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

CHAIRMAN GRAY

2008 JUN -3 PM 3:03

**Natwar M. Gandhi**
Chief Financial Officer

**MEMORANDUM**

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| **TO:** | **The Honorable Vincent C. Gray**<br>**Chairman, Council of the District of Columbia** |
| **FROM:** | **Natwar M. Gandhi**<br>**Chief Financial Officer** |
| **DATE:** | **June 3, 2008** |
| **SUBJECT:** | **Fiscal Impact Statement: "Fiscal Year 2009 Budget Support Act of 2008"** |
| **REFERENCE:** | **Bill 17-678 – An Amendment in the Nature of a Substitute** |

**Conclusion**

The proposed legislation implements the FY 2009 through FY 2012 budget and financial plan as introduced by the Mayor and amended by the Council of the District of Columbia. Overall, this bill, together with anticipated Mayoral rulemaking and agency operational plans; the approval of Bill 17-086, the Nuisance Properties Abatement Reform and Real Property Classification Amendment Act of 2007 (that would raise the Class 3 property rate from $5 per $100 of assessed value to $10 per 100 of assessed value, effective October 1, 2008); and Bill 17-0396, the Street Sweeping Improvement Enforcement Amendment Act of 2008, will result in an estimated $5.697 billion in FY 2009 local source budget. The combined initiatives provide sufficient funds to balance the estimated $8.759 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 as electricity, natural gas, heating fuel, steam, and water. However, if either OFRM or OPM is responsible for a late payment, that agency would be responsible for the entire late fee. 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) – District of Columbia Employee 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. The Fund would receive revenue from the District employee parking programs. In addition, the proposed subtitle would authorize the Chief Property Management Officer (Officer) to expend revenue from the Fund for maintenance of and non-capital improvements to District-owned properties under the management of the Office of Property Management (OPM), the administration of the employee parking program, and the establishment and operation of commuter benefits programs for District government employees.

**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)(C) – Surplus Personal Property Sales Revolving Fund Amendment 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 (I)(D) – Youth Jobs Fund Establishment Fund Act of 2008:

### Background

The proposed subtitle would establish a non-lapsing, non-reverting "Youth Jobs Fund" ("Fund") for the purpose of providing funding for approved in-school, out-of-school, and year-round employment programs for youth to work at least 10 hours per week. The proposed subtitle would require all local funds for youth employment to be deposited into the Fund starting on October 1, 2008. Allocations from the Fund would pay for youth employment programs and would cover administrative costs for the Department of Employment Services (DOES) and for vendors, with a maximum of 10 percent of the Fund going toward each of these costs. Finally, the proposed subtitle would require DOES to submit a quarterly report to the Council on the activities, budget, and expenditures related to 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. No additional staff or resources would be required to implement the proposed subtitle. The FY 2009 DOES budget for the Office of Youth Programs is $32.2 million, which would be allocated to the Fund.

**Subtitle (I)(E) – Budget Transparency Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 47-318.05 to require the Mayor and the OCFO to submit to the Council copies of all agency budget enhancement requests (including the "Form B" for all agencies) and any similarly detailed documentation to support agency budget requests with all proposed budget submissions.

**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 (I)(F) – Employee Compensation Fund Allowance and Clarification Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 1-623.42 to clarify that resources from the District's Employees' Compensation Fund ("Fund"), which is used for disability compensation and other benefit payments, may not be used for "administrative expenses." Specifically, the proposed subtitle defines such expenses as "any cost of administration or operation" that is not a payment for medical care, rehabilitation, or employee compensation or benefits. However, legal expenses incurred by the Mayor or his or her designees would not be included as "administrative expenses." Finally, the proposed subtitle would allow $904,000 from the Fund to be spent on administrative expenses in FY 2009 only.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 budget but would have to be allocated in the FY 2010 through FY 2012 period to implement the provisions of the proposed subtitle. The proposed subtitle would allow an amount of no more than $904,000 from the Fund to be spent on administrative expenses in FY 2009. Another funding source will have to be identified to cover administrative costs relating to the Fund in years beyond FY 2009.

## Subtitle (I)(G) – John A. Wilson Building Centennial Fund Establishment Amendment Act of 2008:

**Background**

The proposed subtitle would amend D.C. Official Code § 10-301 *et seq.* to establish the John A. Wilson Centennial Fund ("Fund") to provide resources for the 100th anniversary commemoration of the opening of the building, which was formerly known as the District Building. The Fund would be non-lapsing, non-reverting and would receive deposits from appropriations, other District funds, private gifts, donations, and receipts from the sale of the 100th anniversary memorabilia.

The proposed subtitle would also specify the expenditures that the Council Secretary could make from the Fund, including planning and executing programs related to the 100th anniversary commemoration and general history of the Wilson Building.

**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 establish the Fund and authorize certain types of expenditures but would not require the District to allocate resources.

## Subtitle (I)(H) – Federal Grants Spending Plans Submission Act of 2008:

**Background**

The proposed subtitle would require the Mayor to submit to the Council by October 1, 2008 detailed spending plan information for all Federal grants, including operating and capital activities, that the District is expected to receive in FY 2009. For each grant in every agency, the plan must include:

- The amount of the grant for FY 2009 and the expected amount for FY 2010;
- The amount of local funds required to receive the federal matching grant (FMG);
- The number of full-time equivalents (FTEs) involved to meet the requirements of the FMG;
- The number of FTEs supported both solely and partially by the FMG funds;
- The current percentage of each agency's activities that are eligible for FMG funds;
- Likely areas of development for maximizing the percentage of an agency's activities qualifying for FMG funds; and
- An analysis of the impact that increased FMG funds would have on an agency's local 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. No additional staff or resources would be required to implement the proposed subtitle.

## TITLE II – ECONOMIC DEVELOPMENT AND REGULATION

### Subtitle (II)(A) – 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; 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.

| Estimated Impact of Subtitle (II)(A)<br>Transfer of Taxes from CHSF to General Fund<br>($ in Millions) | | | | | |
|---|---|---|---|---|---|
| | FY 2009 | FY 2010 | FY 2011 | FY 2012 | 4 Year Total |
| Recordation Tax Reallocation from CHSF to General Fund | $13.6 | $13.8 | $14.4 | $15.2 | $57.0 |
| Transfer Tax Reallocation from CHSF to General Fund | $9.9 | $9.9 | $10.3 | $10.7 | $40.7 |
| **Total Transfer from CHSF to General Fund** | **$23.5** | **$23.6** | **$24.7** | **$25.9** | **$97.7** |

Source: Office of Revenue Analysis

### Subtitle (II)(B) – 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 of the Office of the Deputy Mayor for Planning and Economic Development with appropriated funds and the authority to issue the following grants:

- 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;
- $24.739 million in one-time, nonrecurring grants out of funds appropriated to the Office of the Deputy Mayor for Planning and Economic Development as stipulated in section 8002(h) of the proposed legislation; and
- grants as necessary to implement only the human capital projects of the New Communities Initiative.

**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 grants would come from appropriated funds, the authorization for spending on the grants would have no impact on the budget and financial plan.

**Subtitle (II)(C) – 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 (DCRA) 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.

Finally, the proposed subtitle would require a portion of the increased fees be used to reform the application and renewal process for licensing, and that DCRA provide the Council with a report within six months of the effective date of the legislation on the steps taken to implement new processes.

### 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)(C)<br>Estimated Increase in Business License Fees<br>($ 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 |
| **Total Increase in Business License Fees** | **$4.67** | **$5.40** | **$4.67** | **$5.40** | **$20.14** |

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

## <u>Subtitle (II)(D) – Department of Housing and Community Development Unified Fund Establishment Fund Act of 2008:</u>

### 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):

- 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.

The legislation also includes the addition of "any other DHCD programs created by regulation, as determined by the Director." This FIS is based upon the presumption that "new programs" refers to the establishment of new revenue streams and does not serve as a mechanism to direct existing revenue streams into the Unified Fund.

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)(D)<br>Transfer of Certified Revenues to DHCD Unified Fund<br>($ in Millions) | | | | | |
|---|---|---|---|---|---|
| | **FY 2009** | **FY 2010** | **FY 2011** | **FY 2012** | **4 Year Total** |
| 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 |
| **Total Revenues Transferred to DHCD Unified Fund** | **$3.51** | **$2.57** | **$2.57** | **$2.57** | **$11.23** |

Source: Office of Revenue Analysis

**<u>Subtitle (II)(E) – Disposition of Abandoned and Deteriorated Property Amendment Act of 2008:</u>**

**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)(F) – 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[1]. The proposed subtitle would have an application date of January 1, 2008.

## 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 dedicated fund for use by the Department of Insurance, Securities and Banking.

[1] The District of Columbia is currently the only jurisdiction to offer this credit to captive insurance companies.

| Estimated Impact of Subtitle (II)(F)<br>Estimated Additional Premium Taxes<br>($ 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 |
| **Total Additional Revenues** | **$0.43** | **$0.43** | **$0.43** | **$0.43** | **$1.73** |

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

## Subtitle (II)(G) – 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 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)(H) – Nuisance Properties Abatement Act Implementation Act of 2008:

### Background

The proposed subtitle would clarify the required content of the report provided annually by the Mayor to the Council on the financial condition of the Nuisance Abatement Fund as stipulated in D.C. Official Code § 42-3131-01(b)(4).

The proposed subtitle also originally included reference to the engrossed version of Bill 17-086, the Nuisance Properties Abatement Reform and Real Property Classification Amendment Act of 2007, that would raise the Class 3 property rate from $5 per $100 of assessed value to $10 per 100 of assessed value, effective October 1, 2008. Although the reference to Bill 17-086 in this proposed subtitle was stricken before final reading of this proposed subtitle, the Council's FY 2009 to FY 2012 budget and financial plan includes the revenue that would result following enactment of Bill 17-086.

