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

Jeff DeWitt
Chief Financial Officer

MEMORANDUM

TO: **The Honorable Phil Mendelson**
Chairman, Council of the District of Columbia

FROM: **Jeff DeWitt**
Chief Financial Officer

DATE: **June 24, 2014**

SUBJECT: **Fiscal Impact Statement – "Fiscal Year 2015 Budget Support Act of 2014"**

REFERENCE: **B20-750, Draft Amendment in the nature of a Substitute shared with the Office of Revenue Analysis on June 23, 2014**

Conclusion

Funds are sufficient in the proposed FY 2015 through FY 2018 budget and financial plan to implement the proposed Fiscal Year 2015 Budget Support Act of 2014.

The proposed FY 2015 through FY 2018 budget and financial plan accounts for the expenditure and revenue implications of the proposals described in the subtitles included in the bill. The Mayor's FY 2015 budget proposes $6.801 billion in Local funds spending, supported by $6.800 billion of local resources, with an operating margin of $0.5 million.

The initiatives in the Fiscal Year 2015 Budget Support Act of 2014, combined with the Mayor's policy choices, provide sufficient funds to balance the estimated expenditures of $7.691 billion[1] in the proposed General Fund FY 2015 budget.

Tax policy changes and the trigger mechanism

Title VII(B) of the proposed legislation outlines an implementation plan for tax policies recommended by the District's Tax Revision Commission, adopted by the Council of the District of Columbia. Of these policies, the following would be in effect in Fiscal Year 2015:

First, the subtitle makes the following changes to the tax code, beginning FY 2015:

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

Individual Income Taxes

- Beginning Tax Year 2015, reduce the marginal tax rate on incomes between $40,000 and $60,000 from 8.5 percent to 7 percent.
- Maintain the marginal tax rate on incomes above $350,000 at the current statuary rate of 8.95 percent.
- Expand the District's Earned Income Tax Credit to cover singles.
- Raise the standard deduction to $5,200 for singles, and $8,350 for married couples filing jointly; and
- Phase out personal exemptions at the current of $1,695 level by 2 percent for each $2,500 above $150,000 of income, with a complete phase out at $275,000; and
- Expand the income tax base by eliminating certain tax preferences and expenditures including the District's homebuyer credit, deduction of long-term care insurance premiums, and exclusion of government pension receipts from taxable income.

Franchise Taxes

- Reduce the tax rate on businesses from 9.975 percent to 9.4 percent
- Change in the apportionment factor to be solely based on a company's sale tax payments in the District, and not on other forms of presence, such as the size of its payroll or property taxes.
- Exempt from unincorporated business franchise tax entities that trade on their own accounts.

Sales Taxes

- Expand the sales tax base to include services such as bottled water delivery, carpet and upholstery cleaning, fitness and recreational sports centers, and other personal care services such as tanning salons, car washes, bowling alleys and billiard parlors.
- Add a use tax line in individual income tax return forms so residents can remit sales taxes on items they purchased remotely and were not charged a sales tax by the vendor.
- Tax all tobacco products other than premium cigars and electronic cigarettes at rates similar to cigarettes.

These changes, collectively, reduce District's tax collections by approximately $25 million annually.

Subtitle VII(B) also institutes a revenue trigger for the implementation of additional tax policy changes beyond FY 2015. The trigger is set such that tax policy changes will be implemented in FY 2016 only after the District sets aside $181 million of certified increase in the District's *revenue base* in fiscal years 2015 or 2016 relative to the February 2014 estimates. The first $181 million will be recognized as FY 2016 revenue to ensure that FY 2016 budget is balanced. In the subsequent fiscal years, revenue in excess of February 2014 projected revenues for that fiscal year, without any set-asides, will be used implement the tax policy changes recommended by the District's Tax Revision Commission, as adopted by the Council.

Once the triggers are met, the subsequent policy changes will be implemented according to a priority list outlined in Subtitle VII(B). This fiscal impact statement does not provide an estimate of each proposal subject to triggers but were these proposal in effect, they would have collectively reduced the revenues by approximately $94 million per year (in addition to the policies adopted for FY 2015). When the trigger conditions are met, the Office of Revenue Analysis will provide updated estimates for each proposed policy.

Gifts and donations for the Public Charter School Board

The Council should note that Subtitle (IV)(J), which allows the Public Charter School Board (PSCB) to accept gifts and donations without prior approval from the Mayor may require an amendment to the Home Rule Act to remove the Mayoral approval requirement. Similar amendments were passed by the U.S. Congress to exempt the Board of Education, Board of Library Trustees, the Council and the Courts from the Mayoral approval requirement.

The bill, the "Fiscal Year 2015 Budget Support Act of 2014," is the legislative vehicle for adopting statutory changes needed to implement the Council'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.

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TITLE I- GOVERNMENT DIRECTION

Subtitle (I)(A) – Bonus and Special Pay Limitation Act of 2014

Background

The proposed subtitle prohibits District agencies from awarding performance-related bonuses, special act pay, and service awards in fiscal year 2015. Contractually required bonuses and special payments for the employees of the District of Columbia Public Schools and the Office of Attorney General 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.

Subtitle (I)(B) – Elected Attorney General Implementation and Legal Service Establishment Technical Amendment Act of 2014

Background

Currently, the Office of the Attorney General (OAG) is a subordinate agency to the Mayor, responsible for providing legal support to District agencies, advising the Executive, and enforcing the laws of the District.[2] In 2010, District voters ratified a charter amendment to establish an elected and independent Attorney General, separate from the control of the Mayor.[3] Anticipating the election of an Attorney General in November 2014, a 2013 law[4] required major organizational changes to OAG and to legal staff throughout the District. The organizational changes were to be effective by October 1, 2014. At the same time, however, the law also moved the election date for an Attorney General until after January 2018.

This subtitle moves the deadline for required organizational changes in OAG to October 1, 2018.

Financial Impact

This subtitle does not have an impact on the District's budget and financial plan.

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[2] D.C. Official Code §§ 1-301.81 through1-301.82.
[3] D.C. Law 18-160 was ratified by the electors of the District of Columbia in a general election held on November 2, 2010, certified by the District of Columbia Board of Elections and Ethics on November 29, 2010, and became effective as law on May 30, 2011.
[4] Elected Attorney General Implementation and Legal Service Establishment Amendment Act of 2013, effective December 13, 2013 (D.C. Law 20-60: D.C. Official Code § 1-601.01 *et seq*.)

Subtitle (I)(C) – Public Sector Workers' Compensation Budget Savings Amendment Act of 2014

Background

Current law[5] allows the District to request reports of earnings and tax records from workers' compensation recipients with a partial disability. The subtitle permits the District to request the records from all workers' compensation recipients.

The subtitle also makes clear that the spouse of a deceased District employee cannot continue to receive compensation if he or she remarries. Current law[6] is ambiguously worded and could allow continued compensation if a spouse of a deceased employee remarries after the age of 60.

Lastly, the subtitle limits an employee's rights to receive additional compensation after receiving a permanent disability schedule award. Current law[7] may permit compensation for the same injury under both the permanent and temporary disability schedules.

Financial Impact

This subtitle does not have an impact on the District's budget and financial plan. Implementation of these changes have the potential to result in fewer expenditures for workers compensation than there might have been, but there is insufficient data at this time to determine whether any net savings will result.

Subtitle (I)(D) – Technology Services Support Amendment Act of 2014

Currently, the Office of the Chief Technology Officer (OCTO) may accept payment from independent and federal agencies who are recipients of DC-NET[8] services. These payments are deposited into the DC-NET Services Support Fund ("Fund"),[9] a special purpose revenue fund that helps defray the cost of the DC-NET program operational costs.

Financial Plan Impact

The subtitle permits OCTO to collect payments from entities receiving DC-NET services that are also supporting a District economic development initiative. The revenues are to be deposited into the Fund to defray the costs of providing these services. Specific customers have not been identified, so revenue increases are not expected at this time. If customers are identified in the future and collections exceed existing Fund authority, OCTO must request additional special purpose revenue authority to expend the revenue.

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[5] D.C. Official Code § 1-623.06.
[6] D.C. Official Code § 1-623.33.
[7] D.C. Official Code § 1-623.07.
[8] D.C. Official Code § 1-1431(4) defines the DC-NET program as "a program conducted by the Office of the Chief Technology Officer to implement and manage a state-of-the-art, fiber-optic network owned by the District government."
[9] D.C. Official Code § 1-1432 (DC-NET Services Support Fund).

Subtitle (I)(E) – Capital Policy and Reserve Accounts Amendment Act of 2014

Background

The subtitle makes a number of changes to the way the Pay-as-you-go ("Paygo") Capital Account and the Cash Flow Reserve Account.

Under current law, the District includes a Paygo Capital Account in its proposed budget and financial plan submitted to the Congress. Each year, this account receives a quarter of the projected revenue above the revenue certified for FY 2015 in the February 2014 revenue estimate to support capital projects. The proposed subtitle postpones this requirement to FY 2017. It also amends the law such that the revenue increment will be measured from the previous year and not from FY 2015.[10]

The subtitle also permits the Mayor—with approval from Council and certification of the CFO—to utilize the Fiscal Stabilization Reserve Account during a government shutdown and for the same purposes used by the Contingency Reserve Fund.[11] Under current law,[12] the Fiscal Stabilization Reserve Account cannot be used for either purpose. In both cases, the funds must be returned to the Fiscal Stabilization Reserve Account by the end of the same fiscal year.

Current law[13] permits the Chief Financial Officer (CFO) to use the Cash Flow Reserve Account to cover general cash-flow needs, so long as it is replenished in the same fiscal year. This subtitle expands the permitted use of the Cash Flow Reserve Account to include expenditures during a government shutdown.

The subtitle also requires that all uncommitted surpluses identified in the Comprehensive Annual Financial Report be allocated equally to two specific uses: the Housing Production Trust Fund and the reduction of debt by shifting borrowed funds for capital projects to Paygo funds.

The subtitle requires the CFO to develop a 15-year replacement schedule for District capital assets, and to provide an annual report to Council on the progress toward developing that schedule.

Finally, the subtitle prohibits the reprogramming of excess debt service for other operating expenditures unless explicitly approved by the Council. Under current practices, the debt service can be reprogrammed to any other use without Council approval so long as the amount of the programming is under the Council-set limit of $500,000 million. At the end of the fiscal year, any unexpended debt service budget must be transferred to the Capital Fund as Paygo funding.

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[10] Required as per D.C. Official Code 47-392.02(f)(2).
[11] D.C. Official Code § 1-204.50a(b)(4) (Contingency Reserve Fund.) outlines requirements for Contingency Reserve Fund usage which include: nonrecurring or unforeseen needs arising during the fiscal year, to cover revenue shortfalls five percent or more below the forecast, and any shortfalls in projected reductions in the budget for a given fiscal year.
[12] D.C. Official Code § 47-392.02(j-1). (Fiscal Stabilization Reserve Account).
[13] D.C. Official Code § 47-392.02(j-2). (Cash Flow Reserve Account).

Financial Plan Impact

Postponing the implementation of the required Paygo Account by one year, and replacing a fixed base year (FY 2015) with a floating base year (the previous fiscal year) will change the amount of planned Paygo capital in the budget and financial plan as shown in the table below. Amendments to the use of the locally mandated reserve accounts do not have a fiscal impact. Finally, the CFO can develop a plan to create a replacement schedule within its current resources.

Estimated Fiscal Impact of the changes to the Pay-as you-go funding in the Capital Improvement Plan, FY 2015 through FY 2010, in $ millions							
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**TOTAL**
Current Law	$18,968	$61,074	$124,885	$181,245	$243,606	$302,230	$932,008
Proposal	$5,200	$44,674	$111,591	$159,544	$164,122	$169,376	$654,507
Difference	**$13,768**	**$16,400**	**$13,294**	**$21,701**	**$79,484**	**$132,854**	**$277,501**

Subtitle (I)(F) – Government Family Leave Program Amendment Act of 2014

Background

The subtitle provides an elective benefit of eight weeks paid leave to District employees at full salary for the birth or adoption of a child,[14] and for care of a family member with serious health condition. This benefit would be available to all employees, regardless of time in service. Family member is defined as any person to whom the employee is related by blood, legal custody, domestic partnership, or marriage. In the event that both parents are employees of the District, the designated primary caregiver may take up to six weeks leave, and the secondary caregiver may take up to two weeks leave. Leave must be taken in at least one day increments, either consecutively or intermittently, and used within 12 months of the birth or adoption. For employees serving in a probationary capacity, such as new employees, leave taken under this subtitle cannot count toward the required probationary period.

Currently, several other categories of leave are available to District government employees who wish to take time off related to the birth, adoption or care of an infant or child. However, these programs generally have time eligibility requirements, are unpaid, or do not guarantee full salary coverage. The District of Columbia Family and Medical Leave Act ("FMLA")[15] permits employees with 12 months of service to take 16 weeks of unpaid family leave during any 24-month period following the life event. Eligible employees may still take advantage of the protections and benefits afforded under the FMLA, as well as leave donations from other employees through voluntary leave transfer or the Annual Leave Bank Program.[16] Employees may also utilize their earned available sick or annual leave to limit the loss of their income beyond the six-week family bonding benefit.

[14] Child must be less than 19 years of age.
[15] Effective October 3, 1990 (D.C. Law 8-181; D.C. Official Code § 32-501 *et seq*.).
[16] D.C. Official Code § 1-612.05.

Financial Plan Impact

The subtitle creates a paid benefit of an estimated $9.4 million in FY 2015, and $21.2 million in the FY 2015 through FY 2018 budget and financial plan.

Of the total cost, approximately $5.1 million in FY 2015 and $21.2 million throughout the financial plan is attributed to the provision allowing for care of the birth or placement of a child. This estimate is based on the national birth rates and the current age and gender profile of District employees.

