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

Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO:	**The Honorable Phil Mendelson** **Chairman, Council of the District of Columbia**
FROM:	**Natwar M. Gandhi** **Chief Financial Officer**
DATE:	**March 28, 2013**
SUBJECT:	**Fiscal Impact Statement – "Fiscal Year 2014 Budget Support Act of 2013"**
REFERENCE:	**Draft legislation shared with the Office of Revenue Analysis on March 28, 2013**

Conclusion

Funds are sufficient in the proposed FY 2014 through FY 2017 budget and financial plan to implement the proposed Fiscal Year 2014 Budget Support Act of 2013.

The proposed FY 2014 through FY 2017 budget and financial plan accounts for the expenditure and revenue implications of the proposals described in the subtitles included in the bill. The FY 2014 proposed budget proposes $6.301 billion in spending, supported by $6.302 billion of local resources, with an operating margin of $0.6 million.

The initiatives in the Fiscal Year 2014 Budget Support Act of 2013, combined with the Mayor's programmatic choices, provide sufficient funds to balance the estimated expenditures of $7.148 billion[1] in the proposed General Fund FY 2014 budget.

The bill, the "Fiscal Year 2014 Budget Support Act of 2013," is the legislative vehicle for adopting statutory changes needed to implement the Mayor's proposed budget for the FY 2014 through FY 2017 budget and financial plan period. The purpose and the impact of each subtitle are summarized in the following pages.

[1] This amount includes local, dedicated and special purpose funds.

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TITLE I- GOVERNMENT DIRECTION

Subtitle (I)(A) – Bonus and Special Pay Limitation Act of 2013

Background

The proposed subtitle prohibits District agencies from awarding performance-related bonuses, special act pay, and service awards in fiscal year 2014. Contractually required bonus and special payments, including those for certain employees of the District of Columbia Public Schools are exempted from this requirement.

Financial Impact

Limitations on bonus and special payments generally help keep personnel expenditures under control, allowing the use of public funds for other purposes. The impact of the proposed subtitle is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (I)(B) – One City Fund Establishment Act of 2013

Background

This subtitle establishes the One City Community Building Fund, which will be used to support community non-profit organizations through grants. The subtitle authorizes the Mayor to make an umbrella grant to a single grant-making entity, and this entity must use at least 94 percent of this grant to make sub-grants to local non-profit organizations. The subtitle designates the Community Foundation for the National Capital Region as the grant-making authority between FY 2014 and 2016.[2] No grant making authority is designated for FY 2017.

The grant-making authority can make sub-grants to non-profit organizations operating in the area of education, job training, health, senior services, art, public safety or the environment. It must document its activity through an annual report on its sub-grants. Sub-grants must be competitively awarded, cannot exceed $100,000 per year. The subtitle also specifies the application requirements and limits on duration for different types of grants.

Financial Impact

The Mayor has committed $15 million in one-time funding for this provision in the FY 2014 budget. This amount is already incorporated in to the proposed FY 2014 through FY 2017 budget and financial plan.

[2] For details on the Community Foundation, see http://www.thecommunityfoundation.org.

Subtitle (I)(C) - Department of General Services Protective Services Division Amendment Act of 2013

Background

Under current law[3], there is a Protective Services Police Department ("Protective Services") within the Department of General Services (DGS). Protective Services was originally established in 1999 under the Office of Property Management (OPM).[4] In 2010, the name of the Division was changed to the Protective Services Police Department as part of legislation that also changed the name of OPM to the Department of Real Estate Services.[5]

This subtitle changes the name back to Protective Services Division and clarifies that the Division provides security services to government facilities through the use of special police officers (SPOs). SPOs are defined as security officers who are either civilian employees or contractors.[6]

Financial Impact

This subtitle clarifies the name and structure of the Protective Services, and does not have an impact on the District's budget and financial plan.

Subtitle (I)(D) – Captive Property Insurance Amendment Act of 2013

Background

In February 2013, the District passed emergency[7] and temporary[8] laws that permit the District of Columbia Medical Liability and Earthquake Captive Insurance Agency ("Captive Insurance Agency") to purchase property insurance for specific properties that were damaged in the August 2011 earthquake. FEMA requires that all jurisdictions receiving federal disaster funding for damaged facilities obtain and maintain property insurance to protect against future losses.[9] The recently enacted laws ensure that the District is meeting this FEMA requirement with regard to federal earthquake disaster relief.

This subtitle expands on the temporary legislation by allowing the District to purchase insurance for all District property against many types of hazards, and not just earthquakes. It changes the

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[3] D.C. Official Code § 10-551.02.
[4] Office of Property Management Establishment Act of 1998, effective March 26, 1999 (D.C. Law 12-175; D.C. Official Code § 10-1001 *et seq.*).
[5] Public Land Surplus Standards Amendment Act of 2009, effective March 11, 2010 (D.C. Law 18-76; 56 DCR 6895).
[6] D.C. Municipal Regulations, Title 6-A (Police Personnel), Chapter 11 (Special Police).
[7] Captive Earthquake Property Insurance Emergency Amendment Act of 2013, enacted March 20, 2013 (Act 20-39; D.C. Official Code § 1-307.81 et seq.).
[8]Captive Earthquake Property Insurance Temporary Amendment Act of 2013." introduced March 4, 2013 (Bill 20-155).
[9] Disaster Relief Act Amendments of 1974, approved May 22, 1954 (Public Law 93-288; 42 U.S. Code § 5154).

official name of the Captive Insurance Agency to the District of Columbia Captive Insurance Agency. Additionally, the subtitle changes the name of the District of Columbia Medical Liability and Earthquake Captive Trust Fund to the District of Columbia Captive Trust Fund.

Financial Impact

The planned purchase of earthquake insurance to meet FEMA requirements is expected to cost approximately $175,000 per year.[10] The Medical Liability Captive Insurance Fund has sufficient fund balance to absorb the cost of the earthquake insurance premiums at that level.

Subtitle (I)(E) – Technology Services Support Amendment Act of 2013

Background

Current law allows the Office of the Chief Technology Officer (OCTO) to collect payment from independent and federal agencies for four designated OCTO services.[11] These payments are deposited into the Technology Infrastructure Services Support Fund, a special purpose fund OCTO can use to defray its costs. This subtitle expands the permissible sources and uses of the Fund, so the Chief Technology Officer can offer a broader set of OCTO services to independent and federal agencies.

Financial Impact

The subtitle would allow OCTO to provide additional services to independent agencies. For Specifically, OCTO has an ongoing Memorandum of Understanding with the District of Columbia Retirement Board (DCRB) to assist with DCRB's IT modernization initiatives. With this provision, OCTO will expand the program to design PeopleSoft applications for DCRB.

For these new services, OCTO expects to receive from the DCRB an estimated $830,000 in FY 2014 and $3,320,000 over the four-year financial plan period. These are special purpose revenues which would be deposited in the Fund to defray to costs of providing these services. The fiscal impact of this provision is already incorporated into the proposed budget and financial plan.

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[10] The subtitle authorizes, but does not obligate, the Mayor to purchase property insurance for the District's real property. The bill limits the District of Columbia Captive Insurance Agency's liability to the funds available in the District of Columbia Captive Trust Fund.
[11] D.C. Official Code § 1-1432 (Technology Infrastructure Services Support Fund).

TITLE II– ECONOMIC DEVELOPMENT AND REGULATION

Subtitle (II)(A) – Deputy Mayor for Planning and Economic Development Limited Grant-Making Authority Amendment Act of 2013

Background

This subtitle transfers from the Office of the Deputy Mayor for Planning and Economic Development (DMPED) to the Homeland Security and Emergency Management Agency (HSEMA) the responsibility to administer the Neighborhood Parades and Festivals grant program.

This subtitle also extends through FY 2014 DMPED's grant making authority to support sector consultants, regional economic development, and local business promotion, as originally provided for in the "Deputy Mayor for Planning and Economic Development Limited Grant-Making Authority Act of 2012."[12]

Financial Plan Impact

Any funds that DMPED has in its budget for this grant program will be transferred to HSEMA. The fiscal impact of this change is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (II)(B) – Workforce Investment Council and Workforce Intermediary Grant Making Authority Act of 2013

Background

This subtitle provides the Workforce Investment Council and the Workforce Intermediary with authority to issue competitive grants. This authority would allow these institutions to implement the recommendations of the Workforce Intermediary Taskforce.

Financial Plan Impact

The fiscal impact of the proposed subtitle is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan. The Office of the Deputy Mayor for Planning and Economic Development included $1.6 million in its proposed FY 2014 budget as local funds associated with this grant making authority.

[12] Part of the "Fiscal Year 2013 Budget Support Act of 2012," effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 1-325.210).

Subtitle (II)(C) – Unemployment Compensation Anti-Fraud Federal Conformity Amendment Act of 2013

Background

The subtitle imposes[13] of 15 percent penalty on employers for the overpayment of unemployment insurance (UI) benefits. The penalty will become effective starting October 1, 2014. This provision will bring District in compliance with the federal Trade Adjustment Assistance Extension Act of 2011.[14]

Financial Plan Impact

Any penalty collections under this provision will be deposited into the Unemployment Insurance Trust Fund, which is separate from the District's General Fund. The Trust Fund is holds unemployment insurance payments made by employers and can only be used for unemployment benefits and training programs as approved by the federal government. Thus the provision does not affect the District's budget and financial plan.

Subtitle (II)(D) – Unemployment Compensation Penalty Reduction Amendment Act of 2013

Background

The subtitle reduces[15] the penalty imposed on employers who are delinquent in paying their unemployment tax contributions or filing their wage contribution reports from 25 percent to 10 percent.

Financial Plan Impact

The 25 percent penalty was imposed in 1993 to ensure employers filed reports and paid contributions on time. In 1993, the District's Unemployment Insurance Trust Fund faced insolvency; however, since then, the District's Trust Fund has not been at risk of insolvency.

All penalty revenue is deposited into the District's Trust Fund and must be used for payment of unemployment benefits and training programs as approved by the federal government. At the end of the third quarter of 2012, the District's Trust Fund held approximately $310 million, which is 1 percent of the total wages of employees insured through the program.[16] To put this number in

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[13] The subtitle amends the District of Columbia Unemployment Compensation Act, effective August 31, 1954 (68 Stat. 996; D.C. Official Code § 51-119 (e)).
[14] Enacted on October 21, 2011 (Public Law 112–40; 125 Stat. 401)
[15] The subtitle amends the District of Columbia Unemployment Compensation Act, effective September 24, 1993 (D.C. Law 10-15; D.C. Official Code § 51-104 (b)(2)).
[16] Unemployment Insurance Data Summary, 3rd Quarter, 2012, accessed on March 26, 2013 http://workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum12/DataSum_2012_3.pdf

perspective, the average Trust Fund ratio across the nation at the end of the same quarter was 0.36 percent.