Bill 17-086 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 June 3, 2008. Bill 17-086 would make permanent the Nuisance Properties Abatement Reform and Real Property Classification Temporary Amendment Act of 2007 (D.C. Law 17-0102), as well as the increase in the Class 3 rate to $10 per $100 of assessed value.

**Financial Plan Impact**

Funds are sufficient to implement the proposed subtitle and balance the FY 2009 to 2012 budget and financial plan *if, and only if,* Bill 17-086, the Nuisance Properties Abatement Reform and Real Property Classification Amendment Act of 2007, that would raise the Class 3 property rate from $5 per $100 of assessed value to $10 per 100 of assessed value, effective October 1, 2008, is approved. Otherwise, the General Fund has a negative $29.555 million deficit over the FY 2009 through FY 2012 financial plan period (table below). The proposed Fiscal Year 2009 Budget Request Act of 2008 (BRA) includes the estimated revenues from the Class 3 rate increase.

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 Class 3 Rate Increase *<br>Nuisance Properties Abatement Act Implementation Act of 2008<br>($ 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
*A technical amendment to this Act is required to realize these increases in property tax collections. Should this not occur, the FY 2009 to FY 2012 budget and financial plan will not be balanced.

## Subtitle II(I) – Small Business Micro Loan Fund Amendment Act of 2008

**Background**

The proposed subtitle would amend D.C. Official Code § 2-218.75(b) to allow expenditures from the Micro Loan Fund to establish a procurement technical assistance program to the Department of Small and Local Business Development, and to make the following one-time grants:

- $120,000 to be divided equally among the D.C. Main Streets Programs that meet prescribed conditions; and
- $10,000 to the Latino Economic Development Corporation for printing the Think Local First directory.

**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.

**<u>Subtitle II(J) – Consumer Protection Act of 2008</u>**

**Background**

The proposed subtitle would amend D.C. Official Code § 28-3903(a)(1)(i) of the D.C. Official Code to decrease the amount in controversy threshold above which the Department of Consumer and Regulatory Affairs may initiate its own investigation of deceptive, unfair, or unlawful trade practices against consumers from $2,500 to $250.

**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.

**<u>Subtitle II(K) – Competitive Energy Supplier Consumer Awareness Amendment Act of 2008</u>**

**Background**

The proposed subtitle would amend Title 34 of the D.C. Official Code to require the Office of the People's Counsel and the Public Service Commission to establish a program to increase awareness on the availability of services offered by competitive energy providers.

**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 repeals the Mayor's proposed e911 tax increase as provided in the Mayor's FY 2009 Budget Support Act of 2008 and clarifies that it is a monthly tax. It also clarifies that Voice over Internet Protocol Services Providers (VSP) would be subject to the e911 tax. Finally, the proposed bill provides that after October 1, 2008, no monies in the Emergency and Non-Emergency Number Telephone Calling Systems Fund[2] ("Fund") can be used to defray personnel 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. Repealing the Mayor's proposed e911 tax increase would have a negative impact on the Emergency and Non-Emergency Number Telephone Calling Systems Fund[3] ("Fund") of $3.815 million in FY 2009 and $15.26 million over the FY 2009 through FY 2012 budget and financial plan period. The proposed Committee of the Whole (COW) FY 2009 budget, as presented to the Office of the Chief Financial Officer (OCFO) on May 23, 2008, shows a reduction to the Fund of $3.815 million. Offsetting expenditure items that would be required to be eliminated are shown in detail as policy initiatives in Table UCO-5 in the Mayor's Proposed Budget.[4]

Clarifying that VSPs would be subject to the e911 tax would make the law regarding the applicability of this tax (to include VSPs) more precise. However, enactment of this subtitle would likely not generate more e911 tax revenues from VSPs because the District already has the authority to collect these tax revenues from VSPs under current law and it is doing so.

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[2] See § 34-1802 for full details on this Special Purpose Revenue 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."

[3] See § 34-1802 for full details on this Special Purpose Revenue 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."

[4] Of the three Mayoral capital expenditure policy initiatives being reduced by removing the e911 fee increase, one is being funded through a $1.715 million increase to the Fund from Local Funds to "Deploy Mobile Data Computers to improve the efficiency and accuracy of critical MPD and FEMS field operations." Therefore, the net decrease to the Fund through these actions is $2.1 million, which represents a reduction to the two remaining Mayoral policy initiatives that were to be funded through the e911 fee increase.

## Subtitle (III)(B) –Ambulance Fee Act of 2008:

### Background

The proposed subtitle would repeal the rules that increased ambulance services fees, adopted April 18, 2008 and located at 55 DCR 4373, and would revive the ambulance fees that were in place before the rulemaking.

The proposed subtitle would require the Mayor to explore all reasonable options for billing Medicaid and Medicare for the costs of ambulance services. The proposed subtitle also provides that if the Mayor could not raise $3.5 million from vigorous Medicaid and Medicare billing, the Mayor would be required to issue rules, effective October 1, 2008, to increase ambulance fees to an amount sufficient to raise up to $3.5 million in revenue in FY 2009 and FY 2010.

### Financial Plan Impact

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed subtitle.

The Mayor's fee increase was estimated to generate approximately $7.2 million in additional revenues for the District in FY 2009. Repealing this fee increase and requiring that the District would instead raise up to $3.5 million in FY 2009 is feasible using FY 2008 operating cash reserve funds.[5]

## Subtitle (III)(C) –Homeland Security and Emergency Management Agency Video Surveillance Rules Amendment Act of 2008:

### Background

The proposed subtitle would require the Mayor to issue rules for the use of surveillance cameras and technology in the operation of its Video Interoperability for Public Safety (VIPS) program to Council for an active 45 day review, and provides that until such rules are issued and approved, that the VIPS program is to be governed by established law and regulations.[6]

### Financial Plan Impact

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[5] See Amendments # 1 - # 3 to B17-753, the "Fiscal Year 2008 Other-Type and Local Appropriations Adjustment Temporary Act of 2008," dated June 3, 2008.

[6] Specifically, the subtitle provides that the VIPS program would be required to be governed by regulations promulgated pursuant to the Use of Closed Circuit Television to Combat Crime Amendment Act of 2006, effective March 14, 2007, and published in Chapter 25 of Title 24 of the District of Columbia Municipal Regulations.

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 (III)(D) –Office of Administrative Hearings Space Analysis Amendment Act of 2008:

### Background

The proposed subtitle would require the Office of the Inspector General (OIG) to contract for a space analysis to identify the needs of the Office of Administrative Hearings (OAH). The proposed subtitle provides that OIG could not utilize a subordinate agency to provide or procure this analysis. The proposed subtitle would require OIG to present its findings to Council no later than December 1, 2008.

### 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. OIG could absorb the cost of implementing the proposed subtitle-- a one-time commitment-- with existing resources.

## Subtitle (III)(E) –Administrative Law Judge Pay Parity Act of 2008:

### Background

The proposed subtitle would provide that Administrative Law Judges in the Office of Administrative Hearings (OAH) would receive a minimum annual compensation at the point on the ES-10 pay scale that is equivalent to the mid-point of the LX-2 pay scale.

### 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 Committee on Public Safety and the Judiciary Budget Report, dated May 1, 2008, provides for an increase of $1,035,913 in the Personal Services (PS) budget for OAH in order to fund the proposed subtitle. The proposed Committee of the Whole (COW) FY 2009 budget, as presented to the Office of the Chief Financial Officer on June 1, 2008, adopts this increase. This would be a baseline increase for OAH that would cover the cost of the proposed pay increase in FY 2009 and in the out-years.

## Subtitle (III)(F) –Community-based Violence Reduction Fund:

**Background**

The proposed subtitle would establish a non-lapsing segregated account called the Community-based Violence Reduction Fund ("Fund") to be used for giving grants to community-based organizations in accordance with criteria to be established and uniformly applied by the Justice Grants Administration. The proposed subtitle also provides that not more than 5% of the total amount of monies in the Fund in any given fiscal year could be used to pay administrative costs necessary to implement the requirements of this subtitle.

**Financial Plan Impact**

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

**<u>Subtitle (III)(G) –Plan for Boys and Girls Clubs Amendment Act of 2008:</u>**

**Background**

The proposed subtitle would provide that no funds appropriated pursuant to the Fiscal Year 2009 District of Columbia Appropriations Act could be used by or for the Boys and Girls Clubs of Greater Washington ("Clubs") prior to the approval of a plan for its real property located within the District of Columbia. The Plan would be required to ensure that the future of three clubhouses outlined in the subtitle remain viable facilities that provide services to all District residents. Finally, the proposed subtitle provides that the plan would be required to be submitted by the Clubs to the Council and approved by act.

**Financial Plan Impact**

Funds are sufficient in the 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 District's budget and financial plan.

**<u>Subtitle (III)(H) –Motor Vehicle Theft Prevention Commission Annual Maximum Appropriations Act of 2008:</u>**
**Background**

The proposed subtitle would amend D.C. Act 17-394, "Motor Vehicle Theft Prevention Act of 2008" ("Act") to set a maximum amount of funding for the fund established by the Act. The Act established a new Motor Vehicle Theft Prevention Fund ("Fund"), which would be funded by fines from violations of D.C. Official Code § 31-2413(a). Revenue from these fines currently accrues to the District's General Fund. The proposed subtitle would limit deposits into the Fund from these fines to $250,000 in FY 2009, $725,000 in FY 2010, $1 million in FY 2011, and by $1 million plus 5% annually in FY 2012 and future years.