The remaining cost of $4.3 million in FY 2015 and $18.1 million in the FY 2015 through FY 2018 budget and financial plan is attributed to the provision regarding the care of a family member who is seriously ill. This estimate is more heavily caveated, for several reasons. First, the term "seriously ill" is not defined in the subtitle, and could cover a variety of illnesses for which there are separate rates of incidence. Second, the likelihood that one may utilize leave for a seriously ill family member depends on the size and health of one's family, and other personal factors. Third, the length of time that may be needed to care for an ill family member could vary significantly. To approximate the cost, we applied the national hospitalization rate and average length of stay[17] to each employee and assumed a maximum one instance per year per employee.

Since the District's proposed FY 2015 through FY 2018 budget accounts for full salaries of every employee, without making any allowances for any unpaid leave, the proposed subtitle's effect is already accounted for. Additionally, since many employees already use existing leave for these purposes—although usually not for a full eight weeks—part of the cost is already being borne by the agencies. While most agencies can absorb this cost by the spreading the work to other employees, it is plausible that when an employee is on leave under the Government Family Leave Program, his or her agency may need to hire additional temporary personnel. Larger agencies with more staff and funds are better equipped to absorb the cost of a staffer on extended leave compared to smaller agencies, which may face spending or work pressures. Finally, the proposal will reduce lapsed salary savings. This does not have a fiscal impact since the proposed budget accounts for full salaries, but, once the fiscal year starts, the District would be constrained in its ability to use lapsed salaries to offset other spending pressures.

Subtitle (I)(G) – District of Columbia Surplus Personal Property Sales Revolving Fund Establishment Act of 2014

Background

The subtitle creates a special purpose fund called the District of Columbia Surplus Property Sales Revolving Fund ("Fund") to collect a portion of revenues received from the sale of government surplus property (such as unneeded equipment). The District contracts with a private vendor to manage the sale of the surplus property and the sole purpose of the new Fund is to pay for the vendor's contract. Any revenue received into the Fund but not spent will revert back to the general fund at the end of the fiscal year.

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[17] "Number and rate of discharges from short-stay hospitals and of days of care, with average length of stay and standard error, by selected first-listed diagnostic categories: United States, 2010", Centers for Disease Control and Prevention.

Financial Plan Impact

An additional $375,000 is expected from surplus property revenue in FY 2015, and $1,500,000 over the four-year financial plan. This additional revenue will be directed to the new Fund to pay the surplus property management vendor's contract.

<u>Subtitle (I)(H) – Commission on Fathers, Men, and Boys Establishment Act of 2014</u>

Background

The subtitle creates a commission of 12 members, nominated by the Mayor and subject to consent of Council, to advise the Mayor, Council and public on issues and needs of fathers, men and boys in the District.

Financial Plan Impact

This subtitle does not have an impact on the District's budget and financial plan. Members of the Commission will serve without compensation, and any other expenses incurred by the Commission are subject to available budget in Office of Boards and Commissions.

<u>Subtitle (I)(I) – Grants Administration Amendment Act of 2014</u>

Background

The subtitle extends grant requirements under current law[18] (such as competition rules and transparency) to any grants provided for in the FY 2015 budget.

Financial Plan Impact

This subtitle does not have an impact on the District's budget and financial plan.

<u>Subtitle (I)(J) – Workplace Wellness Act of 2014</u>

Background

The subtitle requires the Mayor to establish a workplace wellness policy to improve the health of District government employees. It also requires that the Mayor establish healthy standards for food purchased by the District government, but excludes food served to children in schools, and food served to persons in the custody of the Department of Corrections and Department of Behavioral Health.

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[18] "Grant Administration Act of 2013, effective December 24, 2013 (D.C. Law 20-61;D.C. Official Code § 1-328.12).

Financial Plan Impact

This subtitle does not have an impact on the District’s budget and financial plan.

Subtitle (I)(K) – Emancipation Day Amendment Act of 2014

Background

The subtitle requires the Mayor to manage Emancipation Day Parade and associated activities that are currently managed by the Council. It also requires agencies that may incur costs associated with the parade to absorb those costs.

Financial Plan Impact

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the subtitle. The proposed budget transfers $250,000 to the Mayor to produce the parade, including hiring speakers and purchasing supplies.

It is important to note that every year District agencies absorb additional costs for this event that are not accounted for in the District’s budget. For example, in FY 2014, agencies spent approximately $257,200 on parade activities, mostly on salaries and holiday pay. The Metropolitan Police Department spent approximately $225,000, the District Department of Transportation spent $4,250, the Department of Public Works spent $15,936, and the Department of Parks and Recreation spent $12,000. The $250,000 funding is not available to cover agency costs, and these agencies would have to continue absorbing these costs as they have done in the past.

Subtitle (I)(L) – Statehood Initiatives Budgeting Act of 2014

Background

The subtitle requires the Chief Financial Officer to establish an agency code for all statehood initiatives to track the operating costs associated with the District’s efforts to achieve statehood.

Financial Plan Impact

This subtitle does not have an impact on the District’s budget and financial plan.

Subtitle (I)(M) – Home Rule Act 40th Anniversary Celebration and Commemoration Commission Extension Amendment Act of 2014

Background

The Home Rule Act 40th Anniversary Celebration and Commemoration Commission is scheduled to expire on October 1, 2014. The subtitle extends the Commission operations to January 31, 2015.

Financial Plan Impact

This subtitle does not have an impact on the District’s budget and financial plan.

Subtitle (I)(N) – Pay for Success Contract Authorization Act of 2014

Background

A Pay for Success contract (“PFS contract”) is a contract between a non-profit service provider and a government entity designed to achieve a pre-determined social outcome. For example, a state government could contract with a service provider for services for incarcerated persons to reduce recidivism. The service provider’s payments are then conditioned on the observed recidivism rates. The service provider, called a “social service intermediary,” is usually a non-profit entity, which can contract with third-party service providers to deliver social services (in our example, training and counseling for the prison population). The service provider seeks capital from a private investor, who will receive a return on his investment if the targeted social outcomes are met (again in our example, recidivism is reduced) and the payments reflect this preferred outcome. This financing arrangement is called a social impact funding instrument. In some cases, the government entity is capable of making a higher payment because the better social outcomes are expected to reduce future spending. In the example we have been following, reduced recidivism rates are expected to reduce public safety expenditures in a measurable way, and the government entity rewards the service provider with a portion of these costs savings.

The subtitle permits the Mayor to enter into these contracts and outlines requirements for the contents of the contracts. Additionally, the subtitle requires that all PFS contracts be funded out of a new, non-lapsing fund called the Pay for Success Contract Fund. There must be separate accounts within the fund for each type of contract, funded each year with what is expected to be paid out.

Financial Plan Impact

Permitting the Mayor to enter into a particular type of contract does not itself have an impact. As with any contract, each PFS contract must comply with the District’s and the federal anti-deficiency acts.

Subtitle (I)(O) – Financial Reporting Act of 2014

Background

The subtitle requires the Chief Financial Officer to provide a quarterly report to the Council beginning December 1, 2014 until the FY 2016 budget is approved, addressing three items: the progress toward balancing fiscal year 2016 budget, an analysis of procurement reform efforts to achieve savings, and an analysis of personnel review efforts to achieve savings. The subtitle directs the Office of Contracting and Procurement to report to the Chief Financial Officer on its progress in achieving non-personnel savings, and all other agencies to report on their own progress towards reducing personnel and non-personnel expenditures.

Financial Plan Impact

This subtitle does not have an impact on the District's budget and financial plan. The Office of the Chief Financial Officer can absorb the costs associated with this report.

<u>Subtitle (I)(P) – Board of Ethics and Government Accountability Establishment and Comprehensive Ethics Reform Amendment Act of 2014</u>

Background

The subtitle makes changes to the public reporting requirements of public candidates for nomination or election. Currently, Advisory Neighborhood Commission (ANC) Commissioners must file confidential Financial Disclosure Statements to the Board of Ethics and Government Accountability (BEGA). Under the subtitle, they will now be required to publicly file a shorter form called the Financial Disclosure Certification. The subtitle makes other changes to reporting requirements including removing the requirement that all public officials report to BEGA if they have ever been offered bribes. Public officials must continue certify that they have never accepted bribes, however.

Financial Plan Impact

This subtitle does not have an impact on the District's budget and financial plan.

<u>Subtitle (I)(Q) – Attorney General 2014 Special Election Authorization Clarification Amendment Act of 2014</u>

Background

The subtitle requires the Board of Elections to conduct a special election for the office of Attorney General that coincides with the November 4, 2014 general election.

Financial Plan Impact

This subtitle does not have an impact on the District's budget and financial plan. If the election occurs the same day as the planned general election, there is no additional cost to the Board of Elections.

TITLE II– ECONOMIC DEVELOPMENT AND REGULATION

Subtitle (II)(A) – Manufacturer Tasting Permit Amendment Act of 2014

Background

Current law permits breweries[19] to apply for tasting permits to serve samples of beer manufactured on the site, but prohibits full servings of beer for on-site consumption. The subtitle creates an on-premises sales and consumption permit so breweries can offer full servings of beer on their premises between 1 p.m. and 9 p.m. The subtitle sets the minimum fee for the permit at $1,000 annually. Breweries will still be required to have a tasting permit if they are also offering tastings.

Financial Impact

The Alcoholic Beverage Regulatory Administration can administer this new permit within its current resources. The fees collected for this new permit would be deposited into the Alcoholic Beverage Regulation Administration Fund, a special purpose fund.[20] There are only four beer manufacturers currently in the District; if all apply for the permit, the annual revenues to this fund could increase by $4,000.

Subtitle (II)(B) – Consumer Procedures and Protections Enforcement Amendment Act of 2014

Background

Current law[21] permits the Department of Consumer and Regulatory Affairs (DCRA) to investigate potential violators of consumer protection laws, but requires a judge to administer fines for consumer protection violations.

The subtitle permits DCRA to impose civil fines for violations of consumer protections laws. Additionally, it adds harassment of a consumer on electronic and social media to the list of unlawful trade practices.[22]

Financial Impact

The subtitle is expected to generate approximately $20,000[23] of additional general fund revenue.

[19] Specifically, Class B manufacturer license holders under D.C. Official Code § 25-110(a)(2).
[20] D.C. Official Code § 25-210 (Alcoholic Beverage Regulation Administration Fund establishment).
[21] D.C. Official Code § 28-3903.
[22] D.C. Official Code § 28-3904.
[23] This is based on an estimated 50 citations annually (out of estimated total of 350 cases per year) and $2,000 fine each. It is expected that only about twenty percent will end up being collected due to dismissals and settlements.

Subtitle (II)(C) – Solar Permitting Fees Amendment Act of 2014

Background

Currently, permit fees for solar panel installation projects are based on the expected cost of the installation, as are other types of additions, alterations, and repairs.[24] The subtitle creates a separate permit fee schedule for solar permitting with two project categories: solar photovoltaic and solar thermal. If the project is solar photovoltaic, the permit fee is based on expected kilowatt generation levels. If the project is solar thermal, the permit fee is based on number of solar panels.

Financial Impact

The subtitle decreases general fund revenues by an estimated $90,000 annually. Restructuring of the fees from a project-cost basis to a project-type basis of is expected to reduce the average cost of each permit by $240, although individual permit costs will vary significantly by project.

Subtitle (II)(D) – Public Utilities Reimbursement Fee Amendment Act of 2014

Current law[25] requires that natural gas suppliers, electricity suppliers, and local exchange providers pay a reimbursement fee to cover the operating budgets of the Public Service Commission (PSC) and the Office of the People's Counsel (OPC). In practice, the fee is also paid by public utilities. The subtitle clarifies the statutory language to make it explicit that both public utilities and telecommunications service providers subject to the fee.

If PSC or OPC underspend their budgets by five percent or more, the District must refund the unspent portion that is over five percent to public utilities and electricity suppliers.[26] Because of the limited statutory language, the District cannot reimburse natural gas suppliers and telecommunications service providers, which also pay the fee. Until recently, this was not a problem, because underspending had not met the threshold. However, in FY 2012 and FY 2013, underspending was large enough to require a refund. Refunds to service providers have been held up because of the legal ambiguity. The subtitle entitles all providers that pay the fee to receive a refund when one is due.

Financial Plan Impact

Changes to statutory language to reflect more accurately the historical and current practices of the public utilities reimbursement fee activity do not have a negative impact on the District's budget and plan. Funding for the pending refunds owed for FY 2012 and FY 2013 have been set aside[27] and are available for payment upon approval of this subtitle.

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[24] See D.C. Municipal Regulations Title 12.
[25] D.C. Official Code § 34-912(b)(1).
[26] D.C. Official Code § 34-912(b)(3). The refunds are made in proportion to what the entity paid in fees.
[27] Funding to pay refunds owed are available in the unreserved fund balance of the Public Service Commission Agency Fund (established under D.C. Official Code § 34-912(a)(1)). Approximately $1.3 million of the current $1.9 million fund balance will be required to make the refunds.

Subtitle (II)(E) – Film DC Economic Incentive Amendment Act of 2014

Background

The subtitle repeals the Film DC Economic Incentive Fund and associated programs, and replaces it with the Film DC Economic Incentive Grant Fund. The new Film DC fund will receive general appropriations that do not lapse at the end of the fiscal year.

Financial Plan Impact

The proposed FY 2015 budget allocates $1.5 million to the Fund, which will be managed by the Office of Motion Picture and Television Development.

Subtitle (II)(F) – Free Transportation for Summer Youth Amendment Act of 2014

Background

In FY 2014,[28] the Council expanded the student transit subsidy program to allow free rides on all Metrobus and Circulator routes in the District for school travel. The bill expands the free bus ride program further to include youth participating in the 2015 Summer Youth Employment Program for the first three weeks of the program.

Financial Plan Impact

Approximately 15,000 youth are projected to participation the Summer Youth Employment Program. Expanding the free bus ride program to these youth will cost $731,000. The proposed FY 2015 budget allocates $731,000 to the Washington Metropolitan Area Transit Authority for this purpose.

Subtitle (II)(G) – Food Stamp Expansion Amendment Act of 2014

Background

This subtitle increases the minimum local food stamp benefit a household will receive as of January 1, 2015. Under current law, a household that receives federally funded benefit less than $15 will receive locally funded benefits to bring the household's total benefit to $15. This subtitle increases this amount to $30.