The Trust Fund is separate from the District's General Fund; therefore the proposed subtitle does not have a fiscal impact on the District's budget and financial plan.

Subtitle (II)(E) – Unemployment Compensation Benefit Changes Federal Conformity Amendment Act of 2013

Background

The subtitle prohibits[17] the District from providing relief from charges to an employer's unemployment compensation account when an overpayment of benefits results from an employer's failure to respond timely or adequately to an information request made by the Director of the Department of Employer Services. An exemption may only be granted if the Director finds such failure was for good cause.

This subtitle will bring District in compliance with the federal Trade Adjustment Assistance Extension Act of 2011.[18] Under federal law, states must comply with these requirements by October 21, 2013.

Financial Plan Impact

The subtitle could result in higher unemployment taxes for employers who do not respond to information requests on a timely manner. This change will not impact the District's General Fund revenue because the Unemployment Insurance Trust Fund is not a part of the District's General Fund.

Subtitle (II)(F) – Workers' Compensation Average Weekly Wage Calculation Alignment Act of 2013

Background

The subtitle changes[19] the way the Department of Employment Services (DOES) calculates the average weekly wage, which, in turn, determines the amount paid for workers' compensation benefits. Current law requires the average weekly wage be calculated based on monthly employment and wage data. This data is not available. The subtitle requires the calculation to be based on quarterly employment and wage data, which is available to DOES through quarterly wage

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[17] The subtitle amends the District of Columbia Unemployment Compensation Act, effective August 28, 1935 (59 Stat. 947; D.C. Official Code § 51-103 (c)(2)).
[18] Enacted on October 21, 2011 (Public Law 112–40; 125 Stat. 401).
[19] The subtitle amends the District of Columbia Workers' Compensation Act of 1979, effective July 1, 1980 (D.C. Law 3-77; D. C. Official Code § 32-1505 (d)).

and employment reports filed by District employees. The subtitle also sets the average weekly wage for 2013 at $1,416.

Financial Plan Impact

The subtitle is a technical amendment that would allow DOES to calculate the average weekly wage in a manner compliant with law. Because monthly data has not been available, the District has been estimating average weekly wage using a methodology that did not follow the letter of the law. The proposed methodology will allow the District to use actual employment and wage data to calculate the average weekly wage.

The change in the calculation methodology does not have an impact on the District's budget and financial plan. The average week calculations determine workers' compensation benefits that are paid by employers in the District of Columbia.

Subtitle (II)(G) – Compliance Unit Amendment Act of 2013

Background

The subtitle transfers[20] certain compliance audit functions from the Office of the D.C. Auditor to the Department of Small and Local Business Development (DSLBD).

Financial Plan Impact

The fiscal impact of the subtitle is already incorporated into the District's proposed budget and financial plan. The proposed FY 2014 budget for DSLBD includes an additional $1.15 million for compliance, which is sufficient to cover a total of 10 compliance-related FTEs.

Subtitle (II)(H) – Local Rent Supplement Project-Based and Sponsor-Based Funding Amendment Act of 2013

Background

This subtitle states that, in FY 2014 and all subsequent years, all slots for project-based and sponsor-based Local Rent Supplement assistance funded by $5 million in local funds from the Mayor will be filled with priority one homeless families or individuals referred by the Department of Human Services, the Department of Behavioral Health, or other District agencies the Mayor may designate.

[20] The subtitle amends the Compliance Unit Establishment Act of 2008, effective June 13, 2008 (D.C. Law 17-176; 55 DCR 5390).

Financial Plan Impact

Requiring the housing units to be filled by priority one homeless families or individuals referred by District agencies does not have a budgetary impact. It should be noted that the District's FY 2013 budget commits $2 million for project-based and sponsor-based voucher assistance. The Mayor's proposed FY 2014 budget expands this commitment by $3 million in FY 2014. These amounts are already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (II)(I) – Housing Production Trust Fund Revenue Dedication Amendment Act of 2013

Background

This subtitle repeals the provision of the D.C. Code[21] that allows the Mayor to transfer up to $19,969,048 from the Housing Production Trust Fund to the Rent Supplement Fund to fund project-based and sponsor-based voucher assistance, tenant-based assistance, and capital-based assistance.

Financial Plan Impact

The proposed FY 2014 budget provides $20 million in local funding for the Local Rent Supplement program. With the repeal of this transfer, the Housing Production Trust Fund will receive the full amount of the deed and recordation taxes dedicated for this purpose. The fiscal impact of the proposed subtitle is already incorporated into the proposed FY 2014 through FY 2017.

[21] Section 2072 of the "Fiscal Year 2013 Budget Support Act of 2012," effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 42-2802(b-5)(1)).

TITLE III – PUBLIC SAFETY AND JUSTICE

Subtitle (III)(A) – Department of Corrections Central Cellblock Management Amendment Act of 2013

Background

The Central Cellblock (CCB) is managed by the Metropolitan Police Department (MPD) and located within MPD's District headquarters. The CCB is used to temporarily house arrestees as they await a court appearance. Depending on the outcome of the court appearance, the arrestee will be released or transferred to a Department of Corrections (DOC) or federal prison facility.

The subtitle places DOC in charge of managing the CCB. In doing so, it requires the transfer of all property, records, appropriations, allocations, and funds related to CCB management from MPD to DOC.

Financial Plan Impact

MPD will transfer 38 full-time equivalent positions and their associated $2.56 million in personnel services budget to DOC. Because the 38 positions at MPD are sworn employees, current MPD employees will be terminated in FY 2013, but will have the option to reapply to DOC in FY 2014. DOC will also receive $83,000 in non-personnel services budget from MPD. The transfer will result in additional personnel costs[22] of $464,000 in FY 2014 and $1.9 million over the four year financial plan, but those costs will be absorbed through DOC's existing resources.

The fiscal impact of the subtitle is incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (III)(B) – Security License Streamlining Amendment Act of 2013

Background

The Metropolitan Police Department (MPD) is responsible for licensing all professional private security personnel in the District. This includes security agencies, private detectives, and licensed security personnel, such as special police officers. MPD issues new licenses as needed, renews licenses annually, and conducts a one-time FBI background check.

The proposed subtitle directs all licensing revenues for security agencies, officers, and detectives into the Occupations and Professions Licensure Special Account Fund ("Fund"). This effectively transfers the licensing responsibility[23] to the Department of Consumer and Regulatory Affairs' (DCRA) Occupational and Professional Licensing Administration (OPLA), which manages the Fund.

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[22] This includes mostly fringe differentials and some slight salary adjustments.
[23] The authority to implement this program belongs to the Mayor, but is currently delegated to MPD.

OPLA enforces regulations and issues licenses for over 125 occupations and professional licensing categories on behalf of the District's 18 occupational and professional boards.

Financial Plan Impact

MPD receives approximately $407,000 per year in licensing fees which accrue to the District's local fund. These fees will now accrue to the Fund and will be used to pay the licensing vendor who processes all non-health-related occupation and professional licensing.

Additionally, DCRA's OPLA licenses over 46,000 individuals and firms and the agency can absorb any costs through the new Fund revenues associated with taking over this responsibility.

The fiscal impact of the subtitle is incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (III)(C) – Automated Traffic Enforcement Enhancement Amendment Act of 2013

Background

In 2013, the Council directed all automated traffic enforcement revenues over $88 million[24] to the Office of Unified Communication's Emergency and Non-Emergency Number telephone Calling Systems Fund ("E-911 Fund").[25] The E-911 Fund resources are dedicated to defraying technology and equipment costs incurred by the District in providing a 911 system and costs incurred by wireless carriers in providing wireless E-911 service.

The proposed subtitle repeals the existing dedication of automated traffic enforcement revenues to the E-911 Fund so that all automated traffic enforcement revenues are deposited into the local fund.

Financial Plan Impact

The February 2013 revenue estimates projected that the E-911 Fund would receive $9.1 million in FY 2014. Under the proposed subtitle all automated traffic enforcement funds remain in the District's local fund. Additionally, subtitle VI(A) of this Act adjusts speeding fines, which, if approved will further increase automated traffic enforcement revenues.

The fiscal impact of the subtitle is incorporated into the proposed FY 2014 through FY 2017 budget and financial plan

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[24] The threshold in FY 2014 is $92.5 million.
[25] Fiscal Year 2013 Budget Support Act of 2012, effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 34-1803.03(2)).

TITLE IV – PUBLIC EDUCATION SYSTEM

Subtitle (IV)(A) – Funding For Public Schools and Public Charter Schools Amendment Act of 2013

Background

The proposed subtitle increases[26] the foundation level used by the Uniform per Student Funding Formula (UPSFF) to $9,306 per student for FY 2014. The FY 2013 level was set at $9,124. The changes made to the foundation level funding, and the various add-ons are depicted in the following tables:

Weightings applied to counts of students enrolled at certain grade levels		
Grade Level	**Weighting**	**Per Pupil Allocation in FY 2014**
Pre-School	1.34	$12,470
Pre-Kindergarten	1.30	$12,098
Kindergarten	1.30	$12,098
Grades 1-3	1.00	$9,306
Grades 4-5	1.00	$9,306
Grades 6-8	1.03	$9,585
Grades 9-12	1.16	$10,795
Alternative program	1.17	$10,888
Special education school	1.17	$10,888
Adult	0.75	$6,890

General Education Add-ons			
Level / Program	Definition	Weighting	Per Pupil Supplemental Funds
LEP/NEP	Limited and non-English proficient students	0.45	$4,188
Summer	An accelerated instructional program in the summer for students who do not meet literacy standards pursuant to promotion policies of DCPS	0.17	$1,582

Special Education Add-ons			
Level/ Program	Definition	Weighting	Per Pupil Supplemental
Level 1: Special Education	Eight hours or less/week of specialized services.	0.58	$5,397
Level 2:Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services.	0.81	$7,538

[26] The provision amends The Uniform Per Student Funding Formula for Public Schools and Public Charter Schools and Tax Conformity Clarification Amendment Act of 1998, effective March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2901 *et seq.*).