**Financial Plan Impact**

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. Revenue from the fines specified in the Act were approximately $3 million in FY 2007. The fiscal effect of diverting revenue from these fines from the General Fund to the new Fund is accounted for in the FY 2009 budget and the FY 2009 through FY 2012 budget and financial plan.

## 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 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.

**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. No additional funding or personnel time is required to implement this legislation. These funds are anticipated to be derived from the amount in the Student Enrollment Fund.

### 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 existing OSSE employees to the Education Service track created by the Act 17-241, Public Education Personnel Reform Emergency Amendment Act of 2008.

### 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 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 ("OSSE") 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 proposed subtitle also establishes District of Columbia Academic Certification and Testing Fund ("Fund")—a non-lapsing fund into which all fees collected by the State Education Office for state academic credential certifications, General Educational Development testing or any other state-level education function as defined in § 38-2602(b)(17) shall be deposited. Neither the fees collected in the fun, not any interest earned on those funds shall revert to the fund balance, but be continually available for the uses and purposes of the Fund. The Fund shall be administered by the State Superintended of Education, to be used to support the administration of state academic credential certifications, General Educational Development and other state-level education programs.

**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 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 sets licensure requirements for 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.

**<u>Subtitle (IV)(F) – Residency Verification Amendment Act of 2008</u>**

**Background**

This subtitle amends D.C. Code §38-306 and §38-308 to require residency verification for 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 handle the verification requirements for those students whose education is funded by the D.C. Government.

**<u>Subtitle (IV)(G) – The Truancy Centers Amendment Act of 2008</u>**

**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 adjusts grade-level weights. Tables 1 to 4 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. Additionally, the subtitle requires that the facilities allowance shall only apply to students receiving instruction at a Public Charter School educational facility or as otherwise approved by the Office of the State Superintendent.

**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 | $4560 |

| Level/Program | Definition | Weighting | Per Pupil Supplemental FY 2008 |
|---|---|---|---|
| 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 Education | More than 16 hours and less than or equal to 24 hours per school week of specialized services | 1.36 | $11,927 |
| 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 – | Additional funding to support the after-hours | 0.68 | $5,964 |

| Level/Program | Definition | Weighting | Per Pupil Supplemental FY 2008 |
|---|---|---|---|
| Residential | 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 | | |

**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 transfer 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 a transfer of $572,547,000 from District resources to the DCPS and $366,053,000 to 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 in FY 2009.

## 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. To maintain balance, a new personnel system would be required to be implemented within the resources available.

## Subtitle (IV)(J) – The School Modernization Financing Amendment Act of 2008

### Background

The proposed subtitle amends D.C. Code § 38-2971.03 to redefine the potential uses of funds in the Public School Capital Improvement Fund ("Fund"). Under these amendments, the monies in the Fund can no longer be used for the budget and administrative costs of the Office of Public Education Facilities Modernization. The proposed subtitle would limit use of the Fund to those items specified in the work program submitted to the Council on December 3, 2007. This subtitle would also change the process for amending the work program by requiring a 45-day review period for any amendment submitted to the Council, and requiring an active approval from the Council in order for an amended work program to take effect.

The subtitle adds the following items to the list of potential uses for the Fund:

- Up to $92 million for school consolidation, including associated expenditures for pre-K renovation, receiving school blitz, relocating, furniture fixtures and expenditures.
- Up to $120 million for school stabilization, including general improvements, A/C and electrical upgrades, boiler readiness, roof repairs, life/safety code, program management and ADA Compliance
- Up to $ 434.5 million (excluding intra-district transfers) for school modernization, as set forth in pages 10-119 of the work program.

- Up to $15 million on technology development, pursuant to an intra-district agreement between OFM and the Office of the Chief Technology Officer,
- Up to $36 million for athletic facilities
- Funds to pay the U.S. Corps of Engineers for prior work.

The subtitle also conditions the Chief Financial Officer's release of the monies in the Fund to the submittal of a Facilities Master Plan, the approval of an amended work program in accordance to the amended process, or written certification from the Secretary to the Council of the District of Columbia that the submission requirements are met.

Additionally, the subtitle extends the deadline for submitting to the Council for approval the Master Facilities Plan from May 31, 2008 to September 10, 2008.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement this subtitle. The proposed FY 2009 Budget and Financial Plan allocates $194 million to the Fund for FY 2009 and $1.36 billion to the Fund for the FY 2009 – FY 2014 period. Any expenditure from this Fund cannot exceed the allocated budget amounts.

**Funding Allocation for Public School Capital Improvement Fund, FY 2009 – FY 2014, in thousands of dollars**

| | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | 6 year total |
|---|---|---|---|---|---|---|---|
| Go Bonds - New | 117,450 | 124,076 | 131,100 | 138,546 | 139,439 | 147,784 | 798,396 |
| Pay Go | 71,548 | 76,873 | 82,552 | 92,632 | 110,671 | 118,474 | 552,749 |
| Equipment Lease | 5,000 | 0 | 0 | 0 | 0 | 0 | 5,000 |
| TOTALS | 193,998 | 200,949 | 213,652 | 231,178 | 250,110 | 266,258 | 1,356,145 |

## 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[7] 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[8] was enacted on February 22, 2008.

### 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

[7] Effective July 18, 2000. D.C. Law13-146; D.C. Official Code § 7-3001 *et seq.*
[8] A17-294

to fund the operational costs of implementing the proposed subtitle. The proposed subtitle does not give APRA budget authority to expend District resources beyond 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[9] by expressly granting the Mayor or his designee the authority to enter into agreements with the District of Columbia Housing Authority[10] (DCHA) to allocate available unexpended funds from the Rent Supplement Fund[11] to meet the purposes of the Act and the Rent Supplement Program (Program.)[12] 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. 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

[9] Effective October 22, 2005. D.C. Law 16-35; D.C. Official Code § 4-751.01 *et seq.*
[10] DCHA is a corporate body legally separate from the District government. See D.C. Official Code § 6-202 for more information.
[11] 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.
[12] D.C. Code § 6-226 and § 6-227. Funding for the Program is subject to appropriation.

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[13] 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.

## 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

[13] Effective April 12, 2005. D.C. Law 15-335; D.C. Code § 2-1515.05

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) – 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.[14] The proposed subtitle would amend D.C. Official Code § 47-2002 to provide that the Fund would be administered by the Children and Youth Investment Trust Corporation (CYITC) to be used to support purposes consistent with the stated purpose of the Fund. It also provides that CYITC 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 1st of each year.

The proposed subtitle repeals D.C. Official Code § 47-4003 - § 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 the Department of Parks and Recreation.

### 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)(F) – Closing Mental Health Services Gap Plan Development Act of 2008:

### Background

The proposed subtitle would require, by October 1, 2008, the Director of the Child and Family Services Agency (CFSA) to submit a spending plan for the $2.5 million requested in the Mayor's FY 2009 budget for "Closing Mental Health Services Gaps."

### Financial Plan Impact

[14] See D.C. Official Code § 47-2002 and § 47-1812.11b

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. Requiring CFSA to develop a spending plan for funds that have already been included in an appropriation would not have a fiscal impact on the proposed FY 2009 through FY 2012 budget and financial plan.

## Subtitle (V)(G) – Department of Mental Health Funding Allocation Act of 2008:

### Background

The proposed subtitle would require, no later than 30 days before the first day of a fiscal year, the Department of Mental Health (DMH) to issue to each certified Mental Health Rehabilitation Services provider a statement of anticipated annual funding. The statement would be required to include language stating that the anticipated funding level is subject to change based upon actual budget availability and at the discretion of DMH.

### Financial Plan Impact

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed subtitle. DMH could absorb the cost of implementing the proposed subtitle with existing resources.

## Subtitle (V)(H) – Fixed Costs Allocation Act of 2008:

### Background

The proposed subtitle provides that, for FY 2009, the Department of Health, the Department of Health Care Finance, and the Department of Mental Health would be prohibited from entering into a memorandum of understanding or another similar agreement with another agency of the District of Columbia for the transfer of funds in an amount that exceeds the amount budgeted for such services; provided, that nothing would prohibit these departments from entering into an agreement for the transfer of funds when the purpose of such transfer is to allow for transition or other costs associated with moving into District owned property.

### Financial Plan Impact

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

## Subtitle (V)(I) – Reporting Requirements Act of 2008:

**Background**

The proposed subtitle would require, by October 1, 2008 (the first day of FY 2009), the Department of Health (DOH), Department of Health Care Finance (DHCF), and the Department of Mental Health (DMH) to submit reports to the Council as outlined in the proposed 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. DOH, DHCF, and DMH would be required to absorb the impact of the reporting requirements with existing resources.

## Subtitle (V)(J) – Health Benefits Plan Members Bill of Rights Amendment Act of 2008:

**Background**

The proposed subtitle would make a technical correction to D.C. Code § 44-301.01 to provide that the Director of Health Care Finance (DHCF), and not the Department of Health (DOH), is the appropriate District contact with regards to grievance procedures for health benefits plans.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. Implementation of the proposed legislation would not have a net fiscal impact so long as the appropriate funding transfer takes place between DOH and DHCF for the aforementioned position correction.

## Subtitle (V)(K) – Nursing Facility Quality of Care Amendment Act of 2008

**Background**

The proposed subtitle would amend D.C. Official Code § 47-1263(a) to change the provider tax for nursing facilities from 6% per annum to "up to 6% per annum." This is necessary to put the District in compliance with federal law[15] which requires a temporary reduction in the allowable health care related tax rate that the District currently levies for each bed at nursing facilities.