Financial Plan Impact

The increase in food stamp benefits will cost approximately $1.3 million in FY 2015 and $5.2 million over the four-year financial plan. The subtitle requests that the additional benefits will be effec-

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[28] Fiscal Year 2014 Budget Support Technical Clarification Act of 2013, enacted March 7, 2014 (D.C. Act 20-291; 61 DCMR 2032).

tive as of January 1, 2015 but provides flexibility for the benefits to be implemented no later than October 1, 2015. The annual cost of increased benefits is approximately $1.15 million each year. The benefit increase cannot be implemented before the Department of Human Services (DHS) completes the implementing its new eligibility system (DCAS), which is expected to be functional in the summer of 2015. The FY 2015 budget assumes the earliest possible implementation date, so funding is available for nine months of additional food stamp benefits.

In addition to the benefit increase, DHS requires $350,000 to program its new eligibility system and two additional eligibility staff to assist with implementation. The costs are detailed in the table below.

Estimated Fiscal Impact for Subtitle (II)(G)Food Stamp Expansion Amendment Act of 2014, FY 2015 - 2018 (in $000s)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**4-Year Total**
Additional benefits [a]	$864	$1,152	$1,152	$1,152	$4,320
Programming costs [b]	$350	-	-	-	$350
Staffing costs [c]	$105	145.6	$151	$157	$560
TOTAL	**$1,319**	**$1,298**	**$1,303**	**$1,309**	**$5,230**

Table Notes:
[a] Approximately 8,000 food stamp recipients receive benefits between $15-$30, with an average benefit of $12. Data provided by DHS.
[b] DHS will require one-time funds to program its new eligibility system. According to DHS, the system will be operational Spring/Summer of 2015.
[c] DHS will require two additional eligibility staff to implement the benefit increase.

Subtitle (II)(H) – Cable Television O-Type Transfer Amendment Act of 2014

Background

The subtitle transfers $1,800,000 of available FY 2014 fund balance in Cable Television Special Account[29] in the Office of Cable Television to the unrestricted fund balance of the general fund.

Financial Plan Impact

This fiscal impact of the subtitle is incorporated into the proposed FY 2015 through FY 2018 budget and financial plan.

Subtitle (II)(I) – Home Purchase Assistance Program Amendment Act of 2014

Background

The subtitle increases the maximum down payment assistance under the Home Purchase Assistance Program[30] (HPAP) from $40,000 to $50,000 per applicant. Only very low-income applicants, as defined by the rules of the program, will be eligible for the highest level of assistance.

[29] D.C. Official Code § 34-1252.03.
[30] 14 DCMR § 2503.01(b).

Financial Plan Impact

The HPAP program is not an entitlement, so the program must work within the budget it receives. Increasing the maximum down payment may affect the number of D.C. residents that receive assistance, or the average amounts offered, but these cannot be known in advance because the demand for assistance depends on many factors. The proposed FY 2015 budget adds $300,000 to HPAP, which may offset the impact of the change.

<u>Subtitle (II)(J) –Retail Priority Area Amendment Act of 2014</u>

Background

The subtitle adds the geographic boundaries of the Bladensburg Road, N.E., Retail Priority Area[31] into the H Street, N.E., Retail Priority area. It also expands the boundaries of the Ward 4 Georgia Avenue Priority Area as part of the Great Streets Neighborhood Retail Priority Areas ("Great Streets"),[32] and establishes a New York Avenue, N.E. Retail priority area.

Financial Plan Impact

The subtitle expands the geographical areas that can receive H Street Retail Priority Area grants, and Great Streets neighborhood funding, but this change does not affect the budget. Any projects to be funded in the newly established New York Avenue, N.E. Retail priority area will need to be appropriated in an approved budget and financial plan.

<u>Subtitle (II)(K) – Residential Essential Service Subsidy Stabilization Amendment Act of 2014</u>

Background

The Energy Assistance Trust Fund (EATF)[33] supports two District Department of the Environment (DDOE) programs that assist low-income residents with their utility bills: the Residential Essential Service program, which serves natural gas customers, and the Low Income Energy Assistance Program ("LIHEAP"), which serves electricity customers. The EATF is funded through assessments on natural gas and electricity bills, which are collected by the utilities and transferred to DDOE.

The subtitle eliminates the Residential Essential Services program from the fund, and requires the Public Service Commission (PSC) to establish a similar discount program for low-income gas customers. DDOE personnel (funded out of EATF) will continue to assist customers with applying for the program, but the PSC will provide the assistance.

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[31] See D.C. Official Code § 2-1217.73 for boundaries of the Bladensburg Road, N.E., Retail Priority Area.
[32] Great Streets Program is defined in Great Streets Neighborhood Retail Priority Area Amendment Act of 2013, enacted as Subtitle VIII(D) of Fiscal Year 2014 Budget Support Act of 2013, effective December 24, 2013 (D.C. Law 20-61; 60 DCR 12472).
[33] D.C. Official Code § 8-1774.11

Additionally, the subtitle decreases the natural gas assessment to $0.00391 per therm from the current $0.006 per therm, reducing revenue to EATF by an estimated $270,000. The cap on spending in the EATF will be reduced by a corresponding $270,000 from $2,600,000 to $2,330,000 annually.

Financial Plan Impact

The rate reduction will reduce the EATF revenues by an estimated $270,000. Because Residential Essential Services program payments will no longer be made out of this fund,[34] this reduction will not have a fiscal impact.

It is important to note that the PSC will need to identify a funding source for the new assistance program for gas bills for low-income customers. The PSC may need to impose a special surcharge on natural gas bills to pay for the program.

<u>Subtitle (II)(L) – Renewable Energy Portfolio Standard Amendment Act of 2014</u>

Background

Every April 1, the Public Service commission is required to submit a report to Council on the status of implementation of renewable energy portfolio standards.[35] The subtitle moves the deadline from April 1 to May 1.

Financial Plan Impact

This subtitle does not have an impact on the District's budget and financial plan.

<u>Subtitle (II)(M) – Adult Literacy Task Force Act of 2014</u>

Background

The subtitle creates a task force to develop a citywide strategic plan for linking adult basic skills to career options in the District. The subtitle lists the members of the task force and outlines the required work to be done. It sets a deadline of June 1, 2015 for the strategic plan to be submitted to Council.

Financial Plan Impact

The Council included $174,932 in the FY 2015 budget to support the task force, and to hire a Career Pathways Coordinator to support the Workforce Investment Council.

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[34] Approximately $30,000 in personal services costs in the fund will still be dedicated to processing Residential Essential Services applications.
[35] See D.C. Official Code § 34-1439(b). Among what is required to be reported is the availability of tier one renewable sources and certification of the number of credits generated by the utilities meeting the requirements of D.C. Official Code § 34-1432.

TITLE III – PUBLIC SAFETY AND JUSTICE

Subtitle (III)(A) –Police Escort Reimbursement Act of 2014

Background

The subtitle authorizes the Metropolitan Police Department (MPD) to receive reimbursement for and issue regulations on police escort services[36] needed to protect public safety. All reimbursement funds[37] received will be deposited into the MPD Overtime Reimbursement Fund (Fund), a special purpose revenue fund. Any funds received by the Fund will be used to reimburse MPD for services provided at special events, such as parades or sporting events, and for security details at restaurants or bars.

The subtitle also clarifies that any reimbursement fees received by the District for public safety services related to the Fire and Emergency Medical Services Department will be deposited into the FEMS Special Events Fee Fund.[38]

Financial Plan Impact

MPD does not currently provide police escort services, but this subtitle will give it the authority to seek reimbursement if the services are provided in the future. Any funds received will be deposited in the MPD Overtime Reimbursement Fund.

Subtitle (III)(B) – State Safety Oversight Agency Establishment Amendment Act of 2014

Background

In FY 2013, the District established a State Safety Oversight Agency ("Agency") within the Fire and Emergency Medical Services (FEMS) Department to oversee the safety and security of the District's streetcar program, as required by the Federal Transit Administration (FTA).[39] Since the Agency's establishment, the FTA imposed[40] further requirements on state safety agencies that oversee transit operations.

The subtitle ensures the Agency has the following responsibilities to ensure the safe operations of the DC Streetcar system:

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[36] The subtitle defines a police escort as the assignment of police personnel or vehicles necessary to ensure the preservation of public safety.
[37] The Fund will also receive any other fees paid for police services.
[38] FEMS Special Events Fee Fund Establishment Act of 2007, effective September 18, 2007 (D.C. Law 17-20; D.C. Official Code § 1-325.81(a)).
[39] State Safety Oversight Agency Establishment Act of 2012, effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 5-401.01).
[40] The new rules were authorized by "Moving Ahead for Progress in the 21st Century Act," which reauthorized federal transportation programs through FY 2014. MAP-21, approved July 6, 2012 (Public Law 112-141; 49 U.S.C. Chapter 53).

- Conduct investigations into accidents or incidents involving the DC Streetcar system independently or with federal partner agencies;
- Audit the DC Streetcar system to ensure compliance with safety-related plans;
- Issue reports and findings regarding the safe and secure operations of the DC Streetcar system;
- Require and render judgment on safety-related plans required by law;
- Enforce safety rules governing the DC Streetcar system's operations;
- Limit or stop any streetcar operations to protect public safety; and
- Apply for grants and cooperative agreements with the FTA on behalf of the District.

Financial Plan Impact

The subtitle provides clarifications required by FTA for successful operation of the Agency and no additional resources are required.

Subtitle (III)(C) – Microstamping Implementation Amendment Act of 2014

Background

Beginning on January 1, 2014, any business[41] licensed to sell firearms in the District or any manufacturer[42] of firearms in the District or with the purpose of delivery to a dealer in the District must ensure that semi-automatic pistols are microstamp-ready.[43] The subtitle delays the microstamping requirements for firearms sellers and manufacturers from January 1, 2014 to January 1, 2016.

Financial Plan Impact

There is no impact on the proposed budget and financial plan associated with the delay.

Subtitle (III)(D) – Access to Justice Initiative Administrative Costs Amendment Act of 2014

Background

The DC Bar Foundation is a non-profit organization, which receives grants and manages two programs under the District's Access to Justice Initiative ("Initiative"). The two programs are Access to Justice (ATJ), which provides legal services for low-income and under-served residents, and the loan-repayment assistance program (LRAP),[44] which provides loan repayment assistance for lawyers working in eligible employment. The DC Bar Foundation can use up to five percent of the ATJ grant funds and up to 15 percent of the LRAP grant funds for administrative purposes.

The subtitle ensures that training and evaluation activities are not considered administrative expenses and do not count toward the ATJ spending cap. Also, if the DC Bar Foundation is the admin-

[41] D.C. Official Code § 7-2504.08.
[42] D.C. Official Code § 7-2505.03.
[43] A semiautomatic pistol that produces a unique code on an expended cartridge, which identifies the make, model, and serial number of the pistol used.
[44] The DC Bar Foundation is not designated the Administrator of the LRAP program, as it is with the ATJ program, but it is currently the Administrator of the program.

istrator of the LRAP program, it can access the 5 percent administrative expense allowance under the ATJ program to administer the LRAP program.[45]

Additionally, the subtitle exempts Initiative grants from the requirements of the Grant Administration Act of 2013,[46] including eligibility and grantor administration requirements.

Financial Plan Impact

The subtitle redefines expenses for the ATJ that were once considered administrative expenses, allowing for more funds to be spent on administrative needs, but less on other program needs. It also allows the DC Bar Foundation to tap into ATJ administrative allowances to manage the LRAP program if desired. The subtitle does not alter the amount of funding generally available for the Initiative, and therefore does not have a fiscal impact.

Subtitle (III)(E) – Deputy Chief Medical Examiner Amendment Act of 2014

Background

The subtitle establishes a salary level for a Deputy Chief Medical Examiner within the Office of the Chief Medical Examiner at a level of $206,000.

Financial Plan Impact

Sufficient funds for the position of Deputy Chief Medical Examiner at a salary of $206,000 have been included in the proposed FY 2015 through FY 2018 budget and financial plan.

Subtitle (III)(F) – Fire and Emergency Medical Services Overtime Limitation Amendment Act of 2014

Background

The subtitle extends,[47] through FY 2015, the overtime limitations imposed on Fire and Emergency Medical Services (FEMS) personnel. Those restrictions limit overtime to uniformed members below the ranks of Battalion Fire Chief[48] and Deputy Fire Chief.[49] The subtitle increases the maximum amount of overtime compensation for eligible employees from $20,000 to $30,000.

The subtitle also extends the following two restrictions:

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[45] This is in lieu of the 15 percent allowance under the LRAP program.
[46] Grant Administration Act of 2013, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 1-328.11 *et seq.*).
[47] The subtitle amends the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-611.03(f)) as amended by the Fiscal Year 2011 Budget Support Act of 2010, effective September 24, 2010 (D.C. Law 18-223; 57 DCMR 6242) and the Fiscal Year 2012 Budget Support Act of 2011, effective September 14, 2011 (D.C. Law 19-21; 58 DCMR 6226).
[48] Battalion Fire Chief and above do not receive overtime compensation after 40 hours per work week.
[49] Deputy Fire Chief and above to not receive overtime compensation after 48 hours per work week.

- Receiving overtime compensation in a pay period when an eligible FEMS employee requests sick leave; and
- Working more than 204 hours in two consecutive pay periods.

Financial Plan Impact

The limitations imposed by the subtitle have been current practice since FY 2011. One change from prior years is the new annual cap of $30,000 per employee for overtime payment, but FEMS actively manages overtime and the impact of this change is expected to be negligible.

Subtitle III(G) – Marijuana Possession Decriminalization Evidence Amendment Act of 2014

Background

The subtitle removes from the definition of evidence in evaluating a marijuana possession violation a statement from a law enforcement attesting to the weight of the seized marijuana.[50]

Financial Plan Impact

There are no costs associated with implementation of this subtitle.

[50] Marijuana Possession Decriminalization Amendment Act of 2014, enacted March 31, 2014 (D.C. Act 20-305; 61 DCR 3482).