Special Education Add-ons			
Level 3: Special Education	More than 16 hours and less than or equal to 24 hours per school week of specialized services.	1.58	$14,703
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.	3.10	$28,849
Special Education Capacity Fund	Weighting provided in addition to special education level add-on weightings on a per student basis for each student identified as eligible for special education.	0.40	$3,722
Residential	DCPS or public charter school that provides students with room and board in a residential setting, in addition to their instructional program.	1.70	$15,820

Residential Add-ons			
Level/ Program	Definition	Weighting	Per Pupil Supplemental Funds
Level 1: Special Education - Residential	Additional funding to support the after-hours level 1 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	0.374	$3,480
Level 2: Special Education - Residential	Additional funding to support the after-hours level 2 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	1.360	$12,656
Level 3: Special Education - Residential	Additional funding to support the after-hours level 3 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	2.941	$27,369
Level 4: Special Education - Residential	Additional funding to support the after-hours level 4 special education needs of limited and non-English proficient students living in a DCPS or public charter school that provides students with room and board in a residential setting.	2.924	$27,211
LEP/NEP - Residential	Additional funding to support the after-hours limited and non-English proficiency needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	0.68	$6,328

Special Education Add-ons for Students with Extended School Year (ESY) Indicated in Their Individualized Education Programs (IEPs)			
Level/ Program	Definition	Weighting	Per Pupil Supplemental Funds
Special Education Level 1 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.064	$596
Special Education Level 2 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.231	$2,150
Special Education Level 3 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.500	$4,653
Special Education Level 4 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs	0.497	$4,625

Financial Impact

The fiscal implications of the changes made in the foundation level funding are already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan. Under the proposed subtitle, District of Columbia Public Schools would receive $644,302,107 for its instructional budget through UPSFF. Public charter schools would receive $502,294,598 for their instructional budgets and $114,204,570 for facilities allowance, bringing their collective local budgets to $616,499,168.

Subtitle (IV)(B) – Enrollment Transparency Amendment Act of 2013

Background

This subtitle modifies[27] the way student enrollment projections and enrollment audits are conducted in the District of Columbia. First, it allows[28] for multiple reporting of audited student enrollment numbers in a given school year. Current law requires the Office of the State Superintendent of Education (OSSE) to report once a year before October 15. The subtitle would allow OSSE to report audited enrollment twice, by October 15th and May 15th of each year. Second, it allows[29] OSSE to determine the methodology used for student audits. Under current law, OSSE is required to hire an independent contractor, which is required to conduct a census of students. Third, the subtitle requires the Mayor develop a single statewide methodology for estimating student enrollments that would be applied to both the District of Columbia Public Schools and the District of Columbia Public Charter Schools.

[27] The subtitle amends D.C. Official Code § 38-2906.
[28] The subtitle amends The District of Columbia School Reform Act of 1995, approved April 26, 1996 (110 Stat. 1321; D.C. Code, § 38-1800.01 *et seq.*).
[29] The subtitle amends D.C. Official Code § 38-2902(c).

Financial Plan Impact

The fiscal impact of the subtitle is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan. The subtitle could lead to additional adjustments to quarterly payments to DCPS and charter schools, but such adjustments would result in funds following students, as required by District laws.

Subtitle (IV)(C) – District of Columbia Public Charter Schools Payment Improvement Act of 2013

Background

This subtitle modifies[30] how the required quarterly payments are made to District of Columbia Public Charter Schools (DCPCS). First, it removes the requirement[31] that quarterly payments be equal in size each quarter and provides a specific formula for each quarterly payment. Under the subtitle, the July payment must be 30 per cent of a school's entitled annual allotment (based on enrollment estimates used in the June 30 quarterly reports).[32] The October payment must be 55 per cent of a school's entitled annual allotment (based on unaudited October enrollment numbers), minus the amount of the July payment. The January payment must be 80 per cent of a school's entitled allotment (based on unaudited October enrollment numbers) minus the amount of the July and October payments. The April payment must be 100 per cent of the schools entitled annual allotment (based on audited October enrollment numbers), minus the previous July, October and January payments.

Second, it requires that 75 percent of a charter school's summer school entitlement payment be made on April 15. The final payment, based on certified actual summer school enrollment must occur by September 30. The Office of the State Superintendent of Education (OSSE) must certify summer school enrollment projections to determine the amounts of the April payment, based upon information in its longitudinal data system. By August 25, OSSE must certify the final summer enrollment for each charter school to determine the September summer school payment.

Lastly, the bill requires that charters receive full payments for the Special Education Extended School Year add-on, upon certification of actual enrollment by OSSE.

Financial Plan Impact

The fiscal impact of the subtitle is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan. The subtitle changes the amounts of required quarterly payments to charter schools, but does not change total allocations.

[30] The subtitle amends D.C. Official Code § 38-2906.
[31] Uniform per Student Funding Formula for Public Schools and Public Charter Schools Act of 1998, effective March 26, 1999 (D.C. Law 12-207, D.C. Code 38-2901 *et seq.*).
[32] Submitted by eligible chartering authorities in June, per D.C. Official Code § 38-1804.02(a).

Subtitle (IV)(D) – District of Columbia State Athletic Activities, Programs, and Office Fund Act of 2013

Background

This subtitle makes permanent the effects of a temporary legislation[33] that established a new non-lapsing special purpose revenue fund called the State Athletic Activities, Programs, and Office Fund ("Fund"). The Fund is administered by the Office of the State Superintendent of Education or any of its offices, such as the Statewide Athletics Office.

The stated purpose of the Fund is to support state interscholastic athletic programs and competitions. The source of monies for the Fund would be annual appropriations, and any proceeds resulting from sponsorships or advertisements, ticket or merchandise sales, fundraising activities, competitions, or other athletic programs and activities organized or directed by the Statewide Athletics Office or the District of Columbia State Athletic Association or both.

Financial Plan Impact

The subtitle makes permanent previously enacted legislation which created the Fund. No revenue can be certified for this fund at this time. Therefore the subtitle does not have an impact on the proposed FY 2014 through FY 2017 budget and financial plan.

[33] The subtitle makes permanent the District of Columbia State Athletic Activities, Programs, and Office Fund Emergency Act of 2012, approved January 14, 2013 (D.C. Act A19-607, 60 DCR 1074).

TITLE V– HEALTH AND HUMAN SERVICES

Subtitle (V)(A) – DC HealthCare Alliance Preservation Amendment Act of 2013

Background

In FY 2013, the Department of Health Care Finance (DHCF) changed the D.C. HealthCare Alliance program to eliminate coverage for Medicaid-eligible emergency hospital services. The change applied to FY 2013 only; this subtitle would make this change to the Alliance permanent.[34]

Financial Plan Impact

This change has been incorporated into DHCF's proposed budget for FY 2014 and beyond, so it does not have an impact on the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (V)(B) – Department of Health Care Finance Establishment Amendment Act of 2013

Background

This subtitle provides the authority to the Department of Health Care Finance (DHCF) to assess user fees and enrollment fees.[35] This authority is necessary to bring DHCF in compliance with the federal requirements to collect fees for provider applications and use of the District's Health Information Exchange. The subtitle also allows DHCF to establish a segregated, non-lapsing fund called the DHCF Assessment Fund as a repository for the revenue generated from these fees.

Financial Plan Impact

This change has been incorporated into DHCF's budget for FY 2014 and beyond, so it does not have an impact on the proposed FY 2014 through FY 2017 budget and financial plan. The provider application fee, estimated to be $537 per provider in FY 2013, should generate approximately $48,000 in revenue in FY 2014, all of which would be spent by DHCF to implement its provider screening program.[36] Revenues from fees for use of the District's Health Information Exchange are expected to be minimal.

[34] The subtitle amends D.C. Official Code § 7-1405(c).
[35] The subtitle amends Section 7 of the Department of Health Care Finance Establishment Act of 2007, effective February 27, 2008 (D.C Law 17- 109; D.C. Official Code § 7-771.07).
[36] These calculations are part of the Fiscal Impact Statement for the "Provider Screening, Enrollment, and Termination State Plan Amendment Approval Resolution of 2012," found at: http://app.cfo.dc.gov/services/fiscal_impact/pdf/spring09/Provider%20Screening%20Enrollment%20and%20Termination%20State%20Plan.pdf.

Subtitle (V)(C) – Stevie Sellows Intermediate Care Facility Quality Improvement Act of 2013

Background

This subtitle allows[37] the Department of Health Care Finance (DHCF) to use the Stevie Sellows Quality Improvement Fund to pay administrative costs it incurs in either auditing the Intermediate Care Facilities for Persons with Intellectual or Developmental Disabilities (ICF/IDD) in a rebasing year[38] or otherwise ensuring the integrity of the ICF/IDD reimbursement methodology. DHCF is authorized to use up to 15 percent of the balance of the Stevie Sellows Quality Improvement Fund for these administrative costs, which are increasing in part due to the expanded scope of the new ICF/IDD rate model that was approved in 2012.

Financial Plan Impact

This change has already been incorporated into DHCF's budget for FY 2014 and beyond to account for the new rate model for ICF/IDD, so it does not have an impact on the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (V)(D) – Homeless Services Reform Amendment Act of 2013

Background

This subtitle makes[39] the following changes to the District's homeless services provisions:

1. Expands the definition of homeless to include victims of domestic violence;
2. Provides the authority for the Department of Human Services (DHS) to place individuals seeking shelter in "provisional placement status" so that DHS can assess the individual's situation and identify alternative housing arrangements for those individuals, if appropriate;
3. Requires those in "provisional placement status" to participate in an assessment process until a referral is made;
4. Establishes the "Rapid Re-housing" program as a permanent housing option, thereby allowing DHS to refer individuals to this program for housing assistance when appropriate;
5. Clarifies that an individual is eligible for transitional housing for up to two years, but no longer; and
6. Amends continuum care law to allow the Mayor to require homeless individuals receiving continuum care services to establish and contribute to a savings or escrow account.

Financial Plan Impact

The proposed changes are intended to help the District reduce its annual expenditures for family homeless services by reducing the number of families referred to emergency shelter and hotels

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[37] This subtitle amends D.C. Official Code § 47-1270 *et seq*.
[38] Rebasing occurs normally every three years.
[39] This provision amends Section 2 of the Homeless Services Reform Act of 2005, effective October 22, 2005 (D.C. Law 16-35; D.C. Official Code § 4-751.01 *et seq*.).

when alternative housing options are available and appropriate. The District spends approximately $100 million annually on homeless services.[40] Emergency shelter and hotels are the most expensive housing options. According to DHS, the average cost of housing a family in a shelter or hotel is approximately $130 per day, as compared to $70 to $78 per day for assistance provided through Rapid Re-housing or transitional housing options.[41] The above changes will allow DHS to explore alternative housing assistance options before referring a family or individual to emergency shelter or a hotel.

The District already has a Rapid Re-housing program in operation. It was established as a pilot program paid for with federal funds. This program provides financial assistance to qualified individuals and families to obtain temporary housing. Specifically, the program provides assistance with first month's rent, security deposit, and subsidizes 60 percent of the rent for a limited period of time. The District received $6 million in stimulus funds to spend on Rapid Re-housing over a two year period. Federal funds are no longer available for this program; thus the proposed FY 2014 budget includes a total of $4 million in local funds to in order to continue the program , so it can be used as an alternative to emergency housing options, which tend to be more expensive.

