$9.39</b>	<b>\$9.39</b>	<b>\$9.39</b>	<b>\$33.52</b>

Source: Office of Revenue Analysis

**Subtitle (II)(F) – Expedited Process for Affordable Housing and Community Development Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 42-3171.03(a) to provide the Mayor with the authority to dispose of abandoned and deteriorated properties regardless of how the properties were acquired by the District of Columbia government. Current law provides this authority only for abandoned or deteriorated properties acquired for the public purpose of eliminating slum and blight through eminent domain, gift or donation, assignment, or voluntary sale by the owner.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

**Subtitle (II)(G) – Captive Insurance Company Adjustment Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 31-3931.12 to raise the premium tax rates on captive insurance companies organized as risk retention groups as follows:

- A rate of 0.38% on the first \$20 million of total net direct premiums;
- A rate of 0.25% on the next \$20 million of total net direct premiums;

- A rate of 0.18% on each additional dollar of total net direct premiums.

In addition, the proposed subtitle would raise the minimum annual premium tax liability threshold for risk retention groups from \$10,000 to \$15,000 annually; and would repeal the premium tax credit available to captive insurance companies that pay premiums in other jurisdictions<sup>2</sup>.

### Financial Plan Impact

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. The proposed legislation would generate \$0.43 million in additional premium taxes in FY 2009 and \$1.73 million in additional premium taxes in the FY 2009 to FY 2012 period. The additional revenues would accrue to the Captive Insurance O-Type Fund dedicated for use by the Department of Insurance, Securities and Banking.

Estimated Impact of Subtitle (H)(G) Estimated Additional Premium Taxes (S in Millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	4 Year Total
Increase in Rates on RRG Captives	\$0.34	\$0.34	\$0.34	\$0.34	\$1.36
Repeal of Multi-Jurisdictional Credit	\$0.09	\$0.09	\$0.09	\$0.09	\$0.37
<b>Total Additional Revenues</b>	<b>\$0.43</b>	<b>\$0.43</b>	<b>\$0.43</b>	<b>\$0.43</b>	<b>\$1.73</b>

Source: Department Insurance, Securities and Banking & Office of Revenue Analysis

### Subtitle (II)(H) – Economic Development Support Fund Act of 2008:

#### Background

The proposed subtitle would allocate all future payments received by the District of Columbia pursuant to the disposition or lease of property that is under the management of the Office of the Deputy Mayor for Planning and Economic Development (DMPED) into the Economic Development Special Account (Account), a non-lapsing account dedicated for use exclusively by DMPED.

<sup>2</sup> The District of Columbia is currently the only jurisdiction to offer this credit to captive insurance companies.

The Account was established by the National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008 (D.C. Act 17-289) to facilitate the transfer of all operating funds from the Anacostia Waterfront Corporation (AWC) Enterprise Fund and the National Capital Revitalization Corporation (NCRC) Enterprise Fund to DMPED upon the dissolution of those corporations.<sup>3</sup> In absence of the enactment of the proposed subtitle, the Account is projected to hold a fund balance of \$2 million from former NCRC/AWC projects in the baseline FY 2009 budget; and is projected to accrue revenues of \$3.64 million in FY 2009 and \$14.56 million in the FY 2009 to FY 2012 period.

In addition, under this subtitle, recurring revenue streams that would be deposited into the DMPED-dedicated Account include:

- lease payments to the D.C. Government on the old convention center site;
- payments in lieu of taxes from the Newseum site;
- sales tax revenue in excess of \$1 million from the Newseum site (see note below);
- operating income from the DC USA parking garage;
- all income related to prior AWC/NCRC properties; and
- all payments received by the District pursuant to the disposition or short-term lease of property that is under the management of DMPED.

Note: It is the OCFO's understanding that the Mayor will submit a request to remove the provision that would allocate sales tax revenue from the Newseum site to this Account. As such, this Fiscal Impact Statement does not include the impact on the General Fund of this allocation.<sup>4</sup>

Revenues from all former AWC/NCRC projects would accrue to the Account under current law (and therefore the baseline budget and financial plan) and are not impacted by the proposed subtitle.<sup>5</sup> Lease payments on the old convention center site are considered O-type revenues and therefore, the transfer of these payments to the Account will not impact the General Fund.

### **Financial Plan Impact**

With the removal of the provision regarding sales taxes from the Newseum site, funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle.

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<sup>3</sup> A17-289 was signed by the Mayor on February 5, 2008.

<sup>4</sup> Without the removal of this provision regarding sales taxes from the Newseum site, this subtitle would have a negative impact on the FY 2009 – FY 2012 financial plan in the amount of \$920,000 per year.

<sup>5</sup> With the exception of DC USA parking garage taxes and revenues, which are pledged to pay TIF and revenue bond expenditures. Under the proposed subtitle, an account restructuring would be the sole change required for DC USA revenues to reflect the proposed sub-account status under the ED Special Account. The change would not affect repayment on these obligations.

The proposed subtitle would designate an additional \$5.13 million of revenues to the Economic Development Special Account in FY 2009 and an additional \$22.95 million in the FY 2009 to FY 2012 period. These funds are expected revenues from current projects outlined in this subtitle.

Of the \$5.13 million in new revenues to the Account in FY 2009, \$1.79 million must be deposited into a pledged sub-account for repayment of District of Columbia TIF and revenue bond obligations associated with the DC USA development.

Furthermore, the estimates included here are based solely on the projected revenues anticipated by DMPED and OCFO from the current portfolio of active projects under DMPED's management. The proposed subtitle would dedicate all future revenue streams generated by projects that are still in development to the Account rather than the General Fund; as such, the estimated revenues deposited in the Account could increase as future projects are initiated or begin to generate income.

#### **Subtitle (II)(I) – Neighborhood Investment Fund Act of 2008:**

##### **Background**

The proposed subtitle would amend D. C. Official Code § 6-1071 *et seq.* to allow the Neighborhood Investment Fund program (NIF) to operate under a previously approved implementation plan while the Council considers the current-year plan. Under current law, NIF expenditures are suspended during this period.