TITLE IV – PUBLIC EDUCATION SYSTEM

Subtitle (IV)(A) –Funding For Public Schools and Public Charter Schools Amendment Act of 2014

Background

The subtitle increases[51] the foundation level used by the Uniform per Student Funding Formula (UPSFF) to $9,492 per student for FY 2015. The FY 2014 level is set at $9,306. The changes made to the foundation level funding, and the various add-ons are depicted in the tables below.

The subtitle requires[52] that funding for at-risk students be based on the number of students deemed at-risk[53] and a weighting factor determined by the Mayor (shown in the table below). The subtitle also requires[54] that funding for at-risk students be given on top of funding for other weighted categories, except when an at-risk student attends an alternative or adult education program. In that case, only the alternative or adult education program weight applies, not the at-risk weight.

Weightings applied to counts of students enrolled at certain grade levels		
Grade Level	**Weighting**	**Per Pupil Allocation in FY 2015**
Pre-Kindergarten 3	1.34	$12,719
Pre-Kindergarten 4	1.30	$12,340
Kindergarten	1.30	$12,340
Grades 1-5	1.00	$9,492
Grades 6-8	1.08	$10,251
Grades 9-12	1.22	$11,580
Alternative program	1.44	$13,668
Special education school	1.17	$11,106
Adult	0.89	$8,448

General Education Add-ons			
Level / Program	**Definition**	**Weighting**	**Per Pupil Allocation**
ELL	Additional funding for English Language Learners	0.49	$4,651
At-Risk	Additional funding for students in foster care,	0.219	$2,079

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[51] By amending 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.*).

[52] Pursuant to Section 4(b) of the Fair Student Funding and School Based Budgeting Act of 2013, effective February 22, 2014 (D.C. Law 20-309; D.C. Official Code § 38-2905.01).

[53] As defined by Section 102(2A) of The Uniform Per Student Funding Formula for Public Schools and Public Charter Schools and Tax Conformity Clarification Amendment Act of 1998, codified at D.C. Official Code § 38-2905.01.

[54] Pursuant to Section 4(b) of the Fair Student Funding and School Based Budgeting Act of 2013, effective February 22, 2014 (D.C. Law 20-309; D.C. Official Code § 38-2905.01).

General Education Add-ons			
Level / Program	**Definition**	**Weighting**	**Per Pupil Allocation**
	who are homeless, on TANF or SNAP, or behind grade level.		

Special Education Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Pupil Allocation**
Level 1: Special Education	Eight hours or less per week of specialized services.	0.97	$9,207
Level 2:Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services.	1.20	$11,390
Level 3: Special Education	More than 16 hours and less than or equal to 24 hours per school week of specialized services.	1.97	$18,699
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.	3.49	$33,127
Blackman Jones Compliance	Weighting provided in addition to special education level add-on weightings on a per student basis Blackman Jones compliance.	0.069	$655
Attorney's Fees Supplement	Weighting provided in addition to special education level add-on weightings on a per student basis for attorney's fees.	0.089	$845
Residential	DCPS or public charter school that provides students with room and board in a residential setting, in addition to their instructional program.	1.67	$15,852

Residential Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Pupil Allocation**
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.	0.368	$3,493
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.	1.337	$12,691
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.	2.891	$27,441

Residential Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Pupil Allocation**
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.	2.874	$27,280
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.	0.668	$6,341

Special Education Add-ons for Students with Extended School Year (ESY) Indicated in Their Individualized Education Programs (IEPs)			
Level/ Program	**Definition**	**Weighting**	**Per Pupil Allocation**
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.	0.063	$598
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.	0.227	$2,155
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.	0.491	$4,661
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	0.489	$4,642

Financial Plan Impact

The fiscal impact of the subtitle has been incorporated into the proposed FY 2015 through FY 2018 budget and financial plan. Under the subtitle, D.C. Public Schools will receive $701,344,630 for its instructional budget through the UPSFF. Public charter schools will receive $552,267,094 for their instructional budgets and $121,861,938 for facilities through the UPSFF.

Of the funds allocated through the UPSFF, $77,046,715 will be allocated on behalf of 37,064 students identified as at-risk who are not enrolled in an alternative or adult education program.

<u>Subtitle (IV)(B) – Alternative Education Amendment Act of 2014</u>

Background

This subtitle gives[55] the Office of the State Superintendent of Education (OSSE) the authority to designate schools or programs as "alternative" so they can receive alternative education funding through the Uniform per Student Funding Formula (UPSFF). The subtitle defines alternative schools or programs as those that provide specialized instruction for students who:

- Are under court supervision;
- Have a history of being on short- and long-term suspension;
- Have been expelled from a D.C. Public Schools school or public charter school; or
- Meet other criteria as defined by OSSE through rulemaking.

Financial Plan Impact

The fiscal impact of this subtitle has been incorporated into the proposed FY 2015 through FY 2018 budget and financial plan through the UPSFF. In FY 2015, 1,485 public school students are expected to be enrolled in an alternative school or program. A total of $20.3 million in formula funding (before add-ons) will be allocated to D.C. Public Schools and public charter schools on behalf of these students.

The number of students enrolled in alternative schools or programs beyond FY 2015 will depend on the alternative school criteria developed by OSSE as well as student demographics.

<u>Subtitle (IV)(C) – District of Columbia Public Charter School Board Funding Amendment Act of 2014</u>

Background

This subtitle increases[56] the percentage of the D.C. Public Charter Schools (DCPCS) budget paid to the D.C. Public Charter School Board (PCSB) from 0.5 percent to 1 percent.

Financial Plan Impact

The fiscal impact of this subtitle has been incorporated into the proposed FY 2015 through FY 2018 budget and financial plan.

Increasing the portion of the DCPCS budget going to the PCSB to 1 percent will result in an additional $3.37 million being transferred from DCPCS to the PCSB in FY 2015. This amount is expected to grow in subsequent years due to charter school enrollment growth, which will result in larger

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[55] By amending 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.*).
[56] By amending Section 2211(b)(2) of the District of Columbia School Reform Act of 1995, approved April 26, 1996 (Pub. L. 104-134; D.C. Official Code § 38-1802.11(b)(2)).

DCPCS budgets. The table below gives a year-by-year breakdown of the increase in transfers due to the subtitle.

Estimated Impact of Subtitle (IV)(C) - District of Columbia Public Charter School Board Funding Amendment Act of 2014, FY 2015 - FY 2018 ($ in thousands)					
	FY 2015	FY 2016	FY 2017	FY 2018	4-Year Total
Increase in money transferred from DCPSC to PCSB[1]	$3,371	$3,438	$3,507	$3,577	$13,893

Table Notes
[1]Assumes a 2 percent annual increase in transferred funds due to projected increases in charter school enrollment.

Unlike prior years, in FY 2015 the PCSB will be funded entirely by the O-type funds received from DCPCS, which will total $6.74 million if the subtitle is approved.

Subtitle (IV)(D) – Preferences in Admission for Public Charter Schools Act of 2014

Background

The subtitle creates[57] a new preference in the charter school admissions lottery for children of full-time public charter school employees who are District residents. The preference applies as long as these children make up no more than 10 percent of a school's total enrollment

Financial Plan Impact

This subtitle does not have a fiscal impact on the proposed FY 2015 through FY 2018 budget and financial plan. The lottery preference would only affect District expenditures if it impacted the number of students or types of students enrolling in the public school system. This effect is unlikely and if it did occur, it would be extremely difficult to separate the lottery preference's impact on enrollment from the impact of changes in population or parental preferences.

Subtitle (IV)(E) – Educational Continuity Act of 2014

Background

This subtitle waives[58] non-resident tuition for public school students who were wards of the District and then were placed under the care of a parent or guardian outside the District while still enrolled in a D.C. Public School or public charter school. The waiver applies until the child completes the educational program at the school he or she is attending.

[57] By amending Section 2206(c) of the District of Columbia School Reform Act of 1995, approved April 26, 1996 (Pub. L. 10-134; D.C. Official Code § 38-1802.06(c)).
[58] By amending the District of Columbia Nonresident Tuition Act, approved September 8, 1960 (Pub. L. 86-725; D.C. Official Code §38-302).

Financial Plan Impact

This subtitle is not expected to have a fiscal impact. The subtitle's residency waiver would be used so rarely that any resulting reduction in tuition payments would be negligible. [59] Therefore, the proposed FY 2105 through FY 2018 budget and financial plan does not account for reduced tuition payments from potentially eligible students.

Subtitle (IV)(F) – Common Lottery Advisory Board Establishment Amendment Act of 2014

Background

This subtitle establishes[60] the Common Lottery Board (CLB) within the office of the Deputy Mayor of Education (DME). The CLB will develop and maintain a common lottery system for admission to public schools, both traditional and charter. It will be led by an executive director, chaired by the DME or her designee, and include eight representatives from D.C. Public Schools, public charter schools, the D.C. Public Charter Schools Board, and the Office of the State Superintendent of Education.

The CLB will be funded through local appropriations as well as any private funding it receives. Public and private funding will be deposited into the Common Lottery Board Fund ("Fund"), which is established by the subtitle. The money in the Fund cannot be transferred to the unrestricted General Fund balance.

Financial Plan Impact

The fiscal impact of this subtitle has been incorporated into the proposed FY 2015 through FY 2018 budget and financial plan.

The CLB has a proposed FY 2015 budget of $1.05 million, all of which comes from local funds. In FY 2014 the common lottery was entirely funded with private donations, but the amount of private funds the CLB will raise in FY 2015 is uncertain. The CLB will not need budget authority to spend privately raised money, but it will need fully executed grant agreements.

Subtitle (IV)(G) – Education Funding Formula Equity Amendment Act of 2014

Background

This subtitle postpones[61] the requirement that services given to schools by District of Columbia government agencies must be provided on an equal basis to D.C. Public Schools and public charter

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[59] According to the Deputy Mayor for Education's Chief of Staff, Scheherazade Salimi, in a phone conversation on April 1, 2014.
[60] By amending Section 202 of the Public Education Reform Amendment Act, effective June 12, 2007 (D.C. Law 17-9; D.C. Official Code § 38-191).
[61] By amending Section 115 of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 1998, effective September 24, 2010 (D.C. Law 18-223; D.C. Official Code § 38-2913).

schools. Under current law, service parity has to be implemented by FY 2015. This subtitle postpones the requirement to FY 2016.

Financial Plan Impact

Providing services on an equal basis could significantly change the funding structure for D.C. Public Schools, but the Office of Revenue Analysis cannot provide an estimate on the magnitude of this change before the Mayor and the Council clarify the term "equal basis."

Subtitle (IV)(H) – Health Tots Act of 2014

Background

Child development facilities[62] ("Facilities") participating in the United States Department of Agriculture's Child and Adult Care Food Program (CACFP)[63] receive subsidies for meals served to children from low income households. The subtitle establishes a Healthy Tots Fund ("Fund") within the Office of the State Superintendent of Education (OSSE) to provide local subsidies to Facilities operating in the District and participating in CACFP in order to encourage high nutritional standards at the Facilities.

Facilities would be eligible to be reimbursed for breakfast from the Fund at the full federal free rate, provided at least seventy-five percent of the children enrolled are District residents, and fifty percent are eligible to receive free or reduced meals. Eligible Facilities will also receive ten cents for each breakfast, lunch, and supper served that meets the nutritional standards outlined in the subtitle. It is expected that with breakfast paid for by the District, many facilities will serve supper instead of snacks and receive federal reimbursement for supper.

Another five cent subsidy per lunch or supper (but not both) served each day may be provided if at least one component of the meal is comprised entirely of locally grown and unprocessed foods (not including milk). The Facility must report the name and address of the local farms where foods were grown.

If funding is available, OSSE is required to provide $300 per year to eligible day care homes[64] to offset the cost of childcare licensing, renewal, and related expenses. OSSE also must issue (subject to available funding) competitive grants to facilities participating in CACFP to support physical activity, nutrition, gardens, natural play areas, and farm-to-preschool programs.

OSSE may increase the amount of reimbursements or grants as needed through rulemaking.

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[62] Child development facilities are defined in the bill as "a community-based center, home, or other structure that provides care and other services, supervision and guidance for infants, toddlers, and preschoolers on a regular basis, regardless of its designated name." It does not include a public or private school-sponsored or school-run child development center or program.
[63] CACFP is authorized by Section 17 of the National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975, approved October 7, 1975 (Pub. L. 94-105; 42 U.S.C. § 1766).
[64] Homes are private residences providing non-residential child care services. There are 75 such homes currently providing services in the District and participating in CACFP program.

Within 120 days of the subtitle's effective date, OSSE must establish rules addressing nutrition, physical activity, and environmental sustainability in child development facilities. OSSE will train Facilities to help them comply with these rules and meet the other requirements of this subtitle.

OSSE will report on compliance by facilities, and provide a yearly evaluation on the effect of the implementation. OSSE and the Department of Health must also submit an annual report on efforts to promote the WIC program[65] in child development facilities.

Lastly, the subtitle requires the Department of Parks and Recreation, to the extent feasible, to allow child development facilities to use District recreation centers, fields, and playgrounds.

Financial Plan Impact

The subtitle will cost approximately $3,322,000 in FY 2015 and $13,915,000 over the four-year budget and financial plan period. The fiscal impact of this subtitle has been incorporated into the proposed FY 2015 through FY 2018 budget and financial plan.

The Office of Revenue Analysis developed cost estimates for this subtitle based on the information from OSSE. OSSE estimates that 4,916 children are enrolled in facilities that meet the fifty percent free and reduced lunch threshold, and participate in CACFP. In addition, 450 children are enrolled in home-based childcare programs. While data on residency of children in the facilities is not available, OSSE's experience with eligible facilities suggests that very few, if any, will be disqualified based on the required residency rate. Given these assumptions and the reimbursement rate, the subsidies are expected to cost approximately $2.6 million with an additional $22,500 in offsets to home-based childcare services in FY 2015, and about $11.1 million and $104,000, respectively, over the financial plan period.

If funding is available for grant making, the subtitle requires OSSE to make competitive grants to facilities to support physical activity, nutrition, gardens, natural play areas, and farm-to-preschool programs. OSSE estimates that an annual grant budget of $400,000 would be sufficient to address the grant subject areas listed in the bill. ORA has incorporated this into the subtitle's cost estimate.