Finally, requiring individuals to establish and contribute to a savings or escrow account will not have a negative fiscal impact. There will be some minimal costs associated with administering this requirement; however, DHS is able to absorb these costs within its existing budget.

Subtitle (V)(E) – Development Disabilities Service Management Reform Amendment Act of 2013

Background

This subtitle establishes the Ticket to Work Employment Network Fund ("Fund"), a special purpose revenue fund, to receive payments from the Social Security Administration (SSA) for participating as an Employment Network for the federal Ticket to Work and Self-Sufficiency Program ("Ticket to Work Program").[42] The Ticket to Work Program provides people who receive Social Security Disability benefits a "ticket," which in turn is cashed in by the local provider agency when it has assisted the person reach certain employment milestones. The Department of Disability Services (DDS) received Federal approval in February 2013 to participate in SSA's Employment Network, which allows community agencies in the District to accept "Tickets to Work". The Fund will support activities consistent with the Ticket to Work program, such as benefits counseling and periodic job training and coaching, and cover the administrative cost of the program.[43] Additionally, this provision allows the funds to carry-over from year to year.

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[40] This includes spending on Homeless Services Continuum and Permanent Supportive Housing. In FY12, DHS spent $99.5 million on both activities. As of February 2013, DHS budget for homeless services is $106 million.
[41] Data provided by Department of Human Services
[42] Pub. L. 106-170, the "Ticket to Work and Work Incentives Improvement Act of 1999," codified, as amended, at 42 U.S.C. § 1320b-19.
[43] The subtitle allows for 20 percent administrative fee to DDS to cover administrative costs.

Financial Plan Impact

DDS is not currently collecting federal funds from the SSA but expects to in FY 2014 once the program is fully implemented. The uses of funds are restricted to those activities that are approved by the Ticket to Work program. Because this is the first year DDS has participated in the program, there is no historical data on program participation and effectiveness; therefore, the Office of Revenue Analysis is unable to determine how much federal revenue DDS will collect.

Subtitle (V)(F) – Medical Assistance Program Amendment Act of 2013

Background

This subtitle would allow the Department of Health Care Finance (DHCF) to submit Medicaid State Plan Amendments (SPAs) and waivers to the federal Centers for Medicare and Medicaid Services (CMS) without prior Council approval.[44] Under current law, DHCF submits all SPAs and waivers to the Council for a 30 day passive review period prior to submitting them to CMS.

Financial Plan Impact

Discontinuing legislative oversight of proposed SPAs and waivers does not have a fiscal impact; however, it would eliminate some analytical review of these proposals, including legal sufficiency review and fiscal impact analysis.

Federal and District anti-deficiency laws[45] prohibit District officers and employees from exceeding agency appropriations in any fiscal year, so DHCF would still need to budget and appropriate funds required to implement the SPAs and waivers or absorb future costs in DHCF's budget and financial plan, and the Agency Fiscal Officer would still need to certify that funds are sufficient for implementation.

Subtitle (V)(G) – Department of Human Services' Conforming Amendments Act of 2013

Background

This subtitle updates District law[46] so that it conforms to the current federal Temporary Assistance for Needy Families (TANF) eligibility requirements. The conforming amendments modify the language used to define a minor who is eligible to receive TANF. These changes do not make any substantive changes to the current TANF program.

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[44] By amending Section 1 of "An Act to enable the District of Columbia to receive Federal financial assistance under Title XIX of the Social Security Act for a medical assistance program, and for other purposes," approved December 27, 1967 (81 Stat. 744; D.C. Official Code § 1-307.02).
[45] 31 U.S.C. § 1341 (2007) and D.C. Official Code § 47-355.01 *et seq.* (2001).
[46] This provision amends the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4-101; D.C. Official Code § 4-201.01 *et seq.*).

Financial Plan Impact

Adoption of the conforming amendments will not have fiscal impact on the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (V)(H) – Department of Health Functions Clarification Amendment Act of 2013

Background

This subtitle provides authority in FY 2014 for the Department of Health (DOH) to issue grants to qualified community organizations for the following services:

- Ambulatory health services (amount not to exceed $3,236,980);
- Poison control hotline and prevention education services (amount not to exceed $350,000);
- Operations and primary care services for school-based health clinics (amount not to exceed $2,250,000); and
- Teen pregnancy prevention programming (amount not to exceed $400,000).

Financial Plan Impact

The fiscal impact of the proposed subtitle is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan. DOH's budget includes the funds associated with this grant making authority.

Subtitle (V)(I) – Medicaid Hospital Outpatient Supplemental Payment Act of 2013

Background

This subtitle authorizes the Department of Health Care Finance (DHCF) to create a Hospital Provider Fee to be applied at a uniform rate on the gross patient revenue of each hospital in the District beginning May 1, 2013. The fee will be used to make Medicaid access payments for the provision of outpatient hospital services, and the uniform rate will be calculated so that the fee can generate the non-Federal share (30 percent) of the total supplemental amount the District is allowed to pay for these Medicaid supported services, plus up to $150,000 per year to cover DHCF administrative costs. The subtitle also creates a non-lapsing fund called the Hospital Provider Fee Fund as the mechanism for collecting the fee revenue and making the payments to hospitals. The Hospital Provider Fee will sunset on September 30, 2014.

Financial Plan Impact

DHCF estimates that the total amount to be raised through the Hospital Provider Fee for FY 2014 will be $12.84 million, necessitating a fee of approximately 0.15 percent. This amount is included in the proposed FY 2014 budget, and the fee will sunset at the end of FY 2014, so there is no impact on the District's financial plan.

<u>Subtitle (V)(J) – Department of Parks and Recreation O-type Amendment Act of 2013</u>

Background

This subtitle makes the Recreation Enterprise Fund[47] a non-lapsing fund, in which unexpended funding will roll over from year to year without limitation. Currently, all funding not expended reverts to the General Fund.

The Recreation Enterprise Fund is a special purpose revenue fund within the Department of Parks and Recreation, established for the purpose of supporting the administration, improvement and maintenance of property and programs managed by the fund.

Financial Plan Impact

Adoption of this subtitle will not have an impact on the proposed FY 2014 to FY 2017 budget and financial plan. Unexpended revenue is not included as part of the financial plan. If unexpended revenue is realized in a given fiscal year, additional budget authority may be needed for DPR to expend the rollover funding in future years.

<u>Subtitle (V)(K) – Department of Behavioral Health Establishment Act of 2013</u>

Background

This subtitle establishes the Department of Behavioral Health (DBH) as a separate Cabinet-level agency. DBH will assume all functions previously assigned and authorities previously granted and delegated to the Department of Mental Health (DMH)[48] and the Department of Health Addiction Recovery and Prevention Administration (DHARPA),[49] which was previously part of the Department of Health (DOH). The new department will take actions to:

- ensure the provision of high-quality behavioral health services by establishing District-wide behavioral health standards and policies;
- foster and promote behavioral health education and disease prevention;
- develop and maintain an efficient and cost-effective behavioral health care financing system; and
- implement, monitor, and evaluate the District's strategic behavioral health plan.

Financial Plan Impact

In the proposed FY 2014 budget, DBH assumes all of DMH's existing and projected budget, and also receives DHARPA's budgeted funds as a transfer from DOH. These funds amount to $24,235,299, including 26 FTEs, in FY 2014.

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[47] D.C. Official Code § 10-303(b)(1).
[48] The subtitle transfers to the new agency all DMH functions set forth in the Department of Mental Health Establishment Amendment Act of 2001, effective December 18, 2001 (D.C. Law 14-56; D.C. Official Code § 7-1131.01 *et seq*.), and repeals that statute.
[49] These functions are set forth in Section IV(A)(3) of Reorganization Plan No. 4 of 1996.

Subtitle (V)(L) –District of Columbia Public Assistance Amendment Act of 2013

Background

This subtitle modifies[50] the graduated reduction schedule that takes effect on October 1, 2013 for families that have received Temporary Assistance for Needy Families (TANF) benefits more than 60 months, so that their benefits are reduced as follows:

- For Fiscal Year 2014, a reduction of 25 percent of the Fiscal Year 2013 amount;
- For Fiscal Year 2015, a reduction of 41.7 percent of the Fiscal Year 2014 amount; and
- For Fiscal Year 2016 and thereafter, no benefits will be paid.

The "Temporary Assistance for Needy Families Time Delay Emergency Amendment Act of 2013"[51] (Act) delayed the 25 percent reduction scheduled to take effect on October 1, 2013. The Act, however, does not address the out years. This subtitle intends to align the out year reduction schedule with this current law; thereby, delaying the reduction and eventual phase out of TANF benefits for this population by one year.

Financial Plan Impact

Modifying the scheduled reduction of TANF benefits for FY 2014 through 2017 will reduce anticipated savings by approximately $7.25 million in FY 2014 and $17.5 million over the proposed FY 2014 budget and financial plan. The fiscal impact of the proposed subtitle is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (V)(M) – Department of Human Services Memorandum of Understanding Authority for Substance Abuse Treatment Act of 2013

Background

This subtitle would give the Department of Human Services (DHS) authority to enter into a Memorandum of Understanding (MOU) with the Department of Behavioral Health for a substance abuse treatment program for Temporary Assistance for Needy Families clients. The MOU is limited to $2.5 million.

Financial Plan Impact

DHS currently has an MOU for the substance abuse program with the Department of Mental Health (DMH). Since DMH is being merged into the new Department of Behavioral Health, this subtitle is needed to allow the MOU to remain active. There is no impact on the proposed FY 2014 through FY 2017 budget and financial plan.

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[50] D.C. Official Code § 4-205.52.
[51] Enacted March 14, 2013 (D.C. Act 20-26; D.C. Official Code § 4-205.52),

Subtitle (V)(N) – Hospital Financing Capital Plan Act of 2013

Background

This subtitle requires the Mayor to prepare a report analyzing public and private financing options to generate at least $60 million for the construction of a new hospital on the grounds of United Medical Center (UMC). The report, due by October 1, 2013, will outline a package of hospital financing that is in addition to the $20 million currently included in the proposed FY 2014 through FY 2019 Capital Improvement Program.

Financial Plan Impact

As noted, the proposed FY 2014 through FY 2019 Capital Improvement Program includes $20 million for planning and construction of a new hospital at the UMC site. The report required by this subtitle can be prepared using existing resources, and does not obligate the District to spend additional funds on the hospital, so it does not have a budgetary impact.