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

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

#### **Subtitle (II)(J) – Recorder of Deeds Recordation Surcharge Amendment Act of 2008:**

##### **Background**

The proposed subtitle would retroactively repeal D.C. Official Code § 42-1211(c), thus eliminating the expiration of the per-document surcharge that is charged by the Recorder of Deeds for each document submitted for recordation. Statutory authority for a \$5 per

recorded document surcharge lapsed on April 11, 2007; however, collection of the fee has continued since that time.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. The proposed subtitle would yield no additional revenues, as the continuation of the surcharge is included in the revenue projections for the FY 2009 to FY 2012 time period.

### **Subtitle (II)(K) – Nuisance Properties Abatement Act Implementation Act of 2008:**

#### **Background**

Bill 17-086, the Nuisance Properties Abatement Reform and Real Property Classification Amendment Act of 2007, was passed by the D.C. Council at first reading on March 4, 2008 by a vote of 13-0-0, and will have a second reading on April 1, 2008. The proposed legislation would make permanent the Nuisance Properties Abatement Reform and Real Property Classification Temporary Amendment Act of 2007 (D.C. Law 17-0102).

In addition, amendments made to the proposed legislation during mark-up at the September 25, 2007 meeting of the Committee on Public Services and Consumer Affairs would raise the Class 3 rate from \$5 per \$100 of assessed value to \$10 per \$100 of assessed value, effective October 1, 2008. The proposed legislation would permanently amend the law to change the processes surrounding vacant property and Class 3 Property tax classification.

The proposed subtitle specifies an implementation date for the Act of October 1, 2008, and would include the Class 3 rate increase by reference in the Mayor's budget.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. It is estimated that the proposed legislation would result in a net revenue increase of \$7.966 million in FY 2009 and \$29.555 million over the period from FY 2009 through FY 2012.

Estimates for an increase in revenues due to the tax rate increase on Class 3 properties were derived by analyzing a time series of property tax data from the Office of Tax and Revenue (OTR) over the period FY 2003 through FY 2007. A significant decrease in the number of Class 3 properties during FY 2007 (the first year for which the Nuisance

Properties Abatement Reform and Real Property Classification Emergency Amendment Act of 2006 was in effect), as well as a steadily decreasing value of assessed tax liability on Class 3 properties over the entire period were important considerations in determining the revenue projections.

Estimated Impact of Subtitle (II)(K) Nuisance Properties Abatement Act Implementation Act of 2008 (\$ in Millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	4-Year Total
Class 3 Property Tax Revenue Increase	\$7.966	\$7.568	\$7.190	\$6.831	\$29.555

Source: Office of Revenue Analysis

**Subtitle (II)(L) – Community Benefit Fund Amendment Act of 2008:**

**Background**

The proposed subtitle would amend Title II of the Ballpark Omnibus Financing and Revenue Act of 2004, effective April 8, 2005, to allow the Deputy Mayor for Planning and Economic Development to amend the items on which the \$2.23 million in Community Benefit Fund balance in FY 2009 can be spent; and authorizes the Mayor to make requests for future appropriations from the Fund through the annual budget process. Specifically, D.C. Official Code § 10-1602.01 would be amended to authorize the following expenditures:

- \$100,000 to support a grant to the Avalon Theatre;
- \$200,000 to support the Cherry Blossom Festival;
- \$398,000 to support a study to explore the feasibility of a D.C. Children’s Museum;
- \$200,000 to support a grant to Fields of Dreams;
- \$500,000 to support a grant to the Greater Washington Sports Alliance;
- \$500,000 to support a grant to the Lincoln Theater;
- \$232,000 to support a grant to Keely’s Boxing and Youth Center; and
- \$100,000 to support a market analysis and planning study of the Takoma Theatre.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

## **TITLE III – PUBLIC SAFETY AND JUSTICE**

### **Subtitle (III)(A) – Emergency Communications Funding Amendment Act of 2008:**

#### **Background**

The proposed subtitle would amend the Emergency and Non-Emergency Number Telephone Calling Systems Fund Act of 2000<sup>6</sup> to increase the tax imposed on local exchange carriers and any other persons providing a service or technology that connects users who dial or enter the digits 9-1-1 to the District's public safety answering points.

The tax would be increased as follows:

- From \$0.76 to \$0.99 per exchange access line;
- From \$0.62 to \$0.99 per Centrex line;
- From \$0.62 to \$0.99 per private branch exchange ("PBX") station; and
- From \$0.76 to \$0.99 for wireless telephone exchange service for each telephone number that has a District of Columbia billing address.

In addition, the proposed subtitle would implement a fee of \$0.99 for each customer who provides a District of Columbia billing address for any other service or technology related to this subtitle.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. Implementation of the proposed subtitle would result in a revenue increase to the Emergency and Non-Emergency Number Telephone Calling Systems Fund<sup>7</sup> of approximately \$3.8 million in FY 2009 and \$15.2 million over the FY 2009 through FY 2012 period. Revenues deposited into the Fund are non-lapsing and non-reverting, and the Fund is administered by the Office of Unified Communications (OUC).

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<sup>6</sup> Effective October 19, 2000. D.C. Law 13-172; D.C. Official Code § 34-1803(a)(1)

<sup>7</sup> See § 34-1802 for full details on this fund. Per subsection (b), the fund "shall be used solely to defray personnel and non-personnel costs incurred by the District of Columbia and its agencies and instrumentalities in providing a 911 system, and direct costs incurred by wireless carriers in providing E-911 service."

Estimated Revenue Impact of Subtitle III(A), Emergency Communications Funding Amendment Act of 2008, to the Emergency and Non-Emergency Number Telephone Calling Systems Fund* (\$ in Millions)				
FY 2009	FY 2010	FY 2011	FY 2012	4-Year Total
\$3.8	\$3.8	\$3.8	\$3.8	\$15.2

\* Revenue projections for the Fund, as certified by the OCFO, estimate flat growth in the out-years.