Lastly, OSSE will require three additional staff members to manage the subsidy, monitor eligibility of approximately 500 facilities, the grant program, and associated reporting requirements. Some of the administrative cost is mitigated by the fact that OSSE's CACFP unit's functions overlap somewhat with the new requirements.

The cost of the subsidy, the offset for homes, the competitive grants, and administration costs are listed in the chart below.

Estimated Cost to implement the Healthy Tots Act of 2014 FY 2015 – FY 2018 ($ thousands)					
	FY 2015[c]	FY 2016	FY 2017	FY 2018	4-Year Total
Subsidy to child development Facilities	$2,628	$2,719	$2,814	$2,913	$11,075

[65] The Special Supplemental Nutrition Program for Women, Infants, and Children, as provided in Section 17 of the Child Nutrition Act of 1966, approved September 26, 1972 (Pub. L. 92-433; 42 U.S.C. § 1786).

Estimated Cost to implement the Healthy Tots Act of 2014 FY 2015 – FY 2018 ($ thousands)					
	FY 2015[c]	FY 2016	FY 2017	FY 2018	4-Year Total
Child development homes offset[b]	$23	$25	$27	$30	$104
Competitive OSSE Grants	$400	$400	$400	$400	$1,600
Administrative costs[d]	$271	$280	$288	$297	$1,135
TOTAL	**$3,322**	**$3,423**	**$3,529**	**$3,640**	**$13,915**

[a] Assumes 4,916 children in centers and 450 in homes, and three percent annual cost growth
[b] Based on current 75 eligible homes, but assumes ten percent annual growth, because it is expected that more homes than centers will want to take advantage of the subsidy
[c] Assumes program will be funded beginning in FY 2015.
[d] Assumes three full time equivalent positions, career service (non-union) grade 12, step 5 and three percent annual cost growth.

To fund the Healthy Tots Act in FY 2015, Council is transferring $3.322 million to OSSE. This money is coming from savings identified within the D.C. Public Schools' Non-Public Tuition Program and a transfer of funds from the Committee on Transportation and the Environment. Since these saving are recurring funds, funding will be sufficient to sustain the Healthy Tots program over the entire four-year budget and financial plan period.

Subtitle (IV)(I) – Charter School Facilities Allotment Amendment Act of 2014

Background

This subtitle increases[66] the annual non-residential facilities allotment for charter schools from $3,000 per student to $3,072 per student in FY 2015 and FY 2016, and then to $3,100 starting in FY 2017.

Financial Plan Impact

The fiscal impact of this subtitle has been incorporated into the proposed FY 2015 through FY 2018 budget and financial plan. The FY 2015 budget allots $3,072 per charter school student for non-residential facilities. This subtitle ensures that the FY 2015 budget aligns with the law, which currently caps the facilities allotment at $3,000 per student.

The increase to $3,100 in FY 2017, which is an increase of about 1 percent, is accounted for in the FY 2016 through FY 2018 financial plan. The financial plan incorporates annual increases in public education expenditures of 2.2 to 2.4 percent to account for cost inflation.

[66] By amending Section 109 of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 1998, March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2908).

Subtitle (IV)(J) – Public Charter Schools Board Donation Amendment Act of 2014

Background

This subtitle allows[67] the Public Charter School Board (PSCB) to accept gifts and donations without prior approval from the Mayor. Currently, the Mayor must approve gifts and donations to the PCSB.

Financial Plan Impact

This subtitle has no fiscal impact. Exempting PSCB donations from mayoral approval will not affect the amount of donations the PSCB receives nor will it affect the funding it gets from charter schools.

However, before this subtitle can be implemented, the Home Rule Act must be amended to remove the requirement that the Mayor approves the gifts and donations to PSCB. Similar legislation has been passed by the Congress to exempt the Board of Education, Board of Library Trustees, the Council and the Courts from the Mayoral approval requirement. This must be also done for PSCB. [68]

Subtitle (IV)(K) – Deputy Mayor For Education Limited Grant-Making Authority Act of 2014

Background

This subtitle gives the Deputy Mayor for Education (DME) the authority to issue the following grants in FY 2015:[69]

- A $2 million operational grant for the development of a language immersion public charter school campus serving middle- and high-school aged students; and
- A $2 million operational grant to support the development and management of an athletic field and community meeting space on the grounds of a public charter school that provides a classical education to students in grades 5 through 12.

Financial Plan Impact

The fiscal impact of this subtitle has been incorporated into the FY 2015 through FY 2018 budget and financial plan. Council is transferring $4 million to the DME from the Committee on Transportation and the Environment to fund the grants.

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[67] By amending Section 4602(d) of the Acceptance and use of gifts by District Entities Act of 2000, effective October 19, 2000 (D.C. Law 13-172; D.C. Official Code § 1-329.01).
[68] See for example Public Law 108-7 and Public Law 109-356.
[69] Pursuant to the requirements set forth in the Grant Administration Act of 2013, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 1-328.11 *et seq.*).

Subtitle (IV)(L) – Jointly Operated Public Charter School Amendment Act of 2014

Background

Several language immersion public charter schools serving elementary students have come together to form the D.C. International School, a middle and high school that will start serving students in August 2014. Under current law, the District cannot fund the school since the law does not allow public charter schools to create a jointly operated school with the status of a local educational agency. The subtitle amends District law[70] so that the Public Charter School Board may approve one jointly operated public charter middle and high school that is funded as if it were a public charter school and treated as a local educational agency under federal and local law.

Financial Plan Impact

The fiscal impact of this subtitle has been incorporated into the proposed FY 2015 through FY 2018 budget and financial plan. The District has set aside funds for students attending the D.C. International School in FY 2015 through the Uniform Per Student Funding Formula (UPSFF). The subtitle will allow the District to give jointly operated charter middle and high school funds via the USPFF but will not change the way the USPFF works.

Subtitle (IV)(M) – Public Education Reform Evaluation Amendment Act of 2014

Background

The subtitle pushes back[71] the date by which the National Research Council of the National Academy of Sciences (NRC) must evaluate the District of Columbia Public Schools' (DCPS) education reform efforts. It moves the deadline from September 30, 2014 to June 1, 2015.

In order to pay the NRC for its evaluation work in FY 2015, the subtitle creates the PERAA Evaluation Fund ("Fund"), which will be administered by the Office of the District of Columbia Auditor (ODCA). ODCA will put up to $600,000 of its unspent FY 2014 local funds into the Fund. The Fund will only exist through the end of FY 2015.

Financial Plan Impact

ODCA is paying the NRC $600,000 for its evaluation of DCPS. ODCA didn't put any of the $600,000 in its FY 2015 budget since the NRC's original deadline was the end of FY 2014. The Fund will allow ODCA to pay the NRC part of the $600,000 in FY 2014 and the rest in FY 2015, which will be necessary if the NRC's deadline is postponed to June 1, 2015.

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[70] Section 2201 (D.C. Official Code §38-1802.01) of the District of Columbia School Reform Act of 1995, approved April 26, 1996 (110 Stat. 1321-107, D.C. Code, §38-1800.01 *et. seq.*).
[71] By amending D.C. Law 17-9; D.C. Official Code § 38-193.

TITLE V– HEALTH AND HUMAN SERVICES

Subtitle (V)(A) – Department on Disability Services Amendment Act of 2014

Background

This subtitle authorizes[72] the Department on Disability Services (DDS) to enter into an agreement with the Department on Health Care Finance (DHCF), so the two agencies can work together on policy design and rate setting for services targeting people with intellectual and developmental disabilities (IDD) and their families.

The subtitle also creates a Family Support Council under DDS, mainly composed of people with IDD and family members. The members will work to develop and implement an action plan to inform policies and programs that support families.

Financial Plan Impact

Authorizing DDS and DHCF to enter into an agreement to develop policies and services for individuals with IDD does not have an impact on the budget and financial plan.

Subtitle (V)(B) – Department of Health Functions Clarification Amendment Act of 2014

Background

This subtitle gives[73] the Department of Health (DOH) the authority to issue competitive grants for the following services in FY 2015[74]:

- HIV screening and prevention ($1,550,000);
- Creation of a comprehensive concussion care protocol for children ($480,000)
- Clinical nutritional home delivery services for individuals living with cancer and other life-threatening diseases;
- Ambulatory health services;
- Poison control hotline and prevention education services;
- Operations and primary care services for school-based health clinics; and
- A teen pregnancy prevention program

The subtitle also allows DOH to charge for the services it provides in its health clinics that treat communicable diseases.[75] DOH will be able to seek reimbursements from private insurers and Medicaid and charge uninsured patients based on their ability to pay. Payments received for these ser-

[72] By amending the Department on Developmental Disabilities Establishment Act of 2006, effective March 14, 2007 (D.C. Law 16-264; D.C. Official Code § 7-761.01 *et seq.*).
[73] By amending the Department of Health Functions Clarification Act of 2001, effective October 3, 2001 (D.C. Law 14-28; D.C. Official Code § 7-731 *et seq.*).
[74] Pursuant to the requirements set forth in the Grant Administration Act of 2013, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 1-328.11 *et seq.*).
[75] Including tuberculosis, HIV/AIDS, hepatitis, and sexually transmitted diseases.

vices will be deposited into the Communicable and Chronic Diseases Prevention and Treatment Fund ("Fund"). Money in the Fund will go towards the cost of operating the health clinics. It cannot be moved into the General Fund at any time.

Financial Plan Impact

The proposed FY 2015 through FY 2018 budget and financial plan includes the funds to support the grants named in the subtitle. Council is funding the teen pregnancy prevention program through a one-time transfer of $2 million from DOH's $5 million enhancement to the school nurse's contract. To fund the development of a concussion care treatment protocol, Council identified a mix of one-time and recurring funding totaling $480,000 from a number of sources. DOH had already incorporated money for the rest of the grants listed in the subtitle into its FY 2015 budget.

The proposed budget and financial plan does not, however, incorporate any revenues that might be generated from billing patients at DOH's health clinics. Once the billing process is well-established, DOH might be able to generate up to $2.2 million a year,[76] but the amount it will take in during FY 2015 is uncertain. Fiscal Year 2015 revenues depend on how long it takes the health centers to get billing processes in place and how smoothly the billing process goes. Any billing problems with Medicaid or private insurance companies could result in less-than-expected revenues. DOH will be able to provide more precise revenue projections after the billing process is in place.

Subtitle (V)(C) – Medical Assistance Program Amendment Act of 2014

Background

This subtitle allows[77] the Department of Health Care Finance (DHCF) to submit to the federal Centers for Medicaid and Medicare Services (CMS) the state plan amendments, modifications, or waivers required to implement the initiatives below. Under current law, DHCF must submit all Medicaid state plan amendments and waivers to the District of Columbia Council for a 30 day passive review before sending them to CMS. This subtitle would waive Council review for the initiatives listed below, which would speed up the approval and implementation of these items.

- Amendments to the Elderly and Individuals with Physical Disabilities waiver needed to ensure compliance with federal law and promote best practices;
- Establish new payment rates for Federally-Qualified Health Centers;
- Establish a new payment method and make other improvements to the payment methodology for hospital inpatient treatment;
- Establish a new payment method and make other improvements to the payment methodology for hospital outpatient services;
- Implement amendments to the Intellectual Disabilities/Developmental Disabilities waiver needed to ensure compliance with federal law and promote best practices;

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[76] According to Michael Kharfen, DOH's Senior Deputy Director of the HIV/AIDS, Hepatitis, STD & TB Administration.
[77] 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).

- Align specialty hospital payments with the complexity of their patient mixes and national best practices and to describe payment standards for sub-acute services for children who are inpatients in private psychiatric specialty hospitals; and
- Update transplantation coverage standards and provide coverage for lung transplantation and autologous bone marrow transplantation.

The subtitle also allows the District's state Medicaid plan[78] to cover chiropractic services.

Financial Plan Impact

Discontinuing legislative oversight of proposed state plan amendments 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[79] prohibit District officers and employees from exceeding agency appropriations in any fiscal year. Thus, DHCF would still need to budget and appropriate funds required to implement the amendments and waivers or absorb future costs in its budget, and the Agency Fiscal Officer would still need to certify that funds are sufficient for implementation.

While the subtitle allows the District to cover chiropractic services under its Medicaid plan, the cost of these services has not been included in the proposed FY 2015 through FY 2018 budget and financial plan. DHCF would need to find approximately $120,000 in local funds to cover these services in FY 2015, according to an analysis by DHCF and the Office of Revenue Analysis. The projected cost over the four-year budget and financial plan period is roughly $550,000 in local funds.

Subtitle (V)(D) – Department of Behavioral Health Establishment Amendment Act of 2014

Background

This subtitle moves[80] the Tobacco Control Program (TCP) from the Department of Behavioral Health (DBH) to the Department of Health (DOH). The TCP conducts outreach on smoking prevention and cessation and monitors the implementation of the District's tobacco-free laws.

Financial Plan Impact

DBH included $1.14 million in its proposed FY 2015 budget for the TCP. The budget includes $495,000 in local funds and nearly $646,000 in federal grants. If the subtitle is implemented, DBH will need to transfer these funds to DOH.

For FY 2015, the Council has allocated an additional $2 million to DOH to fund the TCP. This money is a mix of one-time and recurring funds from multiple sources.

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[78] Required under Title XIX of the Social Security Act, approved July 30, 1965 (79 Stat. 343; 42 U.S.C. § 1396 *et seq.*).
[79] 31 U.S.C. § 1341 (2007) and D.C. Official Code § 47-355.01 *et seq.* (2001).
[80] By amending Section 5118 of the Department of Behavioral Health Establishment Act of 2013, effective December 24, 2013 (D.C. Law 20-61, D.C. Official Code § 7-1141.07).

Subtitle (V)(E) – Department of Behavioral Health Enterprise Fund Act of 2014

Background

This subtitle establishes the Department of Behavioral Health (DBH) Enterprise Fund ("Fund"). The Fund will include proceeds from the following:

- The cafeteria on the St. Elizabeth's campus;
- Fees for trainings done by the DBH Training Institute; and
- Repayment of loans given out by DBH through its housing bridge subsidy program. The loans help individuals with mental health disabilities transition from supportive housing to independent living.