**Financial Plan Impact**

[15] Under the Federal Tax Relief and Health Care Act of 2006 (P.L. 109-432), the amount of taxes that a state may impose on certain classes of providers is reduced to 5.5% of gross revenues for the period beginning January 1, 2008, and ending on September 30, 2011.

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed legislation would not have an impact on the budget and financial plan so long as expenditures out of the Nursing Facility Quality of Care Fund,[16] a dedicated segregated account, are reduced by the same amount that revenues going into the Fund are reduced as a result of enacting the proposed subtitle.

**Subtitle (V)(L) – Effi Slaughter Barry HIV/AIDS Initiative Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 7-1611 *et seq.* to establish a non-lapsing segregated account within the General Fund of the District of Columbia, to be used solely for the purpose of supporting the Effi Slaughter Barry HIV/AIDS Initiative. The fund would be administered by the Department of Health.

**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 creation and administration of a segregated account could be absorbed with existing agency resources.

**Subtitle (V)(M) – Choice in Drug Treatment Maximum Benefit Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 7-3001 *et seq.* by raising the Choice in Drug Treatment Program maximum benefits, subject to the availability of funds in the Addiction Recovery Fund, from $10,000 to $20,000 per year for a client with no dependant children and from $25,000 to $40,000 per year for a client with a dependent child or children.

The purpose of the Program is to provide District residents with access to substance abuse rehabilitation and aftercare plans at the treatment provider of their choice in consultation with a qualified substance abuse counselor, and subject to the availability of funds in the Addiction Recovery Fund.

**Financial Plan Impact**

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed legislation. Implementation of the proposed legislation would not

[16] As per D.C. Official Code § 47-1262 and § 47-1263, the provider tax is deposited into the Fund, and "no less than ninety 90% of the Fund shall be used solely to fund quality of care initiatives."

have an impact on the budget and financial plan, as it only authorizes higher benefit award limits within the Addition Recovery Fund, a designated segregated account, subject to the availability of funds in the Fund. It does not provide for nor authorize expenditure commitments beyond what is available in the Fund.

**Subtitle (V)(N) – Health Professional Recruitment Program Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 7-751.01 *et seq.* to expand the Health Professional Recruitment Program to include new health disciplines that would be eligible for loan repayment. Based on the availability of funds in the Health Professional Recruitment Fund, the Program pays for the cost of education necessary to obtain a health professional degree.

**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 legislation, as additional expenditures from expanding the Program to include new health disciplines would be subject to the availability of funds in the Fund.

**Subtitle (V)(O) – Safety Net Clinics Fee Amendment Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 7-1405 to provide that a health maintenance organization or health insurer under contract with the District to deliver services to persons enrolled in the Alliance ("Contractor"), including safety net clinics, would have the option of paying the safety net clinics on a fee-for-service basis or a capitated basis. Under the proposed subtitle, if the Contractor elects to pay on a fee-for-service basis, the Contractor would be required to pay the safety net clinics no less than $95 per visit. If the Contractor elects to pay the safety net clinics on a capitated basis, the Contractor would be required to pay the safety net clinics on the same terms and conditions as other clinics.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed subtitle, but the subtitle could exert upward pressure on costs in the future. Implementation of the proposed subtitle does not in itself create an additional expenditure commitment from the District, as annual contracts with Managed Care Organizations (MCOs) that deliver services to those enrolled in the Alliance are based on a number of factors that place both increasing and decreasing expenditure pressures on the District.

Under the present contract terms between MCOs and the District--which took effect May 1, 2008 and which will be renegotiated by May 1, 2009--MCOs pay Alliance providers a floor rate of $65 per visit if they elect to pay on a fee-for-service basis. If the entire cost of increasing the floor rate to $95—a 46% increase—were passed through to the District, the Medical Assistance Administration (MAA) estimates that this would have an additional $2.1 million expenditure impact per contract year (May 1 to April 30) on the District. This represents a potentially large expenditure pressure.

However, the District pays MCOs a Per-Member-Per-Month (PMPM) rate for Alliance enrollees, called a capitated rate, which is set during such contract negotiations. At these negotiations, a number of factors are taken into consideration that help to determine and set the capitated rate for the upcoming contract year. For instance, MAA has only recently begun to receive utilization data that show the extent to which Alliance enrollees actually receive services, which could serve to provide downward pressure on capitated rates that the District pays to MCOs. For these types of reasons, it is not possible to reliably estimate the pass-through cost impact that this mandate would have on the District's budget and financial plan.

## Subtitle (V)(P) – School-Based Mental Health Services Coordination Act of 2008:

### Background

The proposed subtitle would require, by October 1, 2008, the Department of Mental Health to enter into a memorandum of understanding (MOU) with the Office of the State Superintendent of Education (OSSE) for the transfer of at least $1 million from the special education reform-Blackman Jones activity within OSSE for the purpose of expanding school-based mental-health services to support secondary and tertiary school-based mental-health interventions.

### 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. OSSE could absorb the loss of $1m from the special education reform-Blackman Jones activity so long as the related expenditure pressure from this activity is no longer placed on OSSE.

## Subtitle (V)(Q) – Assistance Application Form Standardization Act of 2008:

### Background

The proposed subtitle would require all District government assistance application forms (AAF) for assistance from the District government, or leading to federal or private assistance, to require the applicant to state whether he or she is a veteran and provide contact information for the

Office of Veterans Affairs. The proposed subtitle would also require agencies that receive AAFs to establish procedures to retain AAFs that indicate the applicant is a veteran separately from AAFs that do not so indicate. Agencies that receive an AAF that indicates that the applicant is a veteran would be required to forward this information to the Office of Veterans Affairs.

**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. District agencies could absorb the expenditure impact of implementing the proposed subtitle with existing resources.

**Subtitle (V)(R) – Healthy DC Act of 2008:**

**Background**

Subject to the availability of funds in the Healthy DC Fund ("Fund"), established by the FY 2007 Budget Support Act of 2006,[17] the proposed subtitle would establish the Healthy DC Program ("Program") with the intent of providing affordable health benefits to eligible individuals. The Program would be administered by the Department of Health Care Finance[18] and would be funded through the Fund.

An individual would be eligible for the Program if the individual:

- Resides in the District for at least 6 months at the time of application to the Program;
- Resides in a household having a gross household income between 200% and 400% of the Federal Poverty Guidelines;[19]
- Does not qualify for the D.C. HealthCare Alliance, Medicare, Medicaid, or other federal health benefits programs; and
- Has not had health insurance during the 6-month period prior to application to the Program.

Certain exceptions to the eligibility criteria listed above are included in the proposed subtitle. Also, eligibility for the Program would not be subject to any pre-existing condition exclusions.

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[17] Effective March 2, 2007. D.C. Law 16-192. D.C. Official Code § 31-3514.02.
[18] Established by the Department of Health Care Finance Establishment Act of 2007. Effective February 27, 2008. D.C. Law 17-109.
[19] As updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).

The Program would be required to provide, at a minimum, benefits that are equal to those provided to individuals enrolled in the D.C. HealthCare Alliance, and would limit annual premium costs to 3% or less of a Program participant's gross income.

The Mayor would be required to make the Program available to eligible individuals by July 1, 2009. To meet this requirement, the Mayor would be authorized to enter into a contract with one or more health insurers to administer the Program. Any such contract entered into would require annual reporting of clinical quality measurements and utilization data to the Mayor.

Under the proposed subtitle, it would be unlawful for a health insurer or employer to eliminate or restrict the availability of a health insurance plan offered in the District with the intent of shifting beneficiaries to the Program. Insurers or employers found to be in violation of these prohibitions would be subject to a fine of not less than $10,000, which would be deposited in the Fund.

The Mayor would be required to issue rules to implement the provisions of 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. As proposed, the Program would not be an entitlement and would be subject to the availability of funds in the Fund; therefore, implementation of the proposed subtitle would not create expenditure commitments from the District beyond what is available in the Fund.

Appendix A displays in detail the known and unknown expenditures and revenues associated with this subtitle, Subtitle V(S), V(T), and V(U). The fiscal effects of these subtitles are shown in a combined table because expenditures and revenues associated with them are inter-related.

**<u>Subtitle (V)(S) – Hospital and Medical Services Corporation Regulatory Act Amendment Act of 2008:</u>**

**Background**

The proposed subtitle would amend D.C. Official Code § 31-3514.02 to provide that funds in the Healthy DC Fund ("Fund"), a segregated non-lapsing fund established in the FY 2007 Budget Support Act of 2006,[20] would be continually available to support the Healthy DC Program ("Program"), as established by the Healthy DC Act of 2008 as included in the FY 2009 Budget Support Act of 2008.

The proposed subtitle provides that the following would be deposited into the Fund:

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[20] Effective March 2, 2007. D.C. Law 16-192. D.C. Official Code § 31-3514.02.

- All tax revenue derived pursuant to D.C. Official Code § 47-2608 (current law);
- Any other local funds, including any fees, penalties and other tax revenue required by District law, including a portion of the premium tax imposed on health maintenance organizations as provided in Subtitle V(X) of the FY 2009 Budget Support Act of 2008;
- Annual appropriations, if any;
- Federal grant funds;
- All fines and penalties collected pursuant to the Healthy DC Act of 2008, as provided in Subtitle V(U) of the FY 2009 Budget Support Act of 2008; and
- Grants, gifts, or subsidies from public or private sources.

**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. Appendix A displays in detail the known and unknown expenditures and revenues associated with this subtitle, Subtitle V( R), V(T), and V(U). The fiscal effects of these subtitles are shown in a combined table because expenditures and revenues associated with them are inter-related.