**Subtitle (III)(B) – Homeland Security Consolidated Authority Amendment Act of 2008:**

**Background**

The proposed subtitle would amend the Homeland Security, Risk Reduction, and Preparedness Amendment Act of 2006<sup>8</sup> by striking Title II, "Establishment of the District of Columbia Homeland Security Commission," in order to abolish the requirement for the establishment of the Commission.

**Financial Plan Impact**

Implementation of the proposed subtitle would not have a fiscal impact on the proposed FY 2009 through FY 2012 budget and financial plan. The Commission does not currently exist; therefore, repealing the requirement to establish the Commission does not generate any costs or savings for the District Government.

**TITLE IV – PUBLIC EDUCATION SYSTEM**

**Subtitle (IV)(A) – The Supplemental Education Payments Amendment Act of 2008:**

**Background**

The proposed subtitle amends District of Columbia Official Code § 38-1804.01(b)(3)(B) to authorize the State Superintendent of Education, in consultation with the Chief Financial Officer, to adjust the amount of the annual payments under paragraph (1) of this subsection to increase the amount of such payment if a District of Columbia public school or a public charter school serves a high number of students: (i) With special needs; (ii) Who do not meet minimum literacy standards; or (iii) To whom the school provides room and board in a residential setting.

<sup>8</sup> Effective March 14, 2007. L16-262.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed legislation transfers the authority to make additional payments from the Mayor and the District of Columbia Council to the State Superintendent of Education. The total amount of adjustments would be limited to the amount in the Student Enrollment Fund.<sup>9</sup>

### **Subtitle (IV)(B) – The Education Service Amendment Act of 2008:**

#### **Background**

By amending D.C. Code §1-608.1a and §1-611.11, the proposed amendment authorizes the non-competitive reappointment of all Office of State Superintendent of Education (OSSE) employees to the newly created Education Service track, and provides 30 days to the Mayor upon the enactment of this Budget Support Act, to notify each employee of his or her reappointment.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed legislation enables the noncompetitive reappointment of OSSE Employees to the Education Service track created by the Act 17-241, Public Education Personnel Reform Emergency Amendment Act of 2008.

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<sup>9</sup> Student Enrollment Fund, created by the Budget Support Act of 2008 (D.C. Official Code § 38-1804.03(b)), is a segregated, non-lapsing fund which consists of unexpended and unobligated amounts appropriated from local funds for public charter schools for each fiscal year that reverted to the General Fund of the District of Columbia, together with any other local funds that the Chief Financial Officer certifies are necessary to effect the purposes of the fund during the fiscal year; provided, that the amount of funds deposited shall not exceed \$8 million in any fiscal year; and any interest earned on such amounts. The purpose of the Student Enrollment Fund is to assist public schools and public charter schools in the District of Columbia by providing funding in cases where the total audited enrollment, including enrollment in special needs categories, exceeds the projected student enrollment on which the annual appropriation is based in that fiscal year.

**Subtitle (IV)(C) – The Childcare Funding Support Amendment Act of 2008:**

**Background**

The proposed amendment transfers the program and funding authority for Childcare from the Department of Human Services to the Executive Office of the Mayor or the Mayor's designee.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The Mayor's proposed budget for FY 2009 moves \$41,153,518 of local funding for Early Care and Education Administration out of the Department of Human Services into the Office of State Superintendent of Education.

**Subtitle (IV)(D) – The State Education Office Establishment Act of 2000 Amendment Act of 2008:**

**Background**

The proposed subtitle amends the District Code § 38-2602(b) to assign the Office of the State Superintendent of Education the authority to collect and dedicate fees for state academic credential certifications and General Equivalent Diploma testing as well as for any other state-level education function as established by the Superintendent by regulation. Such fees shall be deposited in a non-lapsing fund.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. In the Mayor's proposed budget for FY 2009, \$2,091,807 is expected to be collected in O-type funds in OSSE.

**Subtitle (IV)(E) – The Education Licensure Commission Act of 1976 Amendment Act of 2008:**

**Background**

The proposed subtitle amends D.C. Code § 38-1302 and § 38-1309 to redefine the terms "educational institution" and education "facility" and institutions eligible to operate postsecondary educational institutions.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed subtitle. The subtitle is legal in nature and does not have an impact on the FY 2009 through FY 2012 budget and financial plan.

### **Subtitle (IV)(F) – Residency Verification Amendment Act of 2008:**

#### **Background**

This subtitle amends D.C. Code § 38-306 and §38-308 to require residency verification for those students whose education is paid for by the District of Columbia government.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed amendment. The existing residency verification program for D.C. Public School and public charter school students will be able to handle the verification requirements for those students whose education is funded by the D.C. Government.

### **Subtitle (IV)(G) – The Truancy Centers Amendment Act of 2008:**

#### **Background**

The proposed subtitle amends D.C. Code §38-251 to authorize the State Superintendent of Education to establish, in consultation with DCPS, the Public Charter School Board, Child and Family Services and the Metropolitan Police Department, truancy centers in the District of Columbia for the delivery of truant public school and public charter school students by the Metropolitan Police Department.

#### **Financial Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed amendment. District of Columbia Public Schools will intra-district \$360,000 annually to the Office of the State Superintendent of Education for the operation of these centers.

**Subtitle (IV)(H) – Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Amendment Act of 2008:**

**Background**

The proposed legislation increases the base funding per student in a District of Columbia Public School or District of Columbia Public Charter School from to \$8,322 to \$8,770 and adjust grade-level weights. Tables 1-3 summarize the new funding levels for different grade levels and the associated add-ons.

This subtitle also amends D.C. Code § 38-2908 to fix the per-pupil facilities allowance payments for D.C. public charters schools at the FY 2008 amount of \$3,109.