The Fund will be used to pay for management and operation of the cafeteria, the Training Institute, and DBH's supported housing programs.

Financial Plan Impact

Fund revenues have not been incorporated into the proposed FY 2015 through FY 2018 budget and financial plan because it is not yet clear how much revenue these activities will generate. DBH cannot estimate cafeteria revenues because the cafeteria is still in the planning process and has not yet been built. It is also unsure how much money it will recoup through housing bridge subsidy repayments. DBH believes it will bring in approximately $160,000 to $245,000 per year from the Training Institute, depending on which classes it offers. It plans to start charging for trainings at the beginning of FY 2015 if the subtitle is approved.

Subtitle (V)(F) – LIHEAP Heat and Eat Eligibility Preservation Amendment Act of 2014

Background

This subtitle requires all participants in Supplemental Nutrition Assistance Program (SNAP), who do not receive standard benefits through the Low-Income Home Energy Assistance Program (LIHEAP), to receive a minimum annual benefit required to maximize SNAP's standard utility allowance.[81] Current law[82] requires all SNAP participants to be enrolled in LIHEAP and any participants not receiving standard LIHEAP benefits must receive at least $1.

Financial Plan Impact

Approximately 70,000 households receive the minimum $1 LIHEAP benefit annually. The subtitle will increase the minimum payment to $20.01 for these households, and therefore will cost approximately $1.3 million per year. The additional cost has been incorporated in the FY 2015 through FY 2018 budget and financial plan.

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[81] The minimum that needs to be met is currently $20.01, as referenced in the Agriculture Act of 2014, approved on February 7, 2014 (Pub. Law. 113-79; 128 Stat. 649).

[82] Fiscal Year 2010 Budget Support Act of 2009, effective March 3, 2010 (D.C. Law 18-111; D.C. Official Code § 4-261.03(c)).

Subtitle (V)(G) – Health Services Planning and Development Amendment Act of 2014

Background

When a health service provider wants to provide a new service,[83] it must obtain a certificate of need from the Department of Health (DOH). This subtitle would eliminate[84] the certificate of need requirement for providers of outpatient substance abuse treatment regulated by the Department of Behavioral Health.

Financial Plan Impact

While this subtitle will reduce the number of certificates of need issued by DOH, the reduction will be small enough that it will not have a significant impact on DOH's operations or fee revenues.

Subtitle (V)(H) – Temporary Assistance for Needy Families Cost of Living Adjustment Amendment Act of 2014

Background

The subtitle establishes an automatic, annual cost of living adjustment (COLA) for monthly Temporary Assistance for Needy Families (TANF) benefits. The annual COLA is based on the consumer price index for all urban consumers for all items (CPI) published by the U.S. Department of Labor. The COLA would increase annual payments the beginning of each fiscal year. For fiscal years 2015 and 2016, the increase would be based on annual CPI. Then, in FY 2017, the payment level would increase by 46 percent and then revert to annual CPI in the following years.

Financial Plan Impact

Increasing monthly TANF payments as described in the bill will cost $1.5 million in FY 2015 and approximately $61 million over the four-year financial plan. The cost of the subtitle has been incorporated in the proposed FY 2015 budget and financial.

Currently, the average monthly payment for TANF families eligible for the full grant amount is $374. For families that have exceeded the 60-month time limit and do not qualify for a time-limit exemption, the average monthly benefit will be $131 in FY 2015, per the graduated reduction schedule under current law. With the proposed COLA adjustment in FY 2015, the full grant amount will increase to $383 and the reduced grant to $134. Additionally, assistance payments for the District's General Assistance, Refugee Assistance, and Interim Disability programs will also increase, as the benefit amounts for these programs are set at the same level as TANF.[85] General Assistance and Refugee Assistance are entitlement programs, so the estimated cost increase for both of these programs is approximately $92,000 in FY 2015 and $800,000 over the four-year financial plan. Finally,

[83] Any medical or clinical related service, including services that are diagnostic, curative or rehabilitative, as well as those related to alcohol abuse, drug abuse, inpatient mental health services, home health care, hospice care, medically supervised day care, and renal dialysis.
[84] By amending Section 2 of the Health Services Planning Program Re-establishment Act of 1996, effective April 9, 1997 (D.C. Law 11-191; D.C. Official Code § 44-401 *et seq*.).
[85] D.C. Official Code § 4-205.05a; § 4-204.07; and § 4-209.04.

Interim Disability is not an entitlement program; therefore, the payment increase will not have a budget impact but rather reduce the number of recipients the Department of Human Services (DHS) can serve through this program.[86] The table below details the estimated increases in the monthly and annual expenditures, as well as the projected TANF caseload and other assumptions included in this analysis.

Estimated Fiscal Impact of Subtitle (V)(H), Temporary Assistance for Needy Families Cost of Living Adjustment Amendment Act of 2014, FY2015-FY2018					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**4-Year Total**
UNIT COSTS					
Average monthly TANF grant	$374	$374	$374	$374	-
60 month + monthly TANF grant [a]	$131	$0	$0	$0	-
Projected monthly TANF grant with COLA Adjustment[b]	$383	$392	$573	$586	-
Projected 60 month + TANF grant with COLA Adjustment[b]	$134	$0	$0	$0	
TOTAL COSTS ($ in thousands)					
Additional TANF grant expenditures[c, d]	$1,430	$2,445	$26,728	$28,578	$59,180
Additional Cost of Implementing General Assistance [b, e]	$21	$43	$470	$503	$1,038
Additional Cost of Implementing Refugee Assistance [b, e]	$72	$82	$288	$303	$745
TOTAL COST OF IMPLEMENTATION ($ in thousands)	**$1,523**	**$2,571**	**$27,486**	**$29,384**	**$60,963**

Table Notes
[a]This is the average monthly payment for recipients that have exceeded the 60-month time limit. After FY 2015, payments for these recipients will be eliminated.
[b]Assumes a 2.4 percent COLA in all years except FY 2017 when the increase would be 46 percent.
[c]Estimated based on the full TANF caseload as of August 2013 which was 17,083.
[d]Estimated number of cases at full grant includes those cases that qualify for a time-limit exemption and transferred to POWER under D.C. Law 20-61, with the exception of the exemption for those enrolled in an accredited postsecondary education program or a Department of Employment Services approved job training program. The Office of the Attorney General issued an opinion on September 24, 2013 to the Mayor's Office of Budget and Finance stating that § 5153(c)(6) of the FY 2014 Budget Support Act could not be legally implemented due to insufficient funding.
[e] The caseloads for the Refugee Assistance and General Assistance programs are approximately 125 and 260, respectively.

[86] DHS serves approximately 1,000 individuals at an average monthly benefit level of $270.

Subtitle (V)(I) – Insurance Regulatory Trust Fund Bureau Amendment Act of 2014

Background

This subtitle allows[87] the Insurance Regulatory Trust Fund Bureau ("Bureau") to audit, monitor, and advise the Health Benefit Exchange Authority ("Authority"). Currently the Bureau can only audit, monitor, and advise the Department of Insurance, Securities, and Banking.
The subtitle also establishes a board of directors for the Bureau. A majority of the health carriers with plans on DC Health Link must be represented on the board.

Finally, the subtitle clarifies that the existing assessments on insurers and health maintenance organizations, and the new assessment on health carriers by the Authority, shall be a tax and licensing and regulatory fee for purposes of calculating the medical loss ratio under federal regulations.

District law[88] mandates that Bureau member organizations fund all Bureau activities. The subtitle makes clear an audit of the Authority would need to be paid for by the Bureau as well.

Financial Plan Impact

Since all Bureau activities are funded by member organizations, the subtitle has no impact on District finances and does not need to be incorporated into a budget or financial plan.

Subtitle (V)(J) – POWER Expansion Amendment Act of 2014

Background

This subtitle expands the eligibility requirement for the District's POWER program to allow a TANF recipient who is single parent or caregiver of a child under six months old to qualify. The policy intent is to exempt these individuals from TANF's 60-month time limit while they are caring for a child of this age.

Financial Plan Impact

The fiscal effect of the proposal is incorporated in the proposed FY 2015 budget and financial plan. Expanding the POWER eligibility requirements to allow a TANF recipient who is single parent or caregiver of a child under six months old to qualify will cost $1.8 million in FY 2015 and $9.9 million over the FY 2015 through FY 2018 budget and financial plan. Because TANF recipients that have exceeded the 60-month time limit would qualify, this will temporarily increase their payments for the 6-months they are enrolled in POWER. The increased payments will cost an additional $1.1 million in FY 2015 and $8.2 million over the four-year financial plan. Additionally, the Department of Human Services (DHS) will require funds to reprogram its existing eligibility system to track the

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[87] By amending the Insurance Regulatory Trust Fund Act of 1993, effective October 21, 1993 (D.C. Law 10-40; D.C. Official Code § 31-1201 *et seq*.).
[88] The Insurance Regulatory Trust Fund Act of 1993, effective October 21, 1993 (D.C. Law 10-40; D.C. Official Code § 31-1201 *et seq*.).

individuals and payments. DHS will also require two new staff to assist with determining eligibility. The costs are detailed in the table below.

Estimated Fiscal Impact of Subtitle (V)(K) POWER Expansion Amendment Act, FY 2015-FY 2018					
	FY2015	**FY2016**	**FY2017**	**FY2018**	**4-year Total**
ESTIMATE INPUTS					
Estimated number of single custodial parents or caretakers with a child under 12 months old over the 60-month time limit [a]	766	766	766	766	-
Additional cash assistance payment for 6 months under POWER [b, c]	$249	$392	$573	$586	-
					ESTIMATED COSTS (in $000s)
Cash Assistance Payments (incorporates the proposed COLA increases for TANF)	$1,144	$1,802	$2,634	$2,693	$8,273
Staff Costs [d]	$184	$189	$195	$201	$768
Programming costs [e]	$494	$350	$0	$0	$844
TOTAL COSTS (in $000s)	**$1,822**	**$2,341**	**$2,828**	**$2,894**	**$9,885**

Table Notes
[a] Data provided by the Department of Human Services
[b] Incorporates the cost-of-living adjustments for TANF benefits proposed in Subtitle (V)(H). Under this proposal, average monthly benefits will increase by the CPI annually and 46 percent in FY 2017.
[c] Under current law, TANF benefits for those recipients that have exceeded the 60-month time limit will be cut by 41.7% and then completely eliminated in FY 2016. This proposal would exempt those with a child under 6 months from these cuts and increase their payments for 6 months while they are enrolled in POWER.
[d] DHS requires two additional eligibility workers. DHS case to eligibility staff ratio is 1 staff member per 400 cases.
[e] DHS will need to update its internal system to track the exemption. This requires 2 program staff in FY15 to update the AECD and then one-time funds of $350,000 to update DCAS.

Subtitle (V)(K) – End Youth Homelessness Amendment Act of 2014

Background

The proposed subtitle requires the Department of Human Services (DHS) to do the following:

- By September 1 of each year, develop a plan detailing how agencies will coordinate to provide hypothermia shelter, including protocols for unaccompanied minors;
- Establish a grant program aimed at street outreach for youth;
- Conduct a youth census;
- Issue a grant to a community-based group to establish one or more intake and drop-in centers for youth;
- Add 5 shelter beds for homeless youth; and
- Additional transitional housing capacity for 10 youth ages 18 to 24 years.

Finally, the subtitle also requires the Interagency Council on Homelessness to prepare and publish a plan to provide a comprehensive plan for ending youth homelessness in the District by 2020.

Financial Plan Impact

The estimated cost of implementation is $1.3 million in the proposed FY 2015 budget and $5.2 million over the FY 2015 though FY 2018 budget and financial plan. The fiscal effect of the subtitle is incorporated in the proposed budget and financial plan. The costs are detailed below.

Estimated Fiscal Impact for Subtitle (V)(L) End Youth Homelessness Amendment Act of 2014, FY 2015- FY 2018 (in $ thousands)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**Four Year Total**
15 shelter beds for transitional and emergency shelter [a]	$570	$570	$570	$570	$2,280
Youth Intake Center grant[b]	$500	$500	$500	$500	$2,000
Street Outreach [c]	$205	$205	$205	$205	$820
Youth Census [d]	$25	$25	$25	$25	$100
End youth homelessness plan [e]	-	-	-	-	-
Total costs	**$1,300**	**$1,300**	**$1,300**	**$1,300**	**$5,200**

Table notes:
[a] According to DHS, the average cost per shelter bed per year is $38,000
[b] The community-based non-profit or organization awarded the grant would be required to work within the funds budgeted.
[c] Budget funds 3 vans and 3 drivers for the street outreach.
[d] Funds cover DHS staff time, training and administration.
[e] DHS where ICH is housed, is able to absorb the costs of preparing the plan. DHS estimates the cost to be approximately $20,000 in resources and staff time.

Subtitle (V)(L) – Homeless Prevention Program Establishment Act of 2014

Background

The proposed subtitle establishes a Homeless Prevention Program ("Program") within the Department of Human Services (DHS) and co-administered by the Interagency Council on Homelessness to conduct community outreach and provide services to individuals and families at risk of becoming homeless. To perform the work, the bill allows DHS to contract with community-based nonprofits or other organizations.

Financial Plan Impact

The proposed FY 2015 through FY 2018 budget and financial plan includes $2 million in recurring funds for DHS to implement the Program. DHS must implement the program within this annual budget.

Subtitle (V)(M) – Tobacco Product Manufacturer Reserve Fund Amendment Act of 2014

Background

The subtitle is the permanent version of emergency and temporary legislation that already enacted by the District.[89]

The Tobacco Master Settlement Agreement (MSA) requires that the District receives information from wholesalers on the volume of sales by manufacturer and brand.[90] Information on the volume of sales in a state by manufacturers who do not participate in the MSA determines the amount of escrow funds non-participating manufacturers must put aside to cover potential health claims.