TITLE VI – TRANSPORTATION, PUBLIC WORKS, AND THE ENVIRONMENT

Subtitle (VI)(A) – Safety Based Traffic Enforcement Fine Reduction Amendment Act of 2013

Background

In November 2012,[52] the Mayor, through emergency rulemaking, reduced most of the fines associated with speeding violations in the District. Concurrently with disapproving the Mayor's permanent fine changes, the Council passed its own fine changes to be effective April 1, 2013.[53] The Council also changed a small number of other motor vehicle moving violation fine amounts. The Council changes will be in effect until September 30, 2013,[54] at which time fines will increase back to pre-November 2012 levels.

The subtitle reinstitutes the Mayor's November 2012 speed fine amounts and maintains the Council's fine amounts for other motor vehicle moving violations. The following chart details the fine changes that will occur on October 1, 2013.

Violations	Projected October 1, 2013 Fines	Subtitle Proposed Fines
Speeding		
Up to 10 mph in excess of limit	$75	$50
11 to 15 mph in excess of limit	$125	$100
16 to 20 mph in excess of limit	$150	$150
21 to 25 mph in excess of limit	$200	$200
Over 25 mph in excess of limit	$250	$300
Right Turn on Red		
Failure to come to a complete stop before turning	$100	$50
Violation of a "No Turn on Red" sign	$100	$50
Intersections		
Failure to clear an intersection	$100	$50
Right-of-Way		
Failure to stop and give right-of-way to pedestrian in roadway	$250	$75

The subtitle maintains existing fines for driving too slowly,[55] at an unreasonable[56] rate of speed, and failure to yield right-of-way to a vehicle or pedestrian.[57]

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[52] Department of Motor Vehicles Emergency and Proposed Rulemaking to amend Speeding fine Schedule, published November 9, 2012 (59 DCR 12903-12904).

[53] Safety-Based Traffic Enforcement Amendment Act of 2012, returned unsigned by the Mayor on February 11, 2013.

[54] The applicability clause (Section 401(b)) of the Safety-Based Traffic Enforcement Amendment Act of 2012 terminates all fine changes as of October 1, 2013 until their inclusion in an approved budget and financial plan.

[55] Speed Restrictions, 18 DCMR § 2200.10.

Additionally, the subtitle repeals restrictions imposed on the Mayor that limit his or her ability to adjust speed limits through emergency laws, rulemakings, orders, and regulations.[58]

Financial Plan Impact

The subtitle reinstitutes the speeding violation fines imposed by the Mayor in November 2012 and the Council fines for other moving violations as of April 1, 2013. These fine amounts will generate additional automated traffic enforcement revenues of $12,395,000 in FY 2014 and $45,982,000 over the four year financial plan period. All of these revenues will accrue to the local fund following the repeal of the transfers to the E-911 fund as authorized under Subtitle III(C) of the proposed FY 2014 Budget Support Act of 2013. The fiscal impact of the Subtitle is incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

Safety Based Traffic Enforcement Amendment Act of 2013 Subtitle (VI)(A) FY 2014 – FY 2017 ($ in thousands)					
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**Total**
ATE Revenues after BSA Subtitle[1]	$109,513	$104,037	$98,835	$93,893	$406,278
Baseline ATE Revenues[1]	($97,118)	($92,262)	($87,649)	($83,267)	($360,296)
Increase in ATE Revenues	**$12,395**	**$11,775**	**$11,186**	**$10,626**	**$45,982**

Table Note:
[1] The estimates no longer account for the E-911 fund transfer, which is repealed by Subtitle III(C) of the FY 2014 Budget Support Act.

<u>Subtitle (VI)(B) – DMV Immobilization Amendment Act of 2013</u>

Background

Under current law and practice, any vehicle owner seeking to have an immobilization device removed or a vehicle released from impoundment must pay any fines and penalties associated with the violation that led to the immobilization or towing. The owner pays[59] the applicable fines and

[56] Speed Restrictions, 18 DCMR § 2200.3.
[57] Civil Fines for Motor Vehicle Moving Infractions, 18 DCMR § 2600.1.
[58] Safety-Based Traffic Enforcement Amendment Act of 2012, returned unsigned by the Mayor on February 11, 2013 (Section 105 of D.C. Act 19-674; 60 DCR 2763) and the Safety-Based Traffic Enforcement Amendment Emergency Amendment Act of 2012, enacted January 19, 2013 (Section 105 of D.C. Act 19-635; 60 DCR 1731).
[59] Payment is made in-person at DMV Adjudication Services, through the mail, or online at any computer or a DPW kiosk.

penalties to the Department of Motor Vehicles (DMV) and then he or she brings proof of payment to the Department of Public Works (DPW) for release of an immobilized or impounded vehicle.

The subtitle requires an owner to pay all outstanding fees, charges, fines, or penalties associated with him or her and any vehicle in which he or she presently or in the past had an ownership interest before a vehicle can be released from an immobilization device or impoundment.[60]

Financial Plan Impact

DMV currently has systems to view all fines adjudicated through DMV that are associated with any particular vehicle owner. DMV would need to change its payment website to ensure all fines and fees appear when payment is made online. DPW currently recovers the costs associated with impoundment. Neither DMV nor DPW would experience any significant costs associated with bill implementation and any systems change costs can be absorbed through DMV's existing resources.

Requiring a vehicle owner to pay all outstanding fees, charges, fines, and penalties would contribute to the greater recovery of delinquent debt by the District[61] and any revenues received through this bill are accounted for in those estimates.

The positive fiscal impact of the subtitle is incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

<u>Subtitle (VI)(C) – Weatherization Plus Health Amendment Act of 2013</u>

Background

The District Department of the Environment (DDOE) runs a number of residential programs to assist District residents in improving the energy efficiency and safety of their homes. A few of these programs include:

- ***Weatherization Plus Program*** analyzes electricity energy usage and the potential for related health and safety improvements to homes in the District;
- ***Heating System Repair, Replacement, and Tune-up Program*** assists low-income residents with their home heating systems through audits and maintenance or replacement of those systems; and
- ***Lead and Healthy Homes Program*** works to mitigate in-home environmental hazards that are particularly harmful to children's health, including lead, radon, carbon monoxide, pests, and toxic household products.

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[60] Applicable fines are associated with Compulsory/No-Fault Motor Vehicle Insurance (D.C. Official Code § 31-2413(b)(2)(A)), Motorized Vehicle Inspection (D.C. Official Code §§ 50-1101 and 1106), Regulation of Traffic (D.C. Official Code §§ 50-2201.03, 1401.01, and 1401.02), Registration of Motor Vehicles (D.C. Official Code §§ 50-1501.02 and 1501.03), Traffic Adjudication (D.C. Official Code §§ 50-2301.05 and 2303.04a), and Removal and Disposition of Abandoned and other Unlawfully Parked Vehicles (D.C. Official Code § 50-2421.09).

[61] Delinquent debt recovery estimates are outlined in the Fiscal Impact Statement associated with the Fiscal Year 2013 Budget Support Act of 2012, effective September 20, 2012 (D.C. Law 19-168; 59 DCR 8025).

The subtitle authorizes $1,300,000 to be spent on weatherization, appliance replacement, and healthy homes programs in FY 2014 from funds in the Sustainable Energy Trust Fund.

Financial Plan Impact

The $1,300,000 required in FY 2014 for the weatherization, heating system repair and replacement, and lead and healthy homes programs is included in the Mayor's proposed FY 2014 budget.

Subtitle (VI)(D) – Stormwater In Lieu Fee Special Purpose Revenue Fund Act of 2013

Background

The District Department of the Environment (DDOE) proposed new Stormwater Management and Soil Erosion and Sediment Control regulations in August 2012. The regulations, which will be republished in Spring 2013, must be completed by July 2013 to comply with the District's Municipal Separate Storm Sewer System (MS4) Permit issued by the United States Environmental Protection Agency. The MS4 permit requires the District to meet certain District-wide stormwater retention goals. The proposed regulations impose requirements on major regulated projects[62] to retain stormwater runoff associated with a 1.2 inch rainfall. A regulated project can install Best Management Practices[63] (BMPs) to capture a minimum of 50 percent of the runoff up to 100 percent of the runoff. A project that meets less than 100 percent of the requirement has two options to fulfill the remainder:

1. Stormwater retention credits or
2. A payment in-lieu fee to DDOE.

If a regulated project elects to pay the in-lieu fee, DDOE will use the proceeds to build and retain stormwater or support private efforts to retain stormwater. The subtitle establishes the Stormwater In-Lieu Fee Payment Special Purpose Revenue Fund ("Fund"), a non-lapsing revenue fund which will receive the payment in-lieu fees and dedicate them to the District's stormwater mitigation efforts.

Financial Plan Impact

The subtitle establishes the Fund and dedicates stormwater in-lieu fees to it. The payment in-lieu fees will be available for regulated projects once the proposed regulations are finalized. Because the regulations are not yet in place and payment of the fee is optional,[64] the Office of Revenue Analysis is unable to determine which developers will participate and how much revenue will be generated.

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[62] Major regulator projects are major land-disturbing activities or major substantial improvement activities. Major is defined as disturbing 5,000 square feet of land area.
[63] BMPs are practices and strategies to retain, detain, and treat stormwater runoff.
[64] Developers can also opt to implement mitigation techniques up to 100 percent of required stormwater management or purchase stormwater retention credits.

Subtitle (VI)(E) – DDOT Parking Meter Revenue Amendment Act of 2013

Background

Currently, fees generated from parking at curbside metered locations are designated to a number of special purpose revenue funds. These fees are directed to pay the District's Washington Metropolitan Area Transit Authority (WMATA) operating subsidy, pay fees for using the District's pay-by-phone parking system, pay for non-automobile transportation projects in performance parking zones, and to pay for unfunded bus transit initiatives.

The subtitle designates all parking meter fees, except those dedicated to the Parking Meter Pay-by-Phone Transaction Fee Fund,[65] to pay the District's WMATA operating subsidy. The subtitle also repeals the Performance Parking[66] and Sustainable Transportation Funds.[67]

Financial Plan Impact

The Performance Parking Fund and Sustainable Transportation Fund are expected to receive about $7 million in parking meter revenues in FY 2014 and $27.7 million over the four year financial plan period. Those funds will now be designated to the WMATA operating subsidy and will decrease local fund commitments to WMATA by approximately $7 million in FY 2014 and $27.7 million over the four year financial plan period. The fiscal impact of the subtitle is incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

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[65] Fiscal Year 2013 Budget Support Act of 2012, effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 50-921.14).
[66] Performance Parking Pilot Zone Act of 2008, effective November 25, 2008 (D.C. Law 17-279; D.C. Official Code § 50-2531.01).
[67] Fiscal Year 2013 Budget Support Act of 2012, effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 50-921.15).