**Table 1 – Weighing and Per Pupil Allocation, Grade levels**

Grade Level	Weighting	Per Pupil Allocation in 2008
Pre-School	1.34	\$11,752
Pre-Kindergarten	1.3	\$11,401
Kindergarten	1.3	\$11,401
Grades 1-3	100	\$8,770
Grades 4-5	1	\$8,770
Ungraded ES	100	\$8,770
Grades 6-8	1.03	\$9,033
Ungraded MS/JHS	1.03	\$9,033
Grades 9-12	1.16	\$10,173
Ungraded SHS	1.16	\$10,173
Alternative Program	1.17	\$10,261
Special ed schools	1.17	\$10,261
Adult	0.75	\$6,577

**Table 2 – Special Education Add-ons**

Level/Program	Definition	Weighting	Per Pupil Supplemental FY 2008
Level 1: Special Education	Eight hours or less per week of specialized services	0.52	\$4,560
Level 2: Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services	0.79	\$6,928
Level 3: Special	More than 16 hours and less than or equal to 24 hours per school week of specialized services	1.36	\$11,927

Level/Program	Definition	Weighting	Per Pupil Supplemental FY 2008
Education			
Level 4: Special Education	More than 24 hours per week which may include instruction in a self contained (dedicated) special education school other than residential placement	2.37	\$20,785
LEP/NEP	Limited and non-English proficient students	0.40	\$3,508
Summer	An accelerated instructional program in the summer for students who do not meet literacy standards pursuant to promotion policies of the District of Columbia Public Schools and public charter schools	0.17	\$1,491
Residential	D.C. Public School or public charter school that provides students with room and board in a residential setting, in addition to their instructional program	1.70	\$14,909

**Table 3 – Residential Add-ons**

Level/Program	Definition	Weighting	Per Pupil Supplemental FY 2008
Level 1: Special Education – Residential	Additional funding to support the after-hours level 1 special education needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	0.374	\$3,280
Level 2: Special Education - Residential	Additional funding to support the after-hours level 2 special education needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	1.360	\$11,927
Level 3: Special Education - Residential	Additional funding to support the after-hours level 3 special education needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	2.941	\$25,793
Level 4: Special Education – Residential	Additional funding to support the after-hours level 4 special instructional needs of limited and non-English proficient students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	2.924	\$25,643
Level 5: Special Education - Residential	Residential placement	9.40	\$82,438
LEP/NEP – Residential	Additional funding to support the after-hours Limited and non-English proficiency needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	0.68	\$5,964

**Table 4 – Special Education Add-ons for Students with Extended School Year Indicated in Their Individualized Education Programs (IEPs):**

Level/Program	Definition	Weight	Per Pupil Supplemental FY 2009
Special Education Level 1 ESY	Additional funding to support the summer school/program need for students who require extended school year (ESY) services in their IEPs	0.064	\$561
Special Education Level 2 ESY	Additional funding to support the summer school/program need for students who require extended school year (ESY) services in their IEPs	0.231	\$2,027
Special Education Level 3 ESY	Additional funding to support the summer school/program need for students who require extended school year (ESY) services in their IEPs	0.500	\$4,385
Special Education Level 4 ESY	Additional funding to support the summer school/program need for students who require extended school year (ESY) services in their IEPs	0.497	\$4,359
Special Education Level 5 ESY	Additional funding to support the summer school/program need for students who require extended school year (ESY) services in their IEPs	1.598	\$14,014

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement this subtitle. The total funding in the baseline FY2009 budget plan for DCPS and the public charter schools is estimated at \$938,600,000. The proposed subtitle will result in \$572,547,000 from District resources for the DCPS and \$366,053,000 for the Public Charter Schools.

With regards to the facilities allowance provision of the proposed subtitle, the District's budget authorizes payment of \$75,427,449 to D.C. Public Charter Schools for facilities adjustment.

**Subtitle (IV)(I) – Office of Public Education Facilities Modernization Personnel Amendment Act of 2008:**

**Background**

This subtitle grants the Office of Public Education Facilities Management (OPEFM) the authority to establish its own personnel system and associated personnel rules. As such, the OPEFM would be exempt from the Comprehensive Merit Personnel Act except for those chapters that address the collective bargaining rights of District employees. Under this amendment, the rules and regulations promulgated pursuant to the Comprehensive Merit Personnel Act of 1978 shall continue to apply to employees of the OPEFM until that office establishes a personnel system and promulgates personnel rules.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement this subtitle. OPEFM would continue to operate under Comprehensive Merit Personnel Act until it establishes a new personnel system and promulgates new rules. A new personnel system would be required to be implemented within the resources available.

**Subtitle (IV)(J) – Public Education Reform Amendment Act of 2008:**

**Background**

The proposed subtitle would repeal D.C. Code § 38-917, which provides for public hearing requirements for the funding of District of Columbia Public Schools, and changes the requirements by amending D.C. Official Code § 38-173 to provide that the public hearings for the funding of District of Columbia Public Schools would be provided in a manner consistent with that of all cabinet level agencies. Specifically, the proposed subtitle states that prior to the adoption of the annual budget for the District of Columbia, the Council of the District of Columbia shall hold a public hearing to solicit input, testimony and exhibits on the levels of funding proposed in the agency budget chapter for the District of Columbia Public Schools.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement this subtitle. Implementation of the proposed subtitle would not have an impact on the budget and financial plan.

## **TITLE V – HUMAN SUPPORT SERVICES**

### **Subtitle (V)(A) – Choice in Drug Treatment Amendment Act of 2008:**

#### **Background**

In October 2007, the Addiction Prevention and Recovery Administration (APRA) in the District Department of Health (DOH) was awarded a 3 year, \$10.6m federal grant from the United States Department of Health and Human Services for the Access to Recovery (ATR) Voucher Program. The purpose of the ATR Voucher Program is to provide District residents with access to culturally-sensitive substance-abuse treatment and recovery-support services for the duration of the 3 year federal ATR grant awarded to APRA and to serve as an addition and complement to the Choice in Drug Treatment program.

The proposed subtitle would amend the Choice in Drug Treatment Act of 2000<sup>10</sup> to formally establish the ATR Voucher Program and to establish a segregated account within the Addiction Recovery Fund to house the grant dollars. The proposed subtitle would authorize the expenditures of funds solely for the purposes of the ATR Voucher Program, in accordance with federal requirements and regulations promulgated pursuant to the proposed subtitle.