**Subtitle (V)(T) –Medicaid Fee-For-Service State Plan Amendment Act of 2008:**

**Background**

The proposed subtitle would provide that by October 1, 2008, the Department of Health Care Finance would be required to submit to the Council a Medicaid State Plan Amendment (SPA) that would increase the specialty physician and primary care physician reimbursement rates under the federal Medicare program.

**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. Appendix A displays in detail the known and unknown expenditures and revenues associated with this subtitle, Subtitle V(R), V(S), and V(U). The fiscal effects of these subtitles are shown in a combined table because expenditures and revenues associated with them are inter-related.

**Subtitle (V)(U) –Healthy DC Revenue Act of 2008**

**Background**

The proposed subtitle provides for three tax amendments as described below.

HMO Premium Tax

The proposed subtitle would amend D.C. Official Code § 31-3401 *et seq.* to require, effective January 1, 2009, all health maintenance organizations (HMOs) to pay to the District of Columbia, for each calendar year, a sum of money as taxes equal to 2.0% of their policy and membership fees and net premium receipts or consideration received in such calendar year. Excluded from this taxable amount would be fees, receipts, or consideration received pursuant to the District Medicaid program, the District of Columbia HealthCare Alliance, any federal employee health benefit program or Medicare, on all policies or contracts in the District of Columbia. Such tax would be in lieu of all other taxes except:

1. Taxes upon real estate; and
2. Fees and charges provided for pursuant to the Health Maintenance Organization Act of 1996.[21]

The proposed subtitle provides that the certificate of authority of any health maintenance organization may be revoked for failure to pay the required premium tax.

Seventy five percent (75%) of the revenues generated by this premium tax would be deposited in the Healthy DC Fund as established by the FY 2007 Budget Support Act of 2006,[22] and the remaining twenty five percent (25%) would be deposited in the General Fund of the District of Columbia.

Cigarette Tax

The proposed subtitle would also amend D.C. Official Code § 47-2402(a) to increase the cigarette tax from $0.05 to $0.10 per cigarette, effectively increasing the cigarette tax from $1.00 to $2.00 for each pack of 20 cigarettes. Revenues from the cigarette tax, including those from the proposed tax rate increase, would continue to be deposited in the General Fund of the District of Columbia.

Health Insurance Premium Tax

Last, the proposed subtitle would amend D.C. Official Code § 47-2608(a) to increase the tax rate on all companies which issue contracts of insurance against accident and loss of health from 1.7% to 2.0% of policy and membership fees and net premium receipts or consideration received[23] in such calendar year on all accident and loss of health policies or contracts in the District of Columbia. This tax would be in lieu of all other taxes except:

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[21] Effective April 9, 1997. D.C. Law 11-235; D.C. Code § 31-3401 *et seq.*
[22] Effective March 2, 2007. D.C. Law 16-192. D.C. Official Code § 31-3514.02.
[23] "Net premium receipts" or "consideration received," as defined in D.C. Code § 47-2601, means "gross premiums or consideration received less the sum of the following: (a) Premiums received for reinsurance assumed and consideration returned on contracts not taken or cancelled; and (b) Dividends paid in cash or unused by policyholders to pay renewal premiums."

1. Taxes upon real estate; and
2. Fees and charges provided for by insurance laws of the District including amendments made to such laws by this chapter.

**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. Appendix A displays in detail the known and unknown expenditures and revenues associated with this subtitle, Subtitle V(R), V(S), and V(T). The fiscal effects of these subtitles are shown in a combined table because expenditures and revenues associated with them are inter-related.

## 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 polluted 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 are 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.

## Subtitle (VI)(F) – Klingle Road Sustainable Development Amendment Act of 2008:

### Background

The proposed subtitle would amend D.C. Official Code § 9-115.11 to prohibit the re-opening of the portion of Klingle Road, NW between Porter Street, NW and Cortland Place, NW to the public for motor vehicle traffic. Further, the proposed subtitle would prohibit the expenditure of any funding for the planning, construction, or reconstruction of this portion of Klingle Road.

In addition to the Klingle Road closure, the proposed subtitle would allocate:

- Federal funds of $2 million in the FY 2009 budget of the District Department of Transportation (DDOT), which was identified for Klingle Road, to be spent on the environmental remediation of Klingle Valley and the construction of a recreational trail.
- District funds of $2 million in the FY 2009 DDOT budget, which was proposed for Klingle Road reconstruction, to be spent on alley repairs in each of the District's 8 wards ($250,000 per ward).

**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)(G) – Pedestrian and Bicycle Safety and Enhancement Fund Establishment Act of 2008:**

**Background**

The proposed subtitle would establish a non-reverting, non-lapsing special purpose revenue fund, the Pedestrian and Bicycle Safety and Enhancement Fund ("Fund"), to be administered by the Director of the District Department of Transportation (DDOT). The Fund would be used to enhance the safety and quality of pedestrian and bicycle transportation in the District, including measures such as traffic calming and bicycle lanes.

**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 Committee on Public Works and the Environment (PWE), in its Committee Report on the FY 2009 budget, recommended annual funding of $1.5 million from fines from the "enhanced neighborhood parking control initiative." The Committee's proposed enhanced parking enforcement is estimated to generate $14.157 million in FY 2009.

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

**Background**

The proposed subtitle would amend D.C. Official Code § 50-921.11(b) to authorize one-time expenditures from the District Department of Transportation Unified Fund ("Unified Fund") in the following manner:

- An amount of up to $2 million for costs related to interim libraries; and
- An amount of up to $300,000 for a school playground.

**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 would authorize a type of expenditure not currently allowed from the Unified Fund but would not require expenditure of the full $2.3 million. If funds are not sufficient in the Unified Fund to cover the full $2.3 million, then a lower amount will have to be expended.

**Subtitle (VI)(I) – Targeted Grant-Making Authority for the ABRA Director Act of 2008:**

**Background**

The proposed subtitle would grant authority to the Director of the Alcoholic Beverage Regulation Administration (ABRA) to issue grants as directed in the FY 2009 Budget Request Act.

**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 provide authorization to make grants but would not require a certain level of expenditure.

## TITLE VII – FINANCE and REVENUE

### Subtitle (VII)(A) – Earned Income Tax Credit 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 ($ 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 Act of 2008:

### Background

The proposed subtitle 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) real property. By amending this section of D.C. Official Code, the proposed subtitle would repeal District of Columbia Act 17-272 ("Small Business Commercial Property Tax Relief Act of 2008").

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 of all properties subject to assessment. 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's repeal of Act 17-272 would add $95.7 million in revenues in FY 2009.

The proposed legislation would amend D.C. Official Code § 47-812 to alter the calculation of the real property tax rate for Class 2 (Commercial) properties. Specifically, the proposed legislation would require the Office of the Chief Financial Officer (OCFO) to use two rates for the taxation of Class 2 properties in FY 2009 (starting October 1, 2008) – $1.65 for each $100 of assessed value for the first $3 million of assessed value of Class 2 properties and $1.85 for each $100 of assessed value exceeding $3 million (though the first $3 million for all properties is taxed at the lower calculated rate).

For Fiscal Year 2010 (starting October 1, 2009), the rate for the first $3 million of assessed value would be determined by subtracting $1,312,793,900 from the estimated (on or before September 16th, 2009) real property tax revenue for Class 2 properties based on a rate of $1.85 per $100 of assessed value. This calculated rate would be subject to a floor of $0.90 per $100 of assessed value.

For Fiscal Year 2011 and each subsequent year, the real property tax rate would be determined based on the same method, with a growth adjustment of 10% over the prior fiscal year's real property taxes received for Class 2 properties. Likewise, the calculated rate for FY 2011 and on would be subject to a floor of $0.90 per $100 of assessed value.

### 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 $75.5 million in FY 2009 and $334.1 million in the FY 2009 through FY 2012 budget and financial period.

The repeal of Act 17-272 would add $420.2 million in revenues in the FY 2009 to FY 2012 period. The reduction of the Class 2 property tax rate on the first $3 million of assessed value from $1.85 per $100 of assessed value to $1.65 per $100 of assessed value would reduce Class 2 property tax collections by $20.2 million in FY 2009.

**Impact on the Budget and Financial Plan of Subtitle VII(C) Commercial Real Property Tax Relief 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 Changes | ($20.2) | ($21.2) | ($22.0) | ($22.7) | ($86.1) |
| **Net Total Revenue Impact** | $75.5 | $80.8 | $86.4 | $91.4 | $334.1 |

The proposed subtitle uses an absolute level of real property tax revenue to "trigger" a real property tax rate cut in FY 2010. A commercial property tax rate cut on the first $3 million of assessment would be triggered if *estimated* real property tax revenue exceeds a threshold of "$1,312,793,900." The proposal requires that a "calculated" rate be determined so that the revenue generated in that fiscal year does not exceed the threshold; in effect, the size of the rate cut is determined by the amount by which the revised estimate exceeds the threshold. Using a level of real property tax revenue (rather than a growth rate) as a trigger carries the real risk of a surprisingly large real commercial property tax rate cut. This is true for two reasons:

- First, despite the forecast of a slowdown in overall District real property tax revenue growth, the District commercial real property tax market has shown surprising resilience in the past and could once again post surprisingly strong revenue growth.
- Second, upward revisions in "base year" levels of real property tax revenue as actual revenues are realized can generate big changes in the estimate for future years *even when there are little or no revisions in the forecasted growth rates for future years.*

In addition, tying the trigger to the revenue performance of a single revenue source like the commercial real property tax also reduces somewhat one of the unique benefits of the District revenue system — a broad portfolio of revenue sources.