TITLE VII– FINANCE AND REVENUE

Subtitle (VII)(A) – Subject to Appropriations Repealers Amendment Act of 2013

Background

This subtitle repeals the subject to appropriations provisions of the following laws that authorize tax abatements:

- The Land Acquisition for Housing Development Opportunities Program Amendment Act of 2010[68]
- The UNCF Tax Abatement and Relocation to the District Assistance Act of 2010[69];
- Carver 2000 Low-Income and Senior Housing Project Act of 2011[70];
- Elizabeth Ministry, Inc. Affordable Housing Initiative Real Property Tax Relief Act of 2012[71];
- King Towers Residential Housing Real Property Tax Exemption Clarification Act of 2012[72]
- The 8th Street Plaza Condominium Association, Inc. Clarification Act of 2012[73];
- Parkside Parcel E and J Mixed-Income Apartments Tax Abatement Act of 2012[74].

Additionally, the subtitle repeals the subject to appropriations for the following law that authorize expenditures:

- Taxicab Service Improvement Amendment Act of 2012 ("Taxicab Service Improvement Act")[75]

Financial Plan Impact

Repealing the subject to appropriations provision of the above-mentioned laws will cost approximately $2.6 million in FY 2013, $1.36 million in FY 2014, and $7.76 over the FY 2014 through FY 2017 budget and financial plan. This estimate includes the cost of the tax abatements and expenditures associated the Taxicab Service Improvement Act. Additional revenue certified in FY 2013 is available to pay for the revenue reduction in FY 2013. The fiscal impact of the proposed subtitle is already incorporated into the proposed FY 2013 supplemental budget, and the proposed FY 2014 through FY 2017 budget and financial plan.

[68] Effective December 3, 2010 (D.C. Law 18-260; D.C. Official Code § 47-1005.01).
[69] Effective August 6, 2010 (D.C. Law 18-211; D.C. Official Code § 47-4635).
[70] Effective July 13, 2012 (D.C. Law 19-151; D.C. Official Code § 47-4605).
[71] Enacted January 14, 2013 (D.C. Act 19-589; D.C. Official Code § 47-4657).
[72] Effective July 13, 2012 (D.C. Law 19-153; D.C. Official Code §47-4639).
[73] Effective October 22, 2012 (D.C. Law 19-178; D.C. Official Code § 42-1903.01).
[74] Enacted January 12, 2013 (D.C. Act 19-591; D.C. Official Code § 47-4658).
[75] Effective October 22, 2012, (D.C. Law 19-184; 59 DCR 9452).

Estimated Impact of Subtitle (VII)(A) Subject to Appropriations Repealers Amendment Act of 2013, FY 2013 & FY 2014-FY 2017 ($ thousands)						
Tax Abatements	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**Four Year Total**
The Land Acquisition for Housing Development Opportunities Program Amendment Act of 2010	($1,779)	($243)	($249)	($256)	($264)	($1,012)
The UNCF Tax Abatement and Relocation to the District Assistance Act of 2010	($340)	($340)	($348)	($357)	($368)	($1,412)
Carver 2000 Low-Income and Senior Housing Project Act of 2011	($338)	($99)	($101)	($104)	($107)	($411)
Elizabeth Ministry, Inc. Affordable Housing Initiative Real Property Tax Relief Act of 2012	($104)	($7)	($8)	($8)	($8)	($31)
King Towers Residential Housing Real Property Tax Exemption Clarification Act of 2012	($5)	$0	$0	$0	$0	($5)
8th Street Plaza Condominium Association, Inc. Clarification Act of 2012	($33)	$0	$0	$0	$0	$0
Parkside Parcel E and J Mixed-Income Apartments Tax Abatement Act of 2012	$0	$0	($546)	($560)	($578)	($1,684)
Israel Senior Residences Tax Exemption Act of 2012	($14)	$0	$0	$0	$0	$0
Total Tax Expenditures	**($2,612)**	**($690)**	**($1,251)**	**($1,284)**	**($1,325)**	**($4,550)**
Expenditure Increases						
Taxicab Service Improvement Amendment Act of 2012	$0	($670)	($811)	($848)	($886)	($3,215)
Total Program Expenditure	**$0**	**($670)**	**($811)**	**($848)**	**($886)**	**($3,215)**
Total Estimated Fiscal Impact	**($2,612)**	**($1,360)**	**($2,063)**	**($2,132)**	**($2,211)**	**($7,765)**

Source: various fiscal impact statements, and estimates developed by the Office of Revenue Analysis

Subtitle (VII)(B) – Tax Increment Revenue Bonds DC USA Project Extension Act of 2013

Background

This subtitle extends[76] the dedication of tax increment revenue from the DC USA retail development until the revenue bonds issued in support of the project are paid in full.

[76] By amending the Washington Convention Center Authority Act of 1994, effective September 28, 1994 (D.C. Law 10-188; D.C. Official Code § 10-1202.08).

Financial Plan Impact

Currently such tax increment revenue is transferred to a segregated, non-lapsing special revenue fund and is dedicated to the repayment of the bonds. The dedication of the revenue is factored into the District's revenue estimates for FY 2014 as a reduction to local fund revenue. As of FY 2015, when the bonds are estimated to be fully repaid, such revenue has been included in the District's estimate of local funds. The proposed subtitle does not alter these estimates and therefore has no impact on the proposed FY 2014 through FY 2017 budget or financial plan.

Subtitle (VII)(C) – Delinquent Debt Recovery Amendment Act of 2013

Background

The proposed subtitle allows the Central Collection Unit (CCU) operated by the Treasury to collect delinquent debt on behalf of the Not-For-Profit Hospital Corporation ("the Hospital").[77] The CCU would transfer any collected amount, net of costs and fees, be deposited into the Not-For-Profit Hospital Corporation Fund ("Hospital Fund") within 60 days following the then current fiscal year.

Financial Plan Impact

The CCU is estimated to collect $1.3 million annually on behalf of the Hospital starting FY 2014. Of this amount, the CCU will keep approximately a $320,000 to cover the fees and costs associated with the collections efforts, and the remaining amount would be transferred to the Hospital Fund.

The Hospital Fund is a segregated, non-lapsing fund that can only be used for the Hospital. The fiscal impact of this subtitle is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

Estimated Fiscal Impact of Subtitle VII(C) – Delinquent Debt Recovery Act of 2012 Amendment Act of 2013, FY 2014 – FY 2017 ($ thousands)					
	FY 2014	FY 2015	FY 2016	FY 2017	Four-Year Total
Total Estimated Collections[1]	$1,272	$1,272	$1,272	$1,272	$5,089
Estimated cost of collection[2]	$318	$318	$318	$318	$1,272
Transfer to Hospital Fund	$954	$954	$954	$954	$3,817

Table Notes
[1] This estimate is based on the assumption that the Hospital accumulates approximately $15 million in delinquent debt every year (the bulk of which is from non-Medicare, outpatient clients), and the collection rate stabilizes at 8 percent.
[2] The current collection contract provides the collection agency approximately 25 percent of the amount collected as fees. The estimate assumes that any new contract would have similar terms.

[77] The proposal amends District of Columbia Delinquent Debt Recovery Act of 2012, effective September 20, 2012, (D.C. Law 19-168; D.C. Official Code § 1-350.01 *et seq*.).

Subtitle (VII)(D) – Bank Fees Special Fund Act of 2013

Background

The proposed subtitle establishes the Bank Fees Special Fund, a segregated, non-lapsing special purpose fund that would be used by the Office of the Chief Financial Officer (OCFO) to pay bank fees and charges. The Fund will receive all interest earned on public funds under the custody of the Chief Financial Officer and any such amounts from the unassigned local fund balance as may be required, to pay bank fees and charges, as they come due. Under current law, the Chief Financial Officer is authorized to use interest earnings to pay for bank fees, but lacks the flexibility to use other funds to cover these costs that are highly variable.

Financial Plan Impact

There is no fiscal impact from the implementation of the subtitle. The bank fees are ongoing costs the District already incurs, and the proposed subtitle does not increase or decrease these costs; it provides flexibility in meeting these obligations and simplifies budget administration.

Subtitle (VII)(E) – Affordable Housing Real Property Tax Relief Act of 2013

Background

This subtitle updates current law[78] to allow continued real property tax exemptions for affordable housing projects that participate in certain federal housing assistance programs administered by the Department of Housing and Urban Development (HUD). Current law enumerates what federal programs would allow affordable housing projects to qualify for exemptions; however, these federal programs have ended. In the mean time, the federal government codified the authority to enter into federal housing assistance payment contracts elsewhere in the federal code,[79] without changing the purpose and scope of the programs. When participating projects renew their contracts with the HUD, the authority to renew is based on a different section of the code, and therefore these projects no longer qualify for real property tax exemption.

Financial Plan Impact

The subtitle is a technical amendment necessary to update the exemption law so that it covers properties that are continuing to provide affordable housing pursuant to HUD contracts. District law is outdated, and does not recognize the new statuary authority created by the federal code to renew these contracts. These properties previously qualified for exemption based on the type of federal assistance that they received and are receiving a similar type of assistance under different federal statutory authority. Continuing real property tax exemptions for affordable housing projects that renew their HUD contracts will not have a negative fiscal impact; the revenue

[78] D.C. Official Code § 47-1002(20)(A) (ii).
[79] Section 524 of Multifamily Assisted Housing Reform and Affordability Act of 1997. Approved October 27, 1997 (Title V of Public Law No. 105-65; 111 Stat. 1384).

implications of these exemptions are already incorporated into the District's budget and financial plan.

<u>Subtitle (VII)(F) – Beulah Baptist Church Real Property Equitable Tax Relief Act of 2013</u>

Background

This subtitle amends current law[80] to extend the real property tax exemption authorized for real property owned by Beulah Baptist Church from 2010 to 2020. Temporary legislation[81] authorizes a real property tax exemption for the Church for the years 2011, 2012 and 2013. This subtitle will make the tax exemption for these years permanent and also extends the exemption through 2020.

Financial Plan Impact

Extending the real property tax exemption for these properties will reduce real property tax revenues by approximately $59,000 in FY 2014 and $243,000 over the four year financial plan. The fiscal impact is already incorporated in the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle VII(F) – Beulah Baptist Church Real Property Equitable Tax Relief Act of 2013, FY 2014- 2017 ($ thousands)					
	FY 2014	FY 2015	FY 2016	FY 2017	Total
Value of Real Property Tax Exemption	($59)	($60)	($61)	($62)	($243)

Source: Office of Revenue Analysis

<u>Subtitle (VII)(G) – GALA Hispanic Theatre Real Property Tax Abatement Act of 2013</u>

Background

This subtitle abates the real property taxes owed on the portion of Lot 79 in Square 2837 that is leased by the GALA Hispanic Theatre ("GALA"), so long as GALA continues to lease the space and it is used for producing and staging live theatre. Because GALA leases and does not own the space, it does not qualify for the real property tax exemption provided under current law to nonprofits organizations producing live theatre that own real property.[82] Under the terms of its lease, GALA pays the property owner 8.43 percent of the total property taxes levied on the property. Specifically, the bill abates the amount of property tax due in excess of the levied for Tax Year 2005. This abatement will take effect retroactively, as of Tax Year 2011.