Specifically, the proposed subtitle provides that APRA's administration of ATR shall include:

- Community outreach and education;
- Collaborating with federal and local agencies in regard to individuals returning to the community after being incarcerated who require substance abuse treatment or recovery support services; and
- Ensuring that ATR achieves the projected target of serving over 11,000 individuals.

Last, the proposed subtitle provides that the Mayor may issue rules to apply specifically to the provisions of this subtitle, to be submitted to the Council for a passive 45-day review period.

The Choice in Drug Treatment *Temporary* Amendment Act of 2008<sup>11</sup> was enacted on February 22, 2008.

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<sup>10</sup> Effective July 18, 2000. D.C. Law13-146; D.C. Official Code § 7-3001 *et seq.*

<sup>11</sup> A17-294

## **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed subtitle. There is no fiscal impact from the establishment of a segregated account to house the ATR grant awarded to the District. APRA would use the ATR grant award to fund the operational costs of implementing the proposed subtitle. The proposed subtitle does not give APRA budget authority to expend District resources in addition to the \$10.6m federal grant award for the purpose of implementing the proposed subtitle.

### **Subtitle (V)(B) – Housing First and Homeless Services Reform Amendment Act of 2008:**

#### **Background**

The proposed subtitle would amend the Homeless Services Reform Act of 2005<sup>12</sup> by expressly granting the Mayor or his designee the authority to enter into agreements with the District of Columbia Housing Authority<sup>13</sup> (DCHA) to allocate available unexpended funds from the Rent Supplement Fund<sup>14</sup> to meet the purposes of the Act and the Rent Supplement Program (Program.)<sup>15</sup> The Program provides housing assistance to extremely low-income District residents, including those who are homeless and those in need of supportive services. DCHA allocates funds appropriated for the Program annually toward project-based and sponsor-based voucher assistance.

In addition, the proposed subtitle would amend the Homeless Services Reform Act of 2005 to ensure that the appropriate agency in the education cluster is included in the statutory membership by replacing District of Columbia Public Schools (DCPS) with the Office of the State Superintendent of Education (OSSE).

Last, the proposed subtitle would amend the Homeless Services Reform Act of 2005 to establish the Housing First Fund, to be administered by the Department of Human Services. The Fund would be intended to provide vulnerable families and individuals who are homeless with supportive services and housing assistance. The Fund would be comprised of monies appropriated into the Fund, grants, and revenue generated from the disposition or long term lease of certain real property assets as designated by the Mayor.

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<sup>12</sup> Effective October 22, 2005. D.C. Law 16-35; D.C. Official Code § 4-751.01 *et seq.*

<sup>13</sup> DCHA is a corporate body legally separate from the District government. See D.C. Official Code § 6-202 for more information.

<sup>14</sup> D.C. Code § 6-226(d)(1). The Fund is separate from the General Fund and is a non-lapsing, non-reverting Fund administered by DCHA, which is used solely to fund grants and provide assistance for the Rent Supplement Program.

<sup>15</sup> D.C. Code § 6-226 and § 6-227. Funding for the Program is subject to appropriation.

Monies in the Fund would be non-lapsing and non-reverting, and all interest generated by the Fund would be retained in the Fund.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. Implementation of the proposed subtitle would not have a fiscal impact on the budget and financial plan. The proposed subtitle only authorizes the Mayor to use *available unexpended* funds from the Rent Supplement Fund, and thus it would not provide for an expenditure commitment above the proposed FY 2009 through FY 2012 budget and financial plan level. In addition, the cost of establishing the Housing First Fund can be absorbed with existing agency resources. Title VII, Section 7010(2)(B) of this Act provides for an appropriation of \$19.2 million to establish the Housing First Fund.

### **Subtitle (V)(C) –On-site Meal Expenses Amendment Act of 2008:**

#### **Background**

The proposed subtitle would amend the Department of Youth Rehabilitation Services Establishment Act of 2004<sup>16</sup> to allow the Department of Youth Rehabilitation Services (DYRS) to expend funds from its operating budget, as deemed necessary, to create, manage, operate, and implement programs and policies which further its objective to provide rehabilitative care and services to detained and committed youth in its care and custody, including spending appropriated funds for on-site employee meals.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. The proposed subtitle does not provide for, require, or allow for an additional expenditure commitment above the financial plan level; therefore, it does not have a fiscal impact on the proposed budget and financial plan.

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<sup>16</sup> Effective April 12, 2005. D.C. Law 15-335; D.C. Code § 2-1515.05

**Subtitle (V)(D) – Child Support Expedited Processes Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 46-226.03(c) to ensure that judicial review of administrative decisions issued in connection with child support expedited processes are heard by the Court of Appeals and not the Superior Court.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. Implementation of the proposed subtitle would not have an impact on the budget and financial plan.

**Subtitle (V)(E) – Recreation Assistance Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 10-303 (d) and § 10-306 to repeal the statute authorizing the establishment of the Recreation Assistance Board (Board). The Board was established to provide expertise on all matters relating to the mission of the Department of Recreation and Parks. The Board was also authorized to make recommendations on investment of proceeds from the Recreation Enterprise Fund.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. The Board served without compensation, so there will be no savings or costs associated with the repeal of authority for its existence.

**Subtitle (V)(F) – Support for At-Risk Youth Act of 2008:**

**Background**

Since January 1, 1995, the District of Columbia individual income tax return has included a voluntary check-off that allows a tax filer to contribute a minimum donation or gift of

\$1 to the Public Fund for Drug Prevention and Children at Risk.<sup>17</sup> The proposed subtitle would amend D.C. Official Code § 47-2002 to provide that the Fund would be administered by the Department of Parks and Recreation (DPR) to be used to support purposes consistent with the stated purpose of the Fund. It also provides that DPR would be required to submit an annual financial report on the Fund to the Mayor and Council of the District of Columbia no later than March 1<sup>st</sup> of each year.