- The District's revenue system includes city-type and state-type taxes as well as various non-tax sources (fees, fines, charges for services).
- Such a broad portfolio of revenue sources helps to stabilize the revenue system because the various revenue sources tend to follow different boom and bust cycle. For example, in

FY 2002 as the economy went into recession and revenue from income and sales taxes were falling, the boom in real property tax revenue was just beginning.

The table below shows that as tax revenue growth slowed in FY 2002 and FY 2003, the real property tax revenue grew strongly. Over the period FY 2002-2007, overall tax revenue grew on average about 8 percent while real property tax revenue grew on average almost 15 percent.

**Total v. Real Property Tax Revenue Growth: FY 2002-2007**
(Year-over-year percentage change in tax revenue)

| | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | Average |
|---|---|---|---|---|---|---|---|
| Real Property Tax | 14.7 | 13.3 | 15.2 | 11.9 | 8.8 | 25.6 | 14.9 |
| Commercial Real Porperty Tax (Estimated) | 18.1 | 11.6 | 18.0 | 3.1 | 8.3 | 30.3 | 14.9 |
| Total Tax Revenue | -2.0 | 4.8 | 12.4 | 11.7 | 6.3 | 14.1 | 7.9 |

In addition, a large differential between Class 2 rates encourages tax avoidance actions by owners of large properties, including subdividing large properties to produce the lowest effective tax rate and curtailing future development.

## Subtitle (VII)(D) – 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. Any rules issued by the Mayor under this proposed subtitle would be subject to a 60 day review period by the Council. If Council does not approve the rules in 60 days, they are deemed disapproved.

### 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 the rules are disapproved, or if they do not achieve the savings reflected in the FY 2009 through FY 2012 budget and financial plan, the accounting rules require that the liability resulting from such discrepancy in funding be reported in the government-wide financial statements but not the fund financial statements. The impact of non-funding or underfunding of OPEB obligation will be reflected in increased subsequent actuarial calculated annual required contributions.

## Subtitle (VII)(E) – Cigarette Stamp Clarification Act of 2008:

**Background**

The proposed subtitle would amend D.C. Official Code § 47-2402(c) to clarify that District cigarette tax stamps may be affixed only to cigarette packages whose brands are included on the District's list of certified cigarette manufacturers, as specified in the Tobacco Product Manufacturers Reserve Fund Complementary Procedures Act of 2004. Specifically, the legislation is required to clarify that affixing stamps to non-certified brands would be a violation of Chapter 24 of Title 47 of the D.C. Official Code. This subtitle would codify current practice and make permanent legislation that has been passed previously on an emergency and temporary basis.

**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)(F) – Golden Rule Plaza, Inc. Real Property Tax Exemption and Real Property Tax Relief Act of 2008:**

**Background**

The proposed subtitle would amend Title 10 of Chapter 47 of D.C. Official Code to add a real property tax exemption for a period of 15 years for properties located on Lots 837, 841, and 842 in Square 525 and Lot 840 in Square 526 and owned by Golden Rule Plaza, Inc. The exemption would be retroactive to December 1, 2005 for the properties on Lots 837 and 842 in Square 525 and on Lot 840 in Square 526 and would be retroactive to October 1, 2006 for the property located on Lot 841 in Square 525. This proposed subtitle would incorporate the provisions of Bill 17-246 by including its fiscal effects in the FY 2009 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. No additional staff or resources would be required to implement the proposed subtitle. The fiscal effect of this exemption was included in "FY 2008 Supplemental Appropriations Act of 2007" (B17-445), which included $143,000 for FY 2008 and $209,000 annually thereafter.

**Subtitle (VII)(G) – Board of Real Property Assessments and Appeals Compensation Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 47-825.01(a)(5) to increase the hourly compensation rate for members of the District's Board of Real Property Assessments and Appeals from $25 to $50 effective October 1, 2007.

**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 Committee on Finance and Revenue's "Report on the Fiscal Year 2009 Budget" indicates that funding for this increased compensation was included in the FY 2008 budget and thus no additional resources will be required to make this technical change.

**Subtitle (VII)(H) – Tax Increment Financing Reauthorization Act of 2008:**

**Background**

The proposed subtitle would amend D.C. Official Code § 2-1217.02(b) to extend the sunset date for the District's authority to issue Tax Increment Financing (TIF) bonds from January 1, 2008 to January 1, 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.

**Subtitle (VII)(I) – Verizon Center Recordation Tax Clarification Amendment Act of 2008:**

**Background**

The proposed subtitle would amend the Arena Tax Amendment of 1994 to clarify that the Verizon Center is exempt from the deed recordation tax, which was triggered after the passage of D.C. Law 17-12 ("Verizon Center Sales Tax Revenue Bond Approval Act of 2007"). As part of the provisions of D.C. Law 17-12, D.C. Arena, LP (owner of the Verizon Center) was required to exercise its right to extend its ground lease for the Verizon Center for an additional 20 years. This extension of the ground lease triggered a requirement to pay the deed recordation tax.

**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)(J) – Repeal of Subject to Appropriations Amendment Act of 2008:

### Background

The proposed subtitle would repeal the "subject to appropriations" sections of 92 District laws or prior BSA subtitles. The purpose of the proposed subtitle is to amend extant legislation to reflect the funding of the legislation in the District's financial plan. The proposed subtitle includes one technical amendment not related to "subject to appropriations" legislation that would clarify the maximum project costs in the "PILOT Authorization Increase and Arthur Capper/Carrollsburg Public Improvement Revenue Bonds Approval Act of 2006."

### 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 fiscal effects of the legislation for which the "subject to appropriations" language is being removed have been accounted for in the District's finances.

## Subtitle (VII)(K) – District of Columbia Statehood Delegation Fund Tax Check-Off Amendment Act of 2008:

### Background

The proposed subtitle would amend D.C. Official Code § 47-1812.11c to change the allocation of funds collected through the D.C. Statehood Delegation Fund tax check-off. Under current law, District taxpayers may opt to donate a minimum of $1 to the Statehood Delegation Fund via a check-off on the individual income tax return. The proposed subtitle would clarify that, until the D.C. Statehood Delegation Fund Commission convenes, any funds generated by the tax check-off are to be deposited in equal amounts in the District statehood funds established as part of the District's 1979 Constitutional Convention Initiative.

### 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)(L) – Decoupling from Accelerated Depreciation and Expensing Act of 2008:

### Background

The proposed subtitle would amend D.C. Official Code § 47-1803.03 and 47-1811.04 to "decouple" from the Federal economic stimulus legislation's provisions concerning depreciation and expensing of business investments in equipment, which was enacted in February 2008.

Businesses that file District franchise tax returns typically calculate their depreciation deductions according to the rules provided in the U.S. Internal Revenue Code. The Federal stimulus provides temporary acceleration of such deductions which would "flow through" to District tax returns. The proposed subtitle would amend the relevant sections of the D.C. Official Code to disallow the acceleration of deductions. The 2001 Federal stimulus measures included similar provisions, from which the District decoupled. The proposed subtitle's language is not limited to the period covered by the 2008 Federal legislation; accordingly, similar future Federal legislation would not require any District action to avoid revenue losses. This subtitle would apply for tax years beginning after December 31, 2007.

### Financial Plan Impact

The Federal legislation would have reduced the District's revenue by about $27 million over the FY 2009-2012 period. However, the revenue projections reflected in the proposed FY 2009 through FY 2012 budget and financial plan anticipated that the District would enact decoupling legislation. Accordingly, funds in that budget and financial plan are sufficient to implement the provisions of the proposed subtitle. No additional staff or resources would be required to implement the proposed subtitle.

## Subtitle (VII)(M) – Economic Interests Tax Amendment Act of 2008:

### Background

Current District law imposes a deed recordation tax of 1.45 percent on transfers of properties valued at $400,000 or more, and a deed transfer tax at the same rate, for a combined total tax of 2.9 percent. (The sum of recordation and transfer tax rates for properties valued at less than $400,000 is 2.2 percent.) Sales of economic interests in all real properties are taxed at 2.2 percent.[24]

[24] Per D.C. Official Code § 42-1102.02, a transfer of an economic interest in real property occurs upon the conveyance of a controlling interest in any entity that derives more than 50% of its gross receipts from the ownership or disposition of real property in the District or holds real property in the District that has a value comprising 80% or more of the value of its entire tangible asset holdings.

The proposed subtitle would amend D.C. Official Code § 42-1103(a)(2) to change the tax rate on sales of economic interests in real property from 2.2 percent to 2.9 percent, corresponding to the combined rate of tax on transfers of property valued at more than $400,000. This subtitle would apply as of October 1, 2008.

**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 District revenue by $8.0 million in FY 2009 and by $18.1 million over the FY 2009 through FY 2012 period.

| Impact on the Budget and Financial Plan of Subtitle VII(M) Economic Interests Tax Amendment Act of 2008 ($ in millions) | | | | | |
|---|---|---|---|---|---|
| | **FY 2009** | **FY 2010** | **FY 2011** | **FY 2012** | **4-Year Total** |
| **Net Total Revenue Impact** | $8.0 | $5.1 | $2.5 | $2.5 | $18.1 |

**Subtitle (VII)(N) – Decoupling From Domestic Production Activities Act of 2008:**

**Background**

The American Jobs Creation Act of 2004 amended the Internal Revenue Code (in section 199) to allow certain businesses to reduce their reported net incomes from specified domestic production activities by 9 percent. Companies that qualify for this allowance and file franchise tax returns in the District are entitled, under current District law, to deduct the allowance from their net incomes before calculating their District tax liabilities. Several states have "decoupled" from this federal provision, but the District has not.