[80] D.C. Official Code § 47-4654(d).
[81] Beulah Baptist Church Real Property Equitable Tax Relief Temporary Amendment Act of 2012, enacted January 31, 2013 (D,C. Act 19-665; D.C. Official Code § 47-4654).
[82] D.C. Official Code § 47-1002.

Financial Plan Impact

The subtitle reduces real property tax collections by $113,612 in FY 2013, $44,458 in FY 2014, and $185,473 over the FY 2014 through FY 2017 budget and financial plan period. The fiscal impact is already incorporated in the proposed FY 2013 supplemental budget and the proposed FY 2014 through FY 2017 budget and financial plan.

Additional revenue certified in FY 2013 is available to pay for the revenue reduction in FY 2013. The estimated cost is detailed in the table below.

Estimated Fiscal Impact of Subtitle VII(G), GALA Hispanic Theatre Real Property Tax Abatement Act of 2013, FY 2013 & FY 2014 - FY 2017 ($ thousands)						
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**Four Year Total**
Value of Real Property Tax Abatement[a]	($43)	($44)	($46)	($47)	($48)	($185)
FY 2011 - FY 2012 Real Property Tax Refund	($71)	$0	$0	$0	$0	$0
Total	**($115)**	**($44)**	**($46)**	**($47)**	**($48)**	**($185)**

Table Note
[a] The abatement is equal to the difference between the amount of GALA's annual real property taxes owed and its 2005 level of taxation of $7,320.

Subtitle (VII)(H) – Alcoholic Beverage Regulation Administration Reimbursable Detail Amendment Act of 2013

Background

This subtitle eliminates the dedication of sales tax revenue[83] to Alcoholic Beverage Regulation Administration's reimbursable detail subsidy program.[84]

Financial Plan Impact

The proposed subtitle removes a dedicated source of funding for the reimbursable detail subsidy program, but is not expected to result in a substantive change in the program. The Mayor's proposed FY 2014 budget funds the program with local fund revenues equal to the amount currently in the law.

[83] D.C. Official Code § 47-2002(b).
[84] Reimbursable Detail Subsidy Program, 23 DCMR § 718.

Subtitle (VII)(I) – Out-of-State Municipal Bond Tax Repeal Act of 2013

Background

This subtitle repeals[85] the tax on interest income earned on municipal bonds purchased after January 1, 2013.

Financial Plan Impact

Repealing the above-mentioned tax will reduce revenue by $1.1 million in FY 2013, $1.7 million in FY 2014, and $11.9 million over the FY 2014 through FY 2017 budget and financial plan period. The fiscal impact of the proposed subtitle is already incorporated into the proposed FY 2013 supplemental budget, and the proposed FY 2014 through FY 2017 budget and financial plan.

Estimated Fiscal Impact of Subtitle VII(I), Out-of-State Municipal Bond Tax Repeal Act of 2013, FY 2013 & FY 2014 - FY 2017 ($ thousands)						
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**Four Year Total**
Revenue reduction	($1,100)	($1,700)	($2,500)	($3,800)	($3,929)	($11,929)

Source: Office of Revenue Analysis estimates based on FY 2010 data on District taxpayers.

Subtitle (VII)(J) – Mandarin Hotel FY13 and FY14 Fund Transfers Amendment Act of 2013

Background

In 2002, the District issued tax increment revenue bonds for the Mandarin Oriental Hotel Project. This subtitle requires the Chief Financial Officer to recognize any tax increment above those amounts needed for debt service, as local revenue for Fiscal Years 2013 and 2014. The bond indenture allows for the return of any excess funds in the bond revenue account annually, on June 1.

Further, beginning in FY 2015, the subtitle requires the District to use excess tax increment revenue from the Mandarin project to prepay the Mandarin bonds in advance of their scheduled maturity.

Financial Plan Impact

The proposed subtitle increases the net tax increment available to the District's local fund by a projected $2.7 million in FY 2013 and $800,000 in FY 2014. Projected excess tax increment for FY 2015 through FY 2017 would be used to prepay Mandarin bonds in advance of their scheduled maturity. The impact of the proposed subtitle has been incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

[85] By amending Section 47-1803.02(a) of the D.C. Official Code.

Estimated Fiscal Impact of Subtitle (VII)(J) Mandarin Hotel FY13 and FY14 Fund Transfers Amendment Act of 2013 ($ thousands)						
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**Four-Year Total**
Increase in net taxes to local fund[1]	$2,700	$800	$815	$835	$858	$3,308
Increased bond debt payments			($815)	($835)	($858)	($2,508)
Impact on local revenue	$2,700	$800	$0	$0	$0	$800

Subtitle (VII)(K) – Combined Reporting Clarification Act of 2013

Background

This subtitle makes permanent combined reporting laws that were enacted on a temporary basis in 2012.[86] It also clarifies that any methods adopted to prevent double taxation of distributive share of a trade or business net income can be adopted through regulations adopted by the Chief Financial Officer. Under current law, such measures can only be implemented through changes in the tax code. Finally, the proposed subtitle clarifies that net operating losses that result from deduction of deferred tax liabilities under combined reporting rules can be carried forward as permitted by Internal Revenue Service (IRS) rules.[87] Current IRS rules limit carry forward period by 20 years.[88]

Financial Plan Impact

The proposed subtitle makes permanent current law on combined reporting. The fiscal impact of combined reporting laws is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (VII)(L) – First Congregational United Church of Christ Tax Relief Amendment Act of 2013

Background

This subtitle clarifies[89] current law to specify the total tax refund due to the First Congregational United Church of Christ is $951,000. The law grants the Church a tax exemption from deed transfer and real property taxes due on certain lots owned by the Church.

[86]Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012, enacted on November 16, 2012 (Bill 19- 947, 59 DCR 13553).
[87] D.C. Official Code § 47-1803.03.
[88] 26 USC § 172.
[89] D.C. Official Code § 47-4636.

Financial Plan Impact

The Church has received a refund for the majority of the $951,000. The amount outstanding is approximately $12,000. This refund will be issued in FY 2013. Additional revenue certified in FY 2013 is available to pay for the refund. The fiscal impact of the subtitle is already incorporated into the budget and financial plan. There is no impact on the proposed FY 2014 through 2017 budget and financial plan.

Subtitle (VII)(M) – Tregaron Conservancy Tax Exemption and Relief Amendment Act of 2013

Background

This subtitle forgives taxes, penalties, and interest assessed on Lots 842, 849, and 857 in Square 2084 from March 1, 2007 through the end of the month during which this subtitle becomes effective. The aforementioned properties are tax exempt under current law; however, for a 19-month period between the March 1, 2007 and September 30, 2008, the properties were taxable. This subtitle will include tax forgiveness for this 19-month period. The subtitle will be implemented only upon a reprogramming to the Office of the Chief Financial Officer's budget in 2013 for the refund amount.

Financial Plan Impact

The subtitle would authorize refunds of approximately $222,490, which would be issued in FY 2013, but only upon the required reprogramming. There is no impact on the proposed FY 2014 though 2017 budget and financial plan.

TITLE VIII– CAPITAL BUDGET

Subtitle (VIII)(A) – Waterfront Park Bond Amendment Act of 2013

Background

This subtitle amends the DOT PILOT Revision Emergency Approval Resolution of 2010[90] (Resolution) to allow excess funds held by the bond trustee to be spent on capital costs of the park known as Yards Park (defined as Waterfront Park in the Resolution).

Under the provisions of the Indenture for the DOT PILOT bonds, excess PILOT revenues and excess interest earnings are held in the AWI Project Supplemental Account of the Project Fund. The Indenture provides that the funds in this account may be used only for costs of the Anacostia Waterfront Initiative Infrastructure Project, which is defined in the Resolution. This subtitle adds the Yards Park to the definition of the Anacostia Waterfront Initiative Infrastructure Project.

The proposed amendment would allow the funds in the AWI Project Supplemental Account to be spent on capital needs for Yards Park.

Financial Plan Impact

The subtitle allows a portion of the funds in the AWI Project Supplemental Account to be spent on capital needs for Yards Park. The fiscal impact of the subtitle is already incorporated into the proposed FY 2014 through FY 2019 Capital Improvement Program.

Subtitle (VIII)(B) – Capital Capacity Expansion Amendment Act of 2013

Background

The proposed subtitle authorizes the Office of the Chief Financial Officer to apply standard enforcement tools and administrative provisions applicable to taxes[91] to collect delinquent amounts from payers of the ballpark fee.[92] Such tools and provisions include, but are not limited to, refund offsets, levies on wages and salaries, the referral of cases to collection agencies and the filing of liens. Under current law, the Office of the Chief Financial Officer does not have the ability to use compliance measures to collect any delinquent the ballpark fees.

Financial Plan Impact

Allowing the Office of the Chief Financial Officer to apply standard compliance tools to the collection of the ballpark fee is projected to increase Ball Park Fee Fund revenues by approximately

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[90] Enacted on February 2, 2010 (Public Resolution 18-389, 57 DCR 1534)
[91] These procedures are outlined in Chapter 18 (Income Tax), Chapter 41 (Criminal Provisions), Chapter 42 (Interest and Penalties, except §§ 47-4211(b)(1)(B), 47-4214 and 47-4215), Chapter 43 (Administration) and Chapter 44 (Collections) of Title 47 of D.C. Official Code.
[92] D.C. Official Code § 47-2762. The ball park fee varies between $5,500 and $16,500 annually depending on the gross receipts of businesses.

$1.5 million in FY 2014 and $2.3 million in the FY 2014 through FY 2017 budget and financial plan period.

The Ballpark Revenue Fund is a segregated, non-lapsing special revenue fund and excess collections are currently dedicated to prepay,[93] in advance of scheduled maturity, the bonds issued to support the construction of the Ballpark. Thus, increasing the collections in this fund does not have an immediate impact on the General Fund, but is likely to shorten the time over which the District will pay off these bonds.