The proposed subtitle repeals D.C. Official Code § 47-4003 and § 47-4004, which established a board to administer the Fund and established rules of procedure for the board. Members for this board have never been appointed. Currently, donations are collected by the Office of Tax and Revenue and remitted to DPR.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. As the board that was to administer the Fund was never appointed, repealing it would not generate savings for the District.

### **Subtitle (V)(G) – Youth Programs Overhead Reduction Act of 2008:**

#### **Background**

D.C. Code § 2-1553(a) provides that the Mayor is authorized to make grants to a single non-service provider, non-profit organization of which at least 90% shall be used to make sub-grants for the purpose of providing services to District children, youth and their families, including, but not limited to, early childhood development opportunities, safe and enriching centers of learning in and out of school, and other training, recreational and educational services.

The proposed subtitle would amend this section of the D.C. Code to increase the required percentage of sub-grants for District children from 90% to 95%.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. Implementation of the proposed subtitle would not have an impact on the budget and financial plan.

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<sup>17</sup> See D.C. Official Code § 47-2002 and § 47-1812.11b

## **TITLE VI – PUBLIC WORKS**

### **Subtitle (VI)(A) – Transfer of the Lead Poison Prevention Program to the District Department of the Environment Amendment Act of 2008:**

#### **Background**

The proposed subtitle would transfer the authority to administer the Lead Poison Prevention Program ("Program") from the Department of Health (DOH) to the District Department of the Environment (DDOE). The Program being transferred under this subtitle includes case management of children with elevated blood lead (EBL) levels, risk assessments of properties where an EBL child resides or spends significant time, and targeted outreach and primary prevention programs.

The proposed transfer would move 5.06 FTEs, funded by the Childhood Lead Grant, from DOH to DDOE.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. The additional staff and resources required to run the Program would come from the transfer from DOH to DDOE.

### **Subtitle (VI)(B) – Department of Motor Vehicles Incentive Exemption for Leased Vehicles and Low Emission Vehicles Amendment Act of 2008:**

#### **Background**

The proposed subtitle would amend D.C. Official Code § 50-2201.03 and § 50-1501.03 to clarify the tax treatment of leased vehicles and to change the criteria for a motor vehicle excise tax exemption and registration fee reduction.

The proposed subtitle would clarify that leased vehicles shall be exempt from the District's motor vehicle excise tax and would rescind the current motor vehicle excise tax exemption for lessors who purchase a motor vehicle at the end of a lease agreement. The motor vehicle excise tax is levied at the issuance of a certificate of title and is calculated as a percentage of a motor vehicle's fair market value.

In addition, the proposed subtitle would change the criteria for a motor vehicle excise tax exemption and registration fee reduction.

Under current District law, a motor vehicle is exempt from the motor vehicle excise tax if the vehicle meets standards from the U.S. Internal Revenue Service (IRS) or if the vehicle qualifies for a federal tax credit pursuant to the federal Energy Policy Act of 2005. The proposed subtitle would replace the current criteria for exemption with a new standard of estimated average miles per gallon (MPG) at or above 40 MPG, as published in the federal Fuel Economy Guide by the U.S. Environmental Protection Agency and the U.S. Department of Energy.

Similarly, under current District law, a motor vehicle is eligible for a reduced registration fee of \$36 if it meets the aforementioned IRS or Energy Policy Act of 2005 criteria. The proposed subtitle would replace the current standards with a new standard of estimated average miles per gallon (MPG) at or above 40 MPG, as published in the federal Fuel Economy Guide by the U.S. Environmental Protection Agency and the U.S. Department of Energy.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

The addition of an exemption from the motor vehicle excise tax for leased vehicles will not result in a negative fiscal impact because the Department of Motor Vehicles (DMV) has not assessed an excise tax on leased vehicles. Similarly the removal of the exemption for lessees who purchase their vehicles will not result because the Department of Motor Vehicles has not implemented this exemption. Prior to March 2007, the DMV did not enforce the excise tax on the titling of leased vehicles. In March 2007 legislation was passed to enforce collection of the excise tax on this transaction; however, the DMV, at the request of the Council and the City Administrator, delayed implementation of this collection. The proposed subtitle will codify existing practice and will not have a fiscal effect.

The change in criteria for a motor vehicle excise tax exemption and registration fee reduction would not result in a fiscal impact because there would not be an increase in the universe of eligible motor vehicles.

**Subtitle (VI)(C) – Stormwater Management and Pollution Control Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 34.2202.16(d) to authorize the District Department of the Environment (DDOE) to adjust and collect the storm water fee, which is currently levied and collected on each District retail water or sewer customer by the District of Columbia Water and Sewer Authority (WASA). In addition, the proposed subtitle would prohibit a landlord from passing a storm water charge to a tenant that is greater than the charge established by the DDOE. The effective date of the proposed change in the storm water fee setting authority would be October 1, 2008.

The U.S. Environmental Protection Agency (EPA) provides the District with a Municipal Separate Storm Sewer (MS4) permit that sets requirements for the District's management of storm water. Due to recent revisions in the MS4 permit, including increased specificity and numeric targets, DDOE anticipates that additional resources will be required in the future to comply with the MS4 regulations. Thus, the proposed subtitle would grant authority to DDOE to adjust rates to comply with changes in the MS4 requirements. Revenues collected from the storm water fee generate approximately \$3.5 million annually and are used by DDOE and other District agencies to comply with the provisions of the MS4 permit.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

**Subtitle (VI)(D) – Department of Motor Vehicles Driver License, Special Identification Card, and Vehicle Inspection Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 50-1401.01, § 50-1101, and Title 18 of D.C. Municipal Regulations to:

- Extend the term for which a District motor vehicle operator's permit and a special identification card is valid from 5 to 8 years;
- Increase the exemption period for new vehicle inspections from 2 to 4 years;
- Increase the motor vehicle operator's permit application fee from \$39 to \$44; and
- Increase the motor vehicle inspection fee from \$25 to \$35.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. Three of the provisions in the proposed subtitle – the extension of driver's license validity from 5 to 8 years, the extension of special identification validity cards from 5 to 8 years, and the extension of the inspection exemption period for new vehicles – would result in revenue losses. However, the increase in the inspection fee from \$25 to \$35 would generate sufficient revenue to cover any losses associated with the three revenue loss provisions noted below. Estimates are based on expected stable levels of registrations and inspections in the District.