This proposed subtitle would amend D.C. Official Code § 47-1803.03 to disallow the deductions permitted under section 199 of the Internal Revenue Code, for tax years beginning after December 31, 2008.

**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 District revenue by $3.4 million in FY 2009 and by $18.5 million over the FY 2009 through FY 2012 period.

| Impact in the Budget and Financial Plan of Subtitle VII(N) Decoupling From Domestic Production Activities Act of 2008 ($ in millions) | | | | | |
|---|---|---|---|---|---|
| | FY 2009 | FY 2010 | FY 2011 | FY 2012 | 4-Year Total |
| Net Total Revenue Impact | $3.4 | $3.7 | $5.1 | $6.3 | $18.5 |

## Subtitle (VII)(O) – Fiscal Year 2010 Segregated, Non-Lapsing Fund Act of 2008:

### Background

This proposed subtitle would approve an increase in appropriations of $22,740,000 in nonrecurring local funds to be made available from the 2008 operating cash reserve fund. The funds would be placed in a segregated, non-lapsing fund (Fund) and would not revert to the unrestricted balance of the General Fund. Further, the proposed amendment would restrict the transfer of funds from the Fund before October 1, 2009.

### 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 VIII – DESIGNATED APPROPRIATION ALLOCATIONS

**Title VIII – Designated Appropriation Allocations Act of 2008:**

**Background**

Section 8002: The proposed subtitle enumerates one-time, non-recurring grants to be allocated in FY 2009 in the following manner:

A. Of the local funds in the FY 2009 budget of the Alcoholic Beverage Regulation Administration, $100,000 to the Mount Pleasant Main Street for street cleanup and business development in the Mount Pleasant neighborhood.

B. Of the local funds in the FY 2009 budget of the Commission on Arts and Humanities, $5.750 million would be distributed as follows:

1. An amount of $250,000 to Capital Fringe Festival;
2. An amount of $300,000 to City Dance;
3. An amount of $200,000 to the Source Theater operational efforts through the Cultural Development Corporation;
4. An amount of $300,000 to the Dance Institute of Washington;
5. An amount of $150,000 to the D.C. Carribean Carnival;
6. An amount of $100,000 to D.C. Youth Orchestra for outreach and recruitment efforts for youth in Wards 6, 7, and 8;
7. An amount of $500,000 to Duke Ellington Jazz Festival;
8. An amount of $200,000 to East of Anacostia Performing Arts State Center;
9. An amount of $200,000 to Fiesta DC, of which $100,000 to DC's annual Latino Festival;
10. An amount of $118,000 for the restoration of the central ceiling dome at GALA Hispanic Theater;
11. An amount of $332,000 to the Horning Brothers for the restoration of Battisi murals at the Tivoli Theatre;
12. An amount of $300,000 to the Humanities Council;
13. An amount of $200,000 to Melvin Deal;
14. An amount of $50,000 to the National Conservancy of Dramatic Arts;
15. An amount of $50,000 to Northeast Performing Arts Group;
16. An amount of $300,000 to the Thelonius Monk Jazz Institute;
17. An amount of $200,000 to the U Street Theatre Foundation;
18. An amount of $100,000 to the Ward 7 Arts Collaborative;
19. An amount of $1,000,000 to the Washington Ballet;
20. An amount of $500,000 to the Washington National Opera; and
21. An amount of $400,000 to the Washington, D.C. International Film Festival;

C. Of the local funds in the FY 2009 budget of the Children and Youth Investment Trust Fund, $8.860 million would be distributed as follows:

1. An amount of $200,000 to Alliance of Concerned Men;
2. An amount of $100,000 to Anacostia Community Outreach Center/Woodland Tigers Youth Sports;
3. An amount of $25,000 to Because We Care Health Training;
4. An amount of $50,000 to Behavior Environmental Academic Program (BEAP);
5. An amount of $50,000 to the Calvin Woodland, Sr. Foundation;
6. An amount of $200,000 to Cease Fire... Don't Smoke the Brothers;
7. An amount of $50,000 to Children's Defense Fund;
8. An amount of $100,000 to CHOICE, Inc.;
9. An amount of $1 million to Columbia Heights/Shaw Family Support Collaborative;
10. An amount of $100,000 to Columbia Heights Youth Club;
11. An amount of $100,000 to Concerned Citizens on Alcohol and Drug Abuse, Inc.;
12. An amount of $250,000 to D.C. Campaign to Prevent Teen Pregnancy;
13. An amount of $200,000 to D.C. Special Olympics;
14. An amount of $100,000 to D.C. VOICE;
15. An amount of $250,000 to Dress for Success;
16. An amount of $500,000 to Earth Conservation Corps;
17. An amount of $250,000 to the East of the River Family Strengthening Collaborative;
18. An amount of $300,000 to Everybody Wins!;
19. An amount of $250,000 to the Fort Dupont Ice Arena;
20. An amount of $10,000 to the Friends of Hillcrest Recreation Center;
21. An amount of $50,000 to the Friends of Kennedy Playground;
22. An amount of $100,000 to Girls, Inc.;
23. An amount of $50,000 to the High Tea Society;
24. An amount of $75,000 to the Higher Achievement Program;
25. An amount of $500,000 to the Hoops Dreams Scholarship Fund;
26. An amount of $50,000 to Inner Thoughts, Inc.;
27. An amount of $50,000 to the Institute for the Prevention and Eradication of Violence;
28. An amount of $50,000 to Jobs Coalition;
29. An amount of $200,000 to the Kids Set Sail program of the National Maritime Heritage Foundation;
30. An amount of $200,000 to Life Pieces of Masterpieces;
31. An amount of $100,000 to the Lower Georgia Avenue Job Training Center at 633 Park Rd, NW;
32. An amount of $25,000 to the My Buddy Notes;
33. An amount of $300,000 to the National Association of Former Foster Care Children of America, Inc.;
34. An amount of $200,000 to Parklands Community Center;
35. An amount of $1,000,000 to Peaceoholics:
36. An amount of $100,000 to Positive Choices;
37. An amount of $200,000 to PROUrban Youth;

38. An amount of $100,000 to ROOT, Inc.;
39. An amount of $500,000 to the Sasha Bruce Youthwork, Inc.;
40. An amount of $65,000 to Set Point, Inc.
41. An amount of $60,000 to the Ward 7 Education Initiative;
42. An amount of $100,000 to the Ward 7 Nonprofit Consortium;
43. An amount of $100,000 to the Ward 8 Tennis and Educational Council;
44. An amount of $75,000 to Ward 8 Workforce Development Council;
45. An amount of $75,000 to Ward 8 Youth Leadership Council, Inc.;
46. An amount of $50,000 to the Washington East Foundation; and
47. An amount of $400,000 to the Washington East of the River Academy/Youth on the Rise.

D. Of the local funds in the FY 2009 budget of the District Department of Transportation, $18,000 to the Washington Area Bicyclist Association.

E. Of the local funds in the FY 2009 budget of the Department of Housing and Community Development, $700,000 to AEDC for Knox Hill village Punch List Repairs.

F. Of the local funds in the FY 2009 budget of the Department of Human Services, $750,000 would be distributed as follows:

1. An amount of $100,000 to Asian American Leadership Empowerment and Development for Youth and Families;
2. An amount of $100,000 to the community Council for the Homeless at Friendship Place;
3. An amount of $250,000 to D.C. Central Kitchen;
4. An amount of $100,000 to Dinner Program for Homeless Women;
5. An amount of $100,000 to Neighbors' Consejo;
6. An amount of $50,000 to Perry School "Home Instruction for Parents of Preschool Youngsters" (HIPPY) program; and
7. An amount of $50,000 to Youth Development Program at Mount Airy Baptist Church.

G. Of the local funds in the FY 2009 budget of the Department of Mental Health, $200,000 to the District of Columbia Birth Center, Inc.

H. Of the local funds in the FY 2009 budget of the Office of the Deputy Mayor for Planning and Economic Development, $24.239 million would be distributed as follows:

1. An amount of $500,000 to the Access Housing Incorporated, D.C.;
2. An amount of $100,000 to the Adams Morgan Main Street Group, Inc.;
3. An amount of $100,000 to the Avalon Theatre;
4. An amount of $100,000 to Byte Back;
5. An amount of $40,000 to Camp Imagine;
6. An amount of $150,000 to the Capital Area Asset Builders;
7. An amount of $25,000 to the Capitol Hill Community Foundation;
8. An amount of $30,000 to CHAMPS;

9. An amount of $100,000 to the Chinatown Cultural Center;
10. An amount of $150,000 to the Cool Capital Challenge;
11. An amount of $600,000 to Cultural Tourism D.C.;
12. An amount of $1,000,000 to the D.C. Economic Partnership;
13. An amount of $500,000 to D.C. Vote;
14. An amount of $100,000 to the Ethiopia Community Service & Development Council;
15. An amount of $200,000 to Field of Dreams;
16. An amount of $10,000,000 to Ford's Theatre;
17. An amount of $50,000 to the Friends of Book Hill Park;
18. An amount of $100,000 to the Greater Washington Fashion Chamber of Commerce;
19. An amount of $500,000 to the Greater Washington Sports Alliance;
20. An amount of $400,000 to the Greater Washington Urban League, Inc;
21. An amount of $250,000 to GreenSPACE;
22. An amount of $600,000 to the Historical Society of Washington;
23. An amount of $232,000 to Keely's Boxing and Youth Center;
24. An amount of $1,000,000 to Lincoln Theatre;
25. An amount of $250,000 to Marshall Heights Community Development Organization;
26. An amount of $300,000 to the National Building Museum;
27. An amount of $200,000 to the National Cherry Blossom Festival;
28. An amount of $100,000 to the National Foundation for Teaching Entrepreneurship-Greater Washington;
29. An amount of $150,000 to Neighbors United;
30. An amount of $2,000,000 to OIC/D.C.;
31. An amount of $50,000 to Safe, Inc.;
32. An amount of $1,500,000 to Southeastern University;
33. An amount of $22,000 to Sports 4 Kids;
34. An amount of $100,000 to St. Phillip Episcopal Church;
35. An amount of $100,000 to Tokoma Theatre;
36. An amount of $2,000,000 to THEARC;
37. An amount of $100,000 to Training Grounds;
38. An amount of $100,000 to the University of the District of Columbia Merchandising Program;
39. An amount of $100,000 to the Vietnamese-American Community Service Center;
40. An amount of $100,000 to the Ward 7 Business and Professional Association;
41. An amount of $75,000 to the Ward 8 Clean and Green, Inc;
42. An amount of $75,000 to the Ward 8 Education Council;
43. An amount of $200,000 to the Washington Area Women in Trades;
44. An amount of $340,000 to the Washington Parks and People; and
45. An amount of $50,000 to Young's Memorial Church.