Estimated Fiscal Impact of Subtitle VIII (B) – Ballpark Fee Enhanced Collections Act of 2013, FY 2014 – FY 2017 ($ thousands)					
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**Four-Year Total**
Impact on General Fund[1]	($84)	($85)	($87)	($89)	($344)
Impact on the Ballpark Fee Fund[2]	$1,500	$275	$275	$275	$2,325

Table Notes
[1] This is the estimated cost of one FTE hired at Grade Level 12 plus fringe benefits. Out-year costs assume a 2 percent cost of living adjustment.
[2] The cumulative delinquent amount for the ball park fee is approximately $6.5 million. The estimate assumes that the Office of Tax and Revenue will collect delinquent ball park fees from 200 to 270 payers the first year. In out years, the estimated collections go down because the cumulative delinquent amount is expected to go down.

The Office of Tax and Revenue will require one FTE to implement the compliance measures. The estimated salary and benefit cost of this employee is $84,000 in 2014 and $344,000 over the four year financial plan period.

The fiscal impact of the proposed subtitle is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan.

Subtitle (VIII)(C) – Pay-as-you-go Capital Account Amendment and Streetcar Funding Dedication Act of 2013

Background

Current law[94] requires the District to use a Pay-as-you-go Capital Account to reduce District borrowing, beginning FY 2017.[95] . The subtitle postpones this requirement so that it would apply only after completion of the capital construction of the DC Streetcar Project. Further, the subtitle

[93] Notwithstanding a previously approved FY 2014 transfer of $17.9 million from this fund to the unrestricted portion of the General Fund. This transferred was approved by § 7052 (c) of Fiscal Year 2011 Budget Support Act of 2010, effective September 24, 2010 (D.C. Law 18-223, 57 DCR 6242).
[94] DC Official Code § 47-392.02, *Process for submission and approval of financial plan and annual District budget.*
[95] Current law requires that the District deposits in the Pay-as-you-go Capital Account 25 percent of the increase in District local funds revenues over the amount projected for FY 2016.

would add a new provision to the Code to require that all funds in the Pay-as-you-go Capital Account would only be budgeted for the DC Streetcar Project, until such Project is complete.

Financial Plan Impact

The requirement to use the Pay-as-you-go Capital Account to reduce District borrowing reduces the amount the District can spend for the payment of debt service. However, the postponement of the provision has been incorporated into the amounts set aside for debt service in the proposed FY2014 through FY 2017 budget and financial plan.

The designation of this account for the DC Streetcar Project has also been incorporated into the FY 2014 through FY 2017 budget and financial plan. The Pay-as-you-go Capital Account is required to be funded at a level of 25 percent of the increase in District local funds revenues over the amount projected for FY 2016.

Subtitle (VIII)(D) – Great Streets Neighborhood Retail Priority Area Amendment Act of 2013

Background

The proposed subtitle makes the following changes.

First, it defines and delineates[96] the boundaries of two new Retail Priority Areas: the Rhode Island Avenue, N.E. Retail Priority Area, and the Bladensburg Road, N.E. Retail Priority Area.

Second, it cancels all remaining bond issuance authority provided by the Great Streets Neighborhood Retail Priority Areas Approval Resolution of 2007. After accounting for the $5,934,731 of tax increment financing (TIF) bonds issued under the program as well as all legislated amendments to the program, $69,065,269 of bond issuance authority remains.

Third, it cancels all remaining bond issuance authority for the Downtown Retail Priority Area program authorized under the Retail Incentive Act of 2004. After accounting for TIF bonds issued under the program and subsequent amendments to the Retail Incentive Act, $6,526,790 of bond issuance authority remains.

Financial Plan Impact

Canceling the remaining TIF bond issuance authority for the Great Street Neighborhood Retail Priority Areas increases sales and real property taxes in the local fund that are no longer needed to repay prospective Great Streets TIF debt, as depicted in the table below.

The Mayor's budget proposes to use these amounts to support Paygo capital for the Great Streets Initiative. The fiscal impact of the proposed subtitle is already incorporated into the proposed FY 2014 through FY 2017 budget and financial plan, and the 2014 through 2019 Capital Improvement Program.

[96] The bill amends Section 4 of the Retail Incentive Act of 2004, effective September 8, 2004 (D.C. Law 15-185; D.C. Official Code § 2-1217.73).

Estimated Fiscal Impact of Subtitle VIII (D) – Great Streets Neighborhood Priority Area Amendment Act of 2013, FY 2014 – FY 2017 ($ thousands)					
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**Four-Year Total**
Impact on sales taxes[1]	2,012	2,012	2,158	2,158	8,340
Impact on property taxes[1]	3,125	3,125	3,817	3,817	13,884
Total	**5,137**	**5,137**	**5,975**	**5,975**	**22,224**

Source: Office of Economic Development and Finance

Cancelling the Downtown Retail Priority Area remaining bond issuance authority does not affect the net sales tax revenue available to the local fund. If a TIF project does not take place, the projected taxes will not be recognized, but the dedication of taxes to pay for TIF debt service decreases accordingly. The subtitle does create a small increase in the District's ability to borrow for other projects, by reducing planned TIF debt.

Designating new geographic areas as Retail Priority Areas does not have a budgetary impact.

Subtitle (VIII)(E) – Waterfront Park at the Yards Amendment Act of 2013

Background

The District entered into a Waterfront Park Maintenance and Programming Agreement with Forest City, LLC and the Capitol Riverfront Business Improvement District (BID) to provide for the ongoing management, maintenance and programming of the Yards Park. The BID's funding for such costs was to come from the Waterfront Park Maintenance Fund ("Fund"), which holds any sales tax revenue up to $380,000[97] generated by restaurants and shops that will locate at the Yards Park, and a special assessment on completed buildings. Both these sources were authorized by the Waterfront Park at the Yards Act of 2009.[98] While the Act authorizes the sources and uses of the Fund, its provisions did not allow for the necessary procedures the Office of the Chief Financial Officer (OCFO) needs to implement the agreement with the BID. The proposed subtitle provides the necessary legal changes for such implementation, including, but not limited to:

1. Removing proceeds from the sale of the DOT PILOT bonds from the funds that must be deposited into the Fund. DOT PILOT bond proceeds have been spent on the construction of the Yards Park, and were spent through the trustee requisition process outlined in the Indenture.
2. Removing revenue generated by naming rights for Yards Park from having to be transferred from Forest City, LLC to the District and back to the BID. Since the District is not entitled to keep such revenue, this change will allow the revenue to go directly from Forest City, LLC to the BID.

[97] This amount is to be adjusted annually by the Consumer Price Index.
[98] Effective March 3, 2010 (D.C. Law L18-105; 57 DCR 11).

3. Authorizing the OCFO to transfer the money in the Fund to the BID. The Act inadvertently did not include this authorization.
4. Clarifying the definition of Consumer Price Index (CPI) to enable the OCFO to administer the CPI adjustments to the sales taxes transferred to the BID.
5. Requiring the Office of the Deputy Mayor for Planning and Economic Development to notify the Office of Tax and Revenue (OTR) when a building achieves the required occupancy levels, as outlined in the Act, such that the building would become subject to the special assessment. Currently, the Act does not include a mechanism for notifying OTR.
6. Changing the special assessment billing cycle to coincide with the District's real property tax billing cycle.

Financial Plan Impact

The proposed subtitle includes technical amendments that establish the authority for the Office of the Chief Financial Officer to transfer the monies in the Fund to the BID, and streamline processes to improve implementation of the original agreement. These planned transfers are already a part of the District's budget and financial plan, and the technical changes do not have a budgetary impact.

TITLE IX– ADDITIONAL REVENUE CONTINGENCY LIST

Subtitle (IX) (A) – Revised Revenue Estimate Contingency Priority List of 2013

Background

This subtitle sets forth a spending priority list in the event that a future revenue estimate issued in 2013 projects revenues over and above the revenue estimate[99] incorporated in the FY 2014 budget. The priority list of possible spending is as follows:

(1) Office of the State Superintendent – $11,000,000 to increase infant and toddler slots by 200 and to increase the quality of existing infant and toddler slots by increasing the subsidy rate by 10 percent;
(2) D.C. Office of Aging – $5,831,402 for sub-grantee grant increases;
(3) Office of the State Superintendent – $4,000,000 for adult literacy and career and technology education programs;
(4) Department of Behavioral Health – $1,985,000 for the expansion of the school based mental health program;
(5) Children and Youth Investment Trust Corporation – $3,000,000 to increase funding to cover summer initiatives;
(6) Department of Human Services – $4,000,000 for POWER expansion;
(7) Department of Human Services – $967,770 to provide SSI application assistance for first-time applicants;
(8) Department of Behavioral Health – $535,965 for additional staff for Comprehensive Psychiatric Emergency Program's Mobile Crisis Services and Homeless Outreach Program (8 FTEs);
(9) Department of Human Services – $4,000,000 for rapid re-housing;
(10) Department of Corrections – $400,000 for Central Cell Block medical costs, as well as to provide security for off-site medical visits;
(11) D.C. Commission on the Arts and Humanities – $7,000,000 for competitive arts grants;
(12) Deputy Mayor for Planning and Economic Development- $1,071,950 for 10 FTEs to make the District more competitive in attracting and retaining businesses and to expand economic development;
(13) Office of the Chief Technology Officer – $2,167,084 to enhance PeopleSoft program;
(14) Department of Forensic Sciences – $1,917,192 to fund Civilian Crime Scene Response Program (29 FTEs);
(15) Department of Housing and Community Development – $700,000 to Increase Small Business Technical Assistance;
(16) General Fund Revenue – $10,000,000 to reduce the commercial property tax rate on the first $3,000,000 of assessed value from $1.65 to $1.55 per $100 of assessed value;
(17) General Fund Revenue – $10,937,383 to fund the Schedule H Property Tax Relief Act of 2012; and
(18) Office of the Secretary – $450,000 for D.C. Statehood Advocacy Act of 2013 ($150,000 staff).

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[99] Office of the Chief Financial Officer, February 2013 Revenue Certification Letter, dated February 22, 2013, available at http://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Rev%20Est%20Cert%20Ltr_022213.pdf

Additional revenues certified through 2013 for FY 2014 will support the items in the list in the order they appear, so long as the expenditures can be paid for through the financial plan period. However, if by the December revenue estimate, sufficient funds have not been identified in the financial plan to support the costs of recurring initiatives, the subtitle directs the additional revenues to support one-time expenditures, identified as items (3), (5), (7), (11), (13), and (15).

Financial Plan Impact

This priority list for potential spending in FY 2014 has no effect on the proposed budget and financial plan. The Office of Revenue Analysis revises revenue estimates for the District of Columbia quarterly. The revenue estimates may project an increase or decrease in revenues, or may remain unchanged, depending on economic conditions in the District.

This spending list would propose to spend any future revenue increases, but if revenue increases do not materialize in FY 2013, Title X of this bill will not be implemented. If revenue increases do materialize within FY 2013, this list would govern the expenditure of those increased revenues.