- Despite the fee increase from \$39 to \$44, the increased period for which driver's licenses are valid would result in an annual loss of approximately \$800,000;
- Extending the inspection exemption for new vehicles would result in an annual revenue loss of approximately \$600,000;
- The increased period for which special identification cards are valid would result in an annual loss of approximately \$150,000;

### **Subtitle (VI)(E) – Department of Transportation Establishment Amendment Act of 2008:**

#### **Background**

The proposed subtitle would amend D.C. Official Code § 50-921.11 to add a new source of funding to the District's Department of Transportation (DDOT) Unified Fund (Fund). Specifically, the proposed subtitle would require that all revenue derived from the recovery of costs associated with the repair and replacement of damaged DDOT assets located in public spaces be deposited into the Fund, which is a non-lapsing, non-reverting segregated fund within the District's General Fund. For example, if a DDOT asset (e.g. traffic light) is destroyed during an automobile accident, a recovery payment is generated through collection for damages from an insurance company or the offender. The proposed subtitle is intended to create a more centralized process to recover costs associated with the damage or destruction of DDOT assets.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

**TITLE VII – FINANCE and REVENUE**

**Subtitle (VII)(A) – Earned Income Tax Credit Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 47-1806.04(f)(1) to increase the District Earned Income Tax Credit (EITC) from 35% to 40% of the Federal credit. The EITC is an income tax credit targeted to low-income working families that provides larger benefits for families with children.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle. The proposed subtitle would result in a revenue loss of \$5.3 million in FY 2009 and \$23.1 million in the FY 2009 through FY 2012 budget and financial period, a loss that is built into the this proposed budget and financial plan.

Impact in the Budget and Financial Plan of Subtitle VII(A) Earned Income Tax Credit Amendment Act of 2008 (S in millions)						
	FY 2009	FY 2010	FY 2011	FY 2012	4-Year	Total
D.C. EITC to 40% of Federal	(\$5.3)	(\$5.6)	(\$5.9)	(\$6.3)		(\$23.1)

**Subtitle (VII)(B) – Dedicated Tax and Other Type Revenue Debt Service Support Act of 2008:**

**Background**

The proposed subtitle would change the deposit requirements for certain District funds that have a debt service component. Specifically, for a fund with a requirement to pay debt service, the proposed subtitle would require that revenues sufficient to service the relevant debt be deposited first into the District's General Fund and second into the specific fund. The debt service deposit requirement in this subtitle would not apply to funds expressly exempted by the Office of the Chief Financial Officer. The legislation is intended to make the debt service and budgeting process more efficient.

## **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

### **Subtitle (VII)(C) – Commercial Real Property Tax Relief and Budget Priorities Amendment Act of 2008:**

#### **Background**

##### **Commercial Real Property Tax Rate Reduction**

The proposed subtitle would repeal District of Columbia Act 17-272 ("Small Business Commercial Property Tax Relief Act of 2008") and would amend D.C. Official Code § 47-812 by adding a new subsection to establish new real property tax rates for taxable Class 2 (Commercial) property.

Act 17-272 established a split property tax rate for Class 2 real property. The existing rate of \$1.85 per \$100 of assessed value would remain in place for value in excess of \$3 million and a lower rate would apply to the first \$3 million of assessed value. The lower rate was dependent on revised quarterly revenue estimates from February 2008. Based on this revised estimate, the provisions of Act 17-272 triggered a reduction from \$1.85 to \$0.91 on the first \$3 million of taxable assessed value for Class 2 properties.

The proposed subtitle would repeal Act 17-272 and would create a new property class – Class 2A – for commercial properties with an assessed value less than \$3 million on January 1, 2008. The repeal of Act 17-272 would add \$95.7 million in revenues in FY 2009.

With respect to the new split rate proposed in this subtitle, first, the overall Class 2 property tax rate would be reduced from \$1.85 per \$100 of assessed value to \$1.84 per \$100 of assessed value in FY 2009. The proposed subtitle also includes a subsection specifying that the Mayor may propose additional commercial property tax rate reductions that are phased in over two years following FY 2009. The proposed rate may be reduced by \$.02 per \$100 of assessed value in the first year and an additional \$.02 per \$100 of assessed value in the following year.

For Class 2A properties, the proposed subtitle would reduce the tax rate on Class 2A properties to \$1.70 per \$100 of assessed value in FY 2009. If the Mayor were to propose additional rate reductions after FY 2009, the proposed rate reductions may be \$.15 per

\$100 of assessed value in the first year and an additional \$.15 per \$100 of assessed value in the following year. This provision only specifies that the Mayor may propose further rate reductions and does not require rate reductions in years beyond FY 2009. The provisions in this proposed subsection would expire on September 30, 2013.

#### Allocation of Funds

In addition, the proposed subtitle enumerates one-time distributions, which are also included in the Mayor's proposed FY 2009 budget, of \$81.1 million to be allocated in FY 2009 in the following manner:<sup>18</sup>

- A. \$29 million to fund the Home Purchase Assistance Program and Land Acquisition for Housing Development Opportunities;
- B. \$19.2 million to establish the Housing First Fund to provide housing assistance and supportive services to homeless individuals;
- C. \$4 million to support the provision of enhanced social services in targeted New Communities areas;
- D. \$2.6 million to fund 220 new high-quality Pre-Kindergarten placements in public schools;
- E. \$24.6 million pass-through funding in the Office of the Chief Financial Officer; and
- F. \$1.7 million to fund an enhancement for the Council of the District of Columbia.