I. Of the local funds in the FY 2009 budget of the Department of Health, $5.025 million would be distributed as follows:

1. An amount of $250,000 to the Capital Breast Care Center;

2. An amount of $100,000 to the Crystal Meth Working Group;
3. An amount of $50,000 to the D.C. Area Health Education Citywide Health;
4. An amount of $100,000 to the D.C. Assembly on School Health Care;
5. An amount of $75,000 to the District of Columbia Hospital Association;
6. An amount of $1,500,000 to the District of Columbia Primary Care Association;
7. An amount of $200,000 to the District of Columbia Birth Center, Inc.;
8. An amount of $300,000 to Food and Friends;
9. An amount of $300,000 to Food and Friends for clinical nutrition services for persons living with HIV/AIDS;
10. An amount of $300,000 to Food and Friends for clinical nutrition services for children;
11. An amount of $500,000 to Mary's Center;
12. An amount of $250,000 to the National Capital Poison Center;
13. An amount of $100,000 to Reeves Recovery Group, Inc.;
14. An amount of $50,000 to So Others Might Eat, Inc.;
15. An amount of $500,000 to Southeastern University to support Allied health training;
16. An amount of $150,000 to Transgender Health Empowerment, Inc.;
17. An amount of $75,000 to the Ward 8 Clean and Sober, Inc; and
18. An amount of $75,000 to the Ward 8 Health Council;
19. An amount of $50,000 to the D.C. Area Health Education Citywide Health Navigation Institute.

J. Of the local funds in the FY 2009 budget of the Department of Parks and Recreation, $600,000 would be distributed as follows:

1. An amount of $500,000 to the Boys and Girls Club of Greater Washington; and
2. An amount of $100,000 to UNIFEST.

K. Of the local funds in the FY 2009 budget of the Department of Small and Local Business Development, $130,000 would be distributed as follows:

1. An amount of $100,000 to the Ward 8 Business Council; and
2. An amount of $30,000 to the Old Takoma Park Business Association.

L. Of the local funds in the FY 2009 budget of the Justice Grants Administration, $850,000 would be distributed as follows:

1. An amount of $325,000 to the Boys and Girls Club of Greater Washington;
2. An amount of $400,000 to the Time Dollar Youth Court Diversion Program; and
3. An amount of $125,000 to the Visitor's Services Center.

M. Of the local funds in the FY 2009 budget of the Metropolitan Police Department, $200,000 to Camp Ernest W. Brown

Section 8003: The proposed subtitle clarifies the reporting requirements of grantees receiving funds pursuant to Section 8002 and establishes a program of random audit for grant recipients.

Section 8004: The proposed subtitle would require various allocations from the District Department of Health (DOH), Department of Mental Health (DMH), Department of Employment Services (DOES), and the Department of Health Care Finance (DHCF) budgets, which are listed in detail in the body of the proposed subtitle.

**Financial Plan Impact**

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed subtitle. The proposed subtitle requires specific allocations to be made with local fund appropriations and does not create expenditure commitments above FY 2009 appropriations for the affected Departments.

N.B.: The proposed subtitle was added within hours of the final reading of the proposed legislation. As such, further technical amendments may be required upon further review of the subtitle and the grants contained herein.

## Appendix A - Fiscal Impact Worksheet - FY 2009 Budget Support Act of 2008, Subtitles V(R), V(S), V(T), and V(U)

HEALTHY DC FUND

| | FY 2009 | FY 2010 | FY 2011 | FY 2012 | 4 Year Total |
|---|---|---|---|---|---|
| **Minimum Expenditures - Healthy DC Fund** | | | | | |
| 3 DHCF Staff: 2 for quality and utilization management; 1 financial accountant | $248,271 | $312,701 | $323,541 | $334,760 | $1,219,273 |
| DHCF Contract Funds for ongoing quality assurance | $125,000 | $500,000 | $500,000 | $500,000 | $1,625,000 |
| **New Revenues - Healthy DC Fund** | | | | | |
| Care First Premium Tax Increase | | | | | |
| *CareFirst Premium Tax @ 2.0%* | *$7,529,411* | *$7,529,411* | *$7,529,411* | *$7,529,411* | *$30,117,645* |
| *Minus CareFirst Premium Tax @ 1.7%* | *$6,400,000* | *$6,400,000* | *$6,400,000* | *$6,400,000* | *$25,599,999* |
| Delta btwn 1.7% and 2.0% CareFirst Premium Tax | **$1,129,412** | **$1,129,412** | **$1,129,412** | **$1,129,412** | **$4,517,647** |
| HMO "Accident and Health" Premium Tax @ 1.5% (New HMO tax would be implemented on Jan 1, 2009) | **$7,419,990** | **$9,893,320** | **$9,893,320** | **$9,893,320** | **$37,099,949** |
| Healthy DC Fund Balance on October 1, 2008 | $10,660,000 | | | | $10,660,000 |
| Healthy DC Fund Revenues under current law | $6,400,000 | $6,400,000 | $6,400,000 | $6,400,000 | $25,599,999 |
| **Revenues available minus Minimum Expenditures - Healthy DC Fund** | **$25,236,130** | **$16,610,030** | **$16,599,190** | **$16,587,971** | **$75,033,322** |

| | FY 2009 | FY 2010 | FY 2011 | FY 2012 | 4 Year Total |
|---|---|---|---|---|---|
| Medicaid Fee for service reimbursement increase | | | | | |
| *Federal* | *$26,459,800* | *$27,306,514* | *$28,180,322* | *$29,082,092* | *$111,028,728* |
| **Local** | **$11,339,900** | **$11,702,777** | **$12,077,266** | **$12,463,738** | **$47,583,681** |
| *Total* | *$37,799,700* | *$39,009,290* | *$40,257,588* | *$41,545,830* | *$158,612,409* |
| OTR programming changes | $124,000 | $25,000 | $25,000 | $25,000 | $199,000 |
| HMO franchise tax revenues | ($3,014,605) | ($3,014,605) | ($3,014,605) | ($3,014,605) | ($12,058,420) |
| Other Commercial Premium Tax Increase | | | | | |
| *Other Commercial Premium Tax @ 2.0%* | *$13,222,878* | *$13,222,878* | *$13,222,878* | *$13,222,878* | *$52,891,512* |
| *Minus Other Commercial Premium Tax @ 1.7%* | *$11,239,446* | *$11,239,446* | *$11,239,446* | *$11,239,446* | *$44,957,784* |
| **Revenue effect of tax increase** | **$1,983,432** | **$1,983,432** | **$1,983,432** | **$1,983,432** | **$7,933,728** |
| HMO "Accident and Health" Premium Tax @ 0.5% (New HMO tax would be implemented on Jan 1, 2009) | **$2,473,330** | **$3,297,773** | **$3,297,773** | **$3,297,773** | **$12,366,649** |
| Cigarette Tax Increase from $1 to $2 per pack | | | | | |
| *Original Estimations* | *$20,474,000* | *$19,959,000* | *$19,456,000* | *$18,966,000* | *$78,855,000* |
| **Revenue effect of tax increase** | **$12,530,088** | **$12,214,908** | **$11,907,072** | **$11,607,192** | **$48,259,260** |
| *New Estimations* | *$33,004,088* | *$32,173,908* | *$31,363,072* | *$30,573,192* | *$127,114,260* |
| Allocation to DHCF for Medicaid fee for service reimbursement increase | $2,500,000 | $2,500,000 | $2,500,000 | $2,500,000 | $10,000,000 |
| **New Revenues minus New Expenditures and Foregone Revenues - Local Fund** | **$5,008,346** | **$5,253,731** | **$4,571,407** | **$3,885,054** | **$18,718,537** |

**Table Notes and Assumptions**:

- Additional OTR compliance and audit staff may be required depending on the provisions of the Mayor's agreement and the level and nature of enforcement implemented by the Mayor.
- IMA may require significant programming changes and program enrollment staff depending on the provisions of the Mayor's agreement.
- DISB may require additional resources depending on the provisions of the Mayor's agreeement.
- The cost of insurance subsidies will remain unknown until the provisions of the Mayor's agreement are understood.
- The cost of administrative fees, if any, to the contracted health insurer will remain unknown until the provisions of the Mayor's agreement are understood.
- Participant premium revenues that the District receives, if any, will not be known until the provisions of the Mayor's agreement are understood.
- Contributions from the contracted health insurance company, if any, will not be known until the provisions of the Mayor's agreement are understood.