District law permits sharing of sales volume data with other federal, state, District, or local agencies only for purposes of the enforcement of MSA.[91]

On March 12, 2013, an arbitration panel approved the terms of a multi-state settlement with certain tobacco manufacturers. The District is a part of this agreement. One requirement of the terms of settlement is that the District would share information on cigarette sales volumes by non-participating manufacturers with a multi-state data clearinghouse. The bill amends District law to include the multi-state data clearinghouse in the list of entities who can receive information on volume of tobacco sales by brand and manufacturer.

Financial Plan Impact

In the District, the Office of the Attorney General (OAG) handles the tobacco tax settlement program. The bill will require the Office of Tax and Revenue (OTR) to disclose sales volume information with OAG, which will then send this information to the multi-state data-clearing house. OTR has in the past disclosed this information to assist with litigation, and it can continue to do so at no additional cost. The requirements of the bill can be implemented at no cost to the District of Columbia.

Subtitle (V)(N) – SSI/SSDI Outreach, Access, and Recovery (SOAR) Pilot Program Establishment Act of 2014

Background

The proposed subtitle establishes a pilot program within the Department of Human Services (DHS) to provide application assistance to individuals applying for Supplement Security Income (SSI) or Social Security Disability Insurance (SSDI). The pilot program is called the SSI/SSDI Outreach, Access, and Recovery, or SOAR Pilot Program.

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[89] Tobacco Product Manufacturer Reserve Fund Emergency Amendment Act of 2014 (D.C. Act A20-0294, 61 DCR 2437) was enacted on March 12, 2014 and expired on June 10, 2014. The temporary legislation is still under Congressional review, and the Council has passed a congressional review emergency bill as a stop-gap measure on June 17, 2014.
[90] D.C. Official Code § 7-1803.05 (a).
[91] D.C. Official Code § 7-1803.05 (b).

Financial Plan Impact

The fiscal effect of the proposed subtitle has been incorporated in the proposed FY 2015 through FY 2018 budget and financial plan. The proposed budget and financial plan includes $500,000 in recurring funds for the pilot program.

Subtitle (V)(O) – Teen Pregnancy Prevention Fund Establishment Act of 2014

Background

The subtitle establishes the Teen Pregnancy Prevention Fund, which will provide subgrants to non-profit organizations specializing in health services for teens, reproductive health education, and other services important to teen pregnancy prevention. The subtitle names the DC Campaign to Prevent Teen Pregnancy ("Campaign") as the organization that will issue the subgrants. The Department of Health (DOH) will give a grant to the Campaign for this work. The subtitle requires the Campaign to use 90 percent of the grant for subgrants and 10 percent for administrative costs.

Financial Plan Impact

The fiscal impact of this subtitle has been incorporated into the proposed FY 2015 through FY 2018 budget and financial plan. Council is transferring $2 million into the Fund. It is taking the money from DOH's $5 million enhancement to the school nurse's contract.

Subtitle (V)(P) – United Medical Center Transformation Initiative Act of 2014

Background

The subtitle discusses the possibility that the District might support construction of a new full service hospital east of the Anacostia River in lieu of supporting capital improvements in the United Medical Center.

Financial Plan Impact

The subtitle only confirms that the Council will consider viable alternatives to UMC. As such, it has no fiscal impact. Any future agreement, be it on the divestiture of UMC, or construction of a new hospital through a public private partnership, must secure sufficient funding in an approved budget before it could be implemented.

Subtitle (V)(Q) Local Rent Supplement Program Referrals Amendment Act of 2014

Background

The proposed subtitle requires[92] that 75 tenant-based local rent supplement vouchers be filled through referral by the Department of Human Services (DHS). The referrals shall be based on special eligibility criteria established in the D.C. municipal regulations[93] or consist of families in DHS's permanent supportive housing, but no longer need intensive services.

Financial Plan Impact

Requiring referrals for 75 tenant-based local rent supplement vouchers will not have a negative fiscal impact on the proposed FY 2015 through FY 2018 budget and financial plan. The requirements will not affect the number of vouchers available. Furthermore, an additional $3 million recurring funds has been included in the financial plan for local rent supplement vouchers.

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[92] By amending the Homeless Services Reform Act of 2005, effective October 22, 2005 (D.C. Law 16-35; D.C. Official Code § 4-751.01

[93] 29 DCMR 2557.1

TITLE VI – TRANSPORTATION, PUBLIC WORKS, AND THE ENVIRONMENT

Subtitle (VI)(A) – Vault Rent Amendment Act of 2014

Background

The District Department of Transportation (DDOT) collaborates with the Office of Tax and Revenue (OTR) to bill commercial and residential buildings for their use of underground public space known as vaults. The most common types of vaults are areas of underground parking garages that extend into public space. DDOT permits and measures vault sizes. OTR applies a per-square foot value and a utilization factor, based on the level of the vault,[94] to the size of the vault to calculate the annual rental value.

The subtitle makes a significant change to the management of vaults by transferring the authority to charge and collect for the occupancy of underground vaults from DDOT to the Office of the Chief Financial Officer (OCFO). The OCFO, as authorized in the subtitle, will subsequently make a number of changes to the billing processes, including:

- Move the billing due date from June 30th to no later than September 15th;
- Create separate tax entities for condominium associations, and bill these entities for vault fees;
- Authorize the OCFO to alter any condominium land assessment as needed;[95]
- Institute a $100 flat fee for fuel oil tanks;
- Authorize the OCFO to charge fees for actions taken by the Mayor to repair or seal off a vault; and
- Allow the OCFO to waive interest penalties, compromise charges, or offer delinquent properties for tax sale.

The Mayor and DDOT will maintain responsibility for verifying the area of a vault, setting the utilization factor, and repairing or sealing a vault.[96] In the event the Mayor needs to repeal or seal a vault, he or she must first inspect the vault for utility company infrastructure and notify the utility company before any corrective action is taken to ensure the planned activity will not compromise the utility company infrastructure.

The subtitle also exempts any nonprofit organizations from public space fees for the operation of a farmer's market.

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[94] The utilization factor for the first level of a vault is 1.20 percent, and for each subsequent level is 0.30 percent.

[95] This can already been done with other vault containing properties where the full building receives an assessed land value.

[96] The Mayor can remove, repair, or close an unused or unsafe vault if the owner of the abutting property fails to take action to remedy the condition as required by the Mayor.

Financial Plan Impact

The subtitle will generate $10,000 in FY 2015 and $40,000 over the four-year financial plan period from the institution of a $100 flat fee for fuel oil tanks.[97]

DDOT funds one full-time employee within the OCFO's Office of Tax and Revenue to implement vault billing and that funding will be sufficient in the future to implement the subtitle's provisions. Additionally, there are no anticipated negative impacts to shifting the billing due date from June 30th of each year to September 15th of each year.

The waiving of public space fees for farmer's markets will cost $41,000 in each fiscal year. DDOT's operating budget is reduced by this amount annually.

Subtitle (VI)(B) – Private Sponsorship of Capital Bikeshare Amendment Act of 2014

Background

Capital Bikeshare is a bike sharing system of over 300 stations and over 2,500 bicycles spread across the District, Arlington and Alexandria, VA, and Montgomery County, MD. The system allows individuals to borrow a bike for a few hours or a day or sign up for a membership that allows unlimited usage during the membership period.[98]

The subtitle establishes the authority for the District Department of Transportation (DDOT) to enter into private sponsorship agreements for Capital Bikeshare. Sponsorship funds received for the bikeshare system will be deposited into the Bicycle Sharing Fund.[99] Any sponsorship agreement that changes the name or design of Capital Bikeshare must be submitted to the Council for 30-day passive approval.

Financial Plan Impact

There is no fiscal impact of the subtitle on the proposed FY 2015 through FY 2018 budget and financial plan. Currently, there are no private sponsorship agreements for Capital Bikeshare.

Subtitle (VI)(C) – District Department of Transportation Managed Lane Authorization Act of 2014

Background

The subtitle gives the District Department of Transportation (DDOT) the authority to implement managed lane policies, which would be used to ration access to lanes based on, for example, vehicle occupancy, or through a toll system. At least one lane of traffic on a managed lane roadway must be

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[97] The billing for fuel oil tanks has been stalled since 2007.
[98] The first 30 minutes of every trip are free, with additional fees incurred for each subsequent 30 minute period.
[99] District Department of Transportation Bicycle Sharing Fund Act of 2012, effective March 19, 2013 (D.C. Law 19-234; D.C. Official Code § 50-921.16).

free of charge to users. Any managed lane projects must be submitted to Council prior to implementation.

Financial Plan Impact

DDOT commissioned a managed lane study in 2013, but there are no current plans to implement managed lanes.

Subtitle (VI)(D) –Integrated Premium Transit System Amendment Act of 2014

Background

In the District, the District Department of Transportation (DDOT) has the authority to plan, develop, finance, control, operate, and regulate a streetcar system or to enter into a third party contract to accomplish the same.[100] Additionally, the Fiscal Year 2014 budget dedicated resources in the Pay-as-you-go Capital Account ("Paygo Account")[101] to construction of the streetcar system.

The bill broadens DDOT's authority so it can to plan, manage, and contract for all or any parts of an Integrated Premium Transit System ("System").[102] The System is defined in the bill to include streetcar, bus services,[103] and related transit facilities. The bill also expands the use of the Paygo Account to support the System, but terminates the dedication of Paygo Account funds in Fiscal Year 2045.[104]

Under the provisions of the bill, DDOT's Infrastructure and Project Administration will oversee the development of the System, and DDOT's Transportation Policy and Planning Administration will operate, maintain, and regulate the DC Circulator and the DC Streetcar.

Financial Plan Impact

The subtitle provides DDOT the authority it needs to implement an Integrated Premium Transit System, replacing what was provided for the streetcar system.

The Paygo Account will receive 25 percent of any projected local funds revenue of each year in excess of the local funds revenue in the budget and financial plan approved the previous May.[105] The first year the Paygo Account will be funded is Fiscal Year 2017. These resources will be dedicated to the System until Fiscal Year 2045.

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[100] District Department of Transportation DC Streetcar Amendment Act of 2012, effective April 20, 2013 (D.C. Law 19-268; 60 DCR 1709).
[101] D.C. Official Code § 47-392.02(f).
[102] This could include design, engineering, construction, and operations and maintenance.
[103] This only includes bus services operated or managed by or on behalf of the District government.
[104] Beginning in Fiscal Year 2045, funds in the Paygo Account will be dedicated to capital projects in lieu of planned borrowing.
[105] The current baseline is May 2015, but Title I, Subtitle E of the Fiscal Year 2015 Budget Support Act of 2014 amends the baseline to the previous May for each Fiscal Year.

Subtitle (VI)(E) – Pesticide Registration Fund Amendment Act of 2014

Background

The District Department of the Environment (DDOE) charges fees for the registration of pesticide products and the licensing of individuals to be pesticide applicators. Fees collected from these activities are deposited into the Pesticide Registration Fund (Fund) and are expended on DDOE's pesticide regulation programs.

The subtitle expands the allowable uses of Fund resources to include DDOE's chemical, tank, and land remediation, and wildlife programs, which fall under DDOE's Toxic Substances and Fisheries and Wildlife Divisions.

Financial Plan Impact

The Fund's resources can now be expended across additional DDOE programs within the Toxic Substances Division. They can also be used to fund grants in the Fisheries and Wildlife Division.

Subtitle (VI)(F) – Distributed Generation Amendment Act of 2014

Background

In 2005, the District implemented a renewable energy portfolio standard that requires retail energy providers to meet certain levels of solar and other renewable energy sources within the portfolio of energy they provide to District residents and businesses through the purchase of solar renewable energy credits (SRECs).[106] The solar requirements mandate that the solar energy producer must be located within the District or in a location served by a distribution feeder that serves the District and the provider must be produce fewer than 5 megawatts of solar energy. If enough energy credits are not available or credits are too expensive, the provider must pay a compliance fee.

The subtitle amends two solar related provisions within the renewable energy portfolio standards. First, the solar requirement can be met from a solar producer that produces greater than 5 megawatts of energy if that producer is located on property owned by the District or an independent authority of the District. Second, beginning on January 1, 2015, solar energy credits from producers that do not meet the requirement of being in the District, near a District serving distribution feeder, or on property owned by the District or an independent authority of the District can now be purchased to meet the non-solar tier one renewable energy requirement.[107]

Financial Plan Impact

There are few sites on property owned by the District or one of its independent authorities, which could produce solar energy with a capacity of greater than 5 megawatts. One location, the DC Water

[106] Renewable Energy Portfolio Standard Act of 2004, effective April 12, 2005 (D.C. Law 15-340; D.C. Official Code § 34-1431 *et seq.*).
[107] Tier one sources include solar, wind, biomass, methane, geothermal, ocean, and fuel cells operating on biomass or methane.

Blue Plains facility, is currently considering a solar energy system that could generate up to 12 megawatts of energy.

In the District, a large gap exists between what is required under the renewable energy portfolio standard and what is actually produced. The Public Services Commission expects the gap between installed solar capacity and the required capacity to be over 30 megawatts in 2015. As a result, the demand for SRECs is high, and credits are trading at $482 (as of June 2014),[108] which is very close to the penalty associated with not meeting these standards ($500). In theory, more local-sourced solar production would reduce the demand for energy credits, but given the large gap between supply and the portfolio requirements, ORA does not expect that the planned DC Water facility, despite its larger size, will have a significant impact on SREC prices.

Subtitle (VI)(G) – Clean and Affordable Energy Amendment Act of 2014

Background

At present, the District contracts with a private company to offer energy services as the District's Sustainable Energy Utility (SEU). Energy efficiency programs offered by the SEU include low-cost energy retrofits for low-income multi-family rental projects, single-family home energy retrofits in selected neighborhoods, energy assessments and retrofits for small businesses in selected neighborhoods, and pilot programs to implement distributed renewable energy systems such as solar energy.

The subtitle amends the SEU program in two ways: first, it requires that the next contract the District offers to an entity to serve as the SEU be at least four years in length, with an option of at least an additional two years. Second, it amends the SEU's legally mandated responsibilities to emphasize increasing the renewable energy generating capacity of low-income housing in the District.