The one-time pass-through funding of \$24.6 million in the Office of the Chief Financial Officer (E above) shall be allocated as follows:

- 1. \$40,000 shall support Camp Imagine;
- 2. \$250,000 shall support a grant to the Capital Breast Care Center;
- 3. \$250,000 shall support a grant to the Capital Fringe Festival;
- 4. \$30,000 shall support a grant to CHAMPS;
- 5. \$300,000 shall support a grant to City Dance;
- 6. \$25,000 shall support a grant to a community garden at 13<sup>th</sup> Street and Kentucky Avenue SE;

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<sup>18</sup> Revenue enhancements from this subtitle would equal \$80.7 million. The Mayor's proposed FY 2009 one-time allocations listed in this subtitle total \$81.1 million. Technical adjustments to the distribution of funds included in this subtitle may be required.

7. \$150,000 shall support a grant to Cool Capital Challenge;
8. \$500,000 shall support a grant to Cultural Tourism DC;
9. \$250,000 shall support a grant to the DC Central Kitchen;
10. \$1,000,000 shall support a grant to the DC Economic Partnership;
11. \$500,000 shall support a grant to DC Vote;
12. \$100,000 shall support a grant to the DC Youth Orchestra;
13. \$500,000 shall support a grant to the Duke Ellington Jazz Festival;
14. \$500,000 shall support a grant to the Earth Conservation Corps;
15. \$250,000 shall support a grant to the East of the River Family Strengthening Collaborative;
16. \$200,000 shall support a grant to Food and Friends;
17. \$10,000,000 shall support a grant to Ford's Theatre;
18. \$250,000 shall support a grant to the Fort Dupont Ice Arena;
19. \$50,000 shall support a grant to the Friends of Book Hill Park;
20. \$10,000 shall support a grant to the Friends of Hillcrest Recreation Center;
21. \$50,000 shall support a grant to the Friends of Kennedy Playground;
22. \$50,000 shall support a grant to the High Tea Society;
23. \$75,000 shall support a grant to the Higher Achievement Program;
24. \$500,000 shall support a grant to the Historical Society of Washington;
25. \$500,000 shall support a grant to the Hoop Dreams Scholarship Fund;
26. \$250,000 shall support a grant to the Marshall Heights Community Development Organization;
27. \$25,000 shall support a grant to My Buddy Notes;
28. \$300,000 shall support a grant to the National Building Museum;
29. \$200,000 shall support a grant to the Kids Set Sail program of the National Maritime Heritage Foundation;
30. \$50,000 shall support a grant to the Northeast Performing Arts Group;
31. \$1,000,000 shall support a grant to the Peaceoholics;
32. \$100,000 shall support a grant to Positive Choices;
33. \$65,000 shall support a grant to Set Point, Inc.;
34. \$1,500,000 shall support a grant to Southeastern University;
35. \$2,000,000 shall support a grant to THEARC;
36. \$1,000,000 shall fund an Intra-District transfer to the Deputy Mayor for Planning and Economic Development to support the Ward 4 BID Demonstration Project and capital improvement grants to businesses on Georgia Avenue or Kennedy Street, NW;
37. \$100,000 shall support a grant to the Ward 7 Arts Collaborative;
38. \$100,000 shall support a grant to the Ward 7 Business and Professional Association;
39. \$60,000 shall support a grant to the Ward 7 Education Initiative;
40. \$100,000 shall support a grant to the Ward 7 Nonprofit Consortium;
41. \$100,000 shall support a grant to the Ward 8 Tennis & Education Council;
42. \$200,000 shall support a grant to the Washington Area Women in Trades;

- 43. \$1,000,000 shall support a grant to the Washington Ballet;
- 44. \$50,000 shall support a grant to the Washington East Foundation; and
- 45. \$100,000 shall be retained by the Office of the Chief Financial Officer to cover administrative expenses.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

The proposed subtitle would result in a net increase of \$80.7 million in FY 2009 and \$354.4 million in the FY 2009 through FY 2012 budget and financial period, which is built into the budget and financial plan.

The repeal of Act 17-272 would add \$95.7 million in revenues in FY 2009. The reduction in the overall Class 2 property tax rate from \$1.85 per \$100 of assessed value to \$1.84 per \$100 of assessed value would reduce Class 2 property tax collections by \$7.0 million in FY 2009 and \$30.7 million in the FY 2009 to FY 2012 period. The reduction in the rate on Class 2A properties to \$1.70 per \$100 of assessed value would result in an additional revenue loss of \$8 million in FY 2009 and \$35.1 million in the FY 2009 to FY 2012 period.

Impact in the Budget and Financial Plan of Subtitle VII(C) Commercial Real Property Tax Relief & Budget Priorities Amendment Act of 2008 (\$ in millions)						
	FY 2009	FY 2010	FY 2011	FY 2012	4-Year	Total
Repeal of Act 17-272	\$95.7	\$102.0	\$108.4	\$114.1		\$420.2
Class 2 Rate=\$1.84	(\$7.0)	(\$7.5)	(\$7.9)	(\$8.3)		(\$30.7)
Class 2A Rate=\$1.70	(\$8.0)	(\$8.5)	(\$9.1)	(\$9.5)		(\$35.1)
<b>Net Total Revenue Impact</b>	<b>\$80.7</b>	<b>\$86.0</b>	<b>\$91.4</b>	<b>\$96.2</b>		<b>\$354.4</b>

Note: Inconsistency in table sums is due to rounding.

**Subtitle (VII)(D) – Budget Reserve Act of 2008:**

**Background**

The proposed subtitle would require the District budget to contain a budget reserve, which would be a segregated, non-reverting, non-lapsing account within the General Fund. The proposed subtitle would require the deposit of any unspent balance in the

cumulative cash reserve at the end of FY 2008 into the budget reserve established by this subtitle. In addition, funds in the budget reserve would be allocated to District agencies to pay unforeseen expenditures in excess of appropriated amounts and would require a request by the Mayor, certification by the OCFO, and approval by the District Council.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

### **Subtitle (VII)(E) – Other Post-Employment Benefits Eligibility Act of 2008:**

#### **Background**

The proposed subtitle would amend D.C. Official Code § 1-621.09 to allow the Mayor to issue rules that establish vesting requirements for the provision of other post-employment benefits to annuitants.

#### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.