The subtitle also limits the use of the Sustainable Energy Trust Fund ("Fund")[109] to ensure that the SEU contract will be funded in an amount of at least $20 million per year. Under the proposed change, the Fund will no longer be eligible to support the electricity, natural gas, the renewable energy incentive program,[110] and the EnergyStar benchmarking program.[111]

Lastly, the subtitle allows funds in the Renewable Energy Development Fund[112] to be used to supplement the SEU's activities to increase solar generation.

Financial Plan Impact

The SEU is funded through the Fund, which is funded by an assessment on natural gas and electric companies and the sale of credits associated with the Regional Greenhouse Gas Initiative.[113] The

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[108] Data are from http://www.srectrade.com/srec_markets/district_of_columbia, visited on June 17, 2014.
[109] D.C. Official Code § 8-1774.10.
[110] D.C. Official Code § 8-1774.09.
[111] D.C. Official Code § 6-1451.03.
[112] D.C. Official Code § 34-1436.
[113] The natural gas company assessment is set at $.014 per therm and the electric company assessment is set at $.0015 per kilowatt-hour. The assessments do not apply to sales of natural gas or electricity to residents

Fund was always envisioned to support the SEU contract of approximately $20 million per year, and the requirement to reach that level does not have a fiscal impact. Charging the SEU with a specific focus on renewable energy generation at low-income housing in the District could shift use of Fund's resources, but this will not impact the overall contract costs.

The Renewable Energy Development Fund resources was created to provide loans, grants, rebates and other financial incentives to support solar energy production. Allowing the use of this fund to support SEU's solar programs will not alter the overall funding goals, but might divert funds from other solar support programs.

<u>Subtitle (VI)(H) – Athletic Field Permit Coordination Committee Amendment Act of 2014</u>

Background

The subtitle requires the Department of Parks and Recreation to form an intergovernmental committee, which will:

- report on the availability of public athletic fields in the District;
- analyze the feasibility of a singular permitting office for athletic field use;
- make recommendations for apportioning permit fees to the agencies, which manage the respective athletic fields; and
- provide a list of underutilized fields which could be converted to usable, sustainable fields.

Participants in the interagency committee should be representatives from the Department of General Services, District of Columbia Public Schools, the Public Charter School Board, and the National Park Service. The committees must deliver its report to the Mayor and Council by March 31, 2015, and follow up annually with a report on the progress made against the committee's initial recommendations.

Financial Plan Impact

The Department of Parks and Recreation, along with all involved agencies, can absorb the costs associated with meeting and developing a report on the use of athletic fields and the collaboration among the relevant agencies in the District.

<u>Subtitle (VI)(I) – Competitive Grants Act of 2014</u>

Background

The subtitle requires the following grants be competitively awarded in up to the corresponding amounts:

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who are participating in the Residential Essential Service or Residential Aid Discount programs, which provide natural gas and electricity discounts to low-income residents.

1. $500,000 in FY 2015 for the Council of the District of Columbia to award for a comprehensive rail plan;
2. $50,000 in FY 2015 for the District Department of the Environment (DDOE) to award for recycling education at public housing;
3. $250,000 in FY 2015 for the Department of Parks and Recreation to award for the improvement of Kenilworth Parkside Community Park;
4. $63,000 in FY 2015 through FY 2018 for the Office of the State Superintendent of Education to award for the support of pantries at low-income schools;
5. $200,000 in FY 2015 through FY 2018 for DDOE to award for wildlife rehabilitation services;
6. $5,000,000 in FY 2015 for the Deputy Mayor for Planning and Economic Development to award for the improvement of facilities and operations of the Animal Care and Control Agency; and
7. $600,000 split evenly in FY 2015 and FY 2016 for the Department of Small and Local Business Development to award in equal amounts grants for Clean Teams in Wards 3, 5, and 7.

Financial Plan Impact

The proposed FY 2015 budget provides for each of these grants.[114] The $600,000 Clean Team grants in Wards 3, 5, and 7 are allocated from the Department of Small and Local Business Development's existing budget for Clean Teams.

Subtitle VI(J) – Anacostia River Toxics Remediation Act of 2014

Background

The District Department of the Environment (DDOE) is leading the effort to clean up the Anacostia River by removing hazardous substances from sediment in the river. The DDOE almost completed first phase of the project, which includes a remedial investigation work plan, a field-sampling plan, a quality assurance project plan, a health and safety plan, and a community involvement plan. Next, DDOE will proceed with field investigations, prepare a remedial investigation report, and issue feasibility studies. At the end of these, DDOE will issue a record of decision outlining the remedial action that needs to take place to clean the hazardous materials out of the river. The current timeline to reach the record of decision is approximately three years.[115]

The subtitle requires DDOE to issue the record of decision by June 30, 2018 and requires that the recommended remedial activity be consistent with the National Contingency Plan[116] and the Comprehensive Environmental Response Compensation and Liability Act.[117]

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[114] Fiscal Year 2015 Budget Request Act of 2014.
[115] Community Involvement Plan for the Anacostia River Sediment Project, June 19, 2014 (http://green.dc.gov/sites/default/files/dc/sites/ddoe/publication/attachments/CIP-Anacostia%20Sediment%20Project%2006-19-14%20web.pdf).
[116] 40 C.F.R. Part 300.
[117] Approved October 17, 1986 (100 Stat. 1672; 42 U.S.C. § 9621).

Financial Plan Impact

DDOE is expected to issue the record of decision approximately one year prior to the subtitle’s statutory deadline and there are no costs associated with implementation.

TITLE VII– FINANCE AND REVENUE

Subtitle (VII)(A) – Subject to Appropriations Amendment Act of 2014

Background

The subtitle authorizes expenditures and revenue reductions for the following laws, which had been passed subject to appropriations, but are now funded in the proposed FY 2015 through FY 2018 budget and financial plan:

- Earned Sick and Safe Leave Amendment Act of 2013;[118]
- Minimum Wage Amendment Act of 2013;[119]
- Electric Company Infrastructure Improvement Financing Act of 2014; [120]
- Small and Certified Business Enterprise Development and Assistance Amendment Act of 2014;[121]
- Fair Student Funding and School-Based Budgeting Amendment Act of 2013;[122]
- Smoking Restriction Amendment Act of 2013;[123]
- Wildlife Protection Act of 2010;[124] and
- Traffic Adjudication Amendment Act of 2014.[125]

The subtitle also amends the Tax Clarity Equity Amendment Act of 2013[126] to change the applicability date to January 1, 2019. This Act allows taxpayers to claim a credit for or refund of an overpayment of District taxes for the years 1998 through 2000. The Office of Revenue Analysis estimates that this allowance will reduce franchise tax revenue by $4 million per year for three years.[127] At the time this Act was passed, the applicability date was January 1, 2018 and the cost fell outside the window of four-year financial plan. The Office of the Chief Financial Officer incorporated the effect of the act in the financial plan in its February 2014 revenue certification, which was the first time FY 2018 projections were published.

Financial Plan Impact

Repealing the subject to appropriations provision of the above-mentioned laws authorizes expenditures of approximately $5.1 million in FY 2015 and $26.3 million over the four-year financial plan period. The table below provides the details. Excluded from this table is the Fair Student Funding

[118] Effective February 22, 2014 (D.C. Law 20-89; 61 DCR 317).
[119] Effective March 11, 2014 (D.C. Law 20-91; 61 DCR 3746).
[3] Enacted March 3, 2014 (D.C. Bill 20-387, 60 DCR 1882).
[121]Enacted April 8, 2014 (D.C. Act 20-307; 61 DCR3892),
[122] Effective February 22, 2014 (D.C. Law 20-87; 61 DCR 3742).
[123] Effective December 13, 2014 (D.C. Law 20-48; 61 DCR 15145).
[124] Effective March 8, 2011 (D.C. Law 18-289; D.C. Official Code § 8-2201 et seq.)
[125] Passed on 2nd reading on May 6, 2014 (Enrolled version of Bill 20-324) The subtitle makes the Act effective beginning FY 2015.
[126] Effective February 22, 2014 (D.C. Law 20-85, 60 DCR 184).
[127] See the fiscal impact statement issued on the bill on October 31, 2014. Available at http://app.cfo.dc.gov/services/fiscal_impact/pdf/spring09/FIS%2020-348%20Tax%20Clarity%20Equity%20Act%20of%202013.pdf.

and School-Based Budgeting Amendment Act of 2013, since its fiscal effect is captured in the calculation of the student funding for District of Columbia public schools, through the Universal Per Student Funding Formula (UPSFF). The fiscal analysis of Title (IV)(A) on page 26 of this fiscal impact statement provides the details. In addition, the table excludes the Wildlife Protection Act of 2010. The District Department of the Environment has verified that it is now implementing the bill with its existing resources.

Subject to Appropriations Amendment Act of 2014, Expenditures FY 2015-FY 2018 ($ thousands)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**Four Year Total**
Earned Sick and Safe Leave Amendment Act of 2013	$253	$188	$192	$192	$825
Electric Company Infrastructure Improvement	$3,400	$4,100	$4,960	$5,700	$18,160
Minimum Wage Amendment Act of 2013	$383	$273	$281	$281	$1,218
Small and Certified Business Enterprise Development and Assistance Amendment Act of 2014	$305	$1,095	$1,124	$1,154	$3,678
Smoking Restriction Amendment Act of 2013	$186				$186
Traffic Adjudication Amendment Act of 2014	$559	$554	$576	$583	$2,272
Total Program Expenditure	**$5,085**	**$6,210**	**$7,133**	**$7,910**	**$26,338**

Source: ORA Calculations

Additionally, postponing the applicability date to January 1, 2019 for the Tax Clarity Equity Amendment Act means this Act will not be effective until FY 2019, once again, falling outside the budget and financial plan. As a result, revenues will increase by $4 million in FY 2018, but will decline by the same amount for three consecutive years beginning FY 2019.

Subtitle (VII)(B) – Tax Revision Commission Implementation Amendment Act of 2014

Background

The proposed subtitle provides a mechanism to implement various tax law changes recommended by the District's Tax Revision Commission, and adopted by the Council.

First, the subtitle makes the following changes to the tax code, beginning FY 2015:

For *individual income taxes*, the subtitle changes the income tax rates for different brackets beginning Tax Year 2015. Specifically, beginning Tax Year 2015, the subtitle reduces the marginal tax rate on incomes between $40,000 and $60,000 from 8.5 percent to 7 percent.[128] At the same time, it maintains the marginal tax rate on incomes above $350,000 at the current statuary rate of 8.95 percent. Current law reduces this rate to 8.5 percent beginning tax year 2016.[129] The subtitle also ex-

[128] D.C. Official Code § 47-1806.03.
[129] *Ibid.*

pands the District's Earned Income Tax Credit to cover singles.[130] Under current law, the credit is only allowed for individuals with qualifying children. The subtitle raises the standard deduction to $5,200 for singles, and $8,350 for married couples filing jointly,[131] and phases out personal exemptions at the current of $1,695 level by 2 percent for each $2,500 above $150,000 of income, with a complete phase out at $275,000.[132] Finally, the subtitle expands the income tax base by eliminating certain tax preferences and expenditures including the District's homebuyer credit,[133] deduction of long-term care insurance premiums,[134] and exclusion of government pension receipts from taxable income.[135]

For *franchise taxes*, the subtitle reduces the tax rate on businesses, which is balanced by a change in the apportionment factor that would be solely based on a company's sales tax remittances in the District, and not on other forms of presence, such as the its payroll or property taxes. Beginning Tax Year 2015, the subtitle reduces the franchise tax rate on corporations[136] and unincorporated businesses[137] from 9.975 percent to 9.4 percent. At the same time, it changes[138] the calculation used to apportion to the District the net business income of entities that have incomes derived from sources both within and outside of the District. The current formula equally weights property and payroll factors for the business entity, but sales factor[139] is weighted twice.[140,141] The proposed subtitle will switch to a single weighted sales factor—that is the apportionment factor would be the same as the sales factor, which is measured as the share of the company's sales in the District against its total shares.

Business apportionments for the District are expected to increase when solely based on the sales factor because the District is generally a destination for sales, and not a producer and exporter of taxable goods and services. Thus, taxable sales constitute a larger share of a company's taxable transactions compared to real property and payroll. These two measures of presence tend to be larger for manufacturing firms and large service providers, of which the District has few.

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130 D.C. Official Code § 47-1806.04.
131 D.C. Official Code § 47-1801.04
132 D.C. Official Code § 47-1806.02.
133 The subtitle amends the Government Employer-Assisted Housing Amendment Act of 1999, effective May 9, 2000 (D.C. Law 13-96; D.C. Official Code § 42-2506).
134 D.C. Official Code §47-1803.03(b-1).
135 D.C. Official Code § 47-1803.02(a)(2)(N).
136 D.C. Official Code § 47-1807.02(a).
137 D.C. Official Code § 47-1808.03(a).
138 D.C. Official Code § 47-1810.02(d).
139 The factor for each of these areas is the share of District tax payments in the total tax payments. For example, let S stand for the sales factor, S_{DC}, sales tax payments to D.C., and S_{OTHER} for sales tax payments to all other jurisdictions from where the entity derives income. The sales factor is calculated as $S = \frac{S_{DC}}{S_{DC}+S_{OTHER}}$.
140 Let A_{DC} stand for business income apportioned to DC, and P, PR, and S stand for property, payroll, and sales factors respectively. Under current law, the apportionment formula is $A_{DC} = \frac{P+PR+2S}{4}$; under proposed law, it would be the same as the sales factor.
141 Twenty-four states use an apportionment method that weights sales more heavily, or provide this method as an option to the taxpayer. Twelve states use only sales as the apportionment factor. Virginia, for example, uses a double-weighted sales factor, and Maryland allows either double-weighted or single sales factor.

The proposed subtitle also exempts from unincorporated business franchise tax entities that trade on their own accounts.[142] The exemption will not apply to securities dealers, investment banks, or Real Estate Investment Truts.

For *sales taxes*, the subtitle expands the sales tax base to include some services not currently taxed in the District of Columba. These include bottled water delivery services and other direct selling establishments, carpet and upholstery cleaning services, fitness and recreational sports centers, and other personal care services such as tanning, car washes, bowling centers and billiard parlors. The District will also add a use tax line in individual tax return forms so residents can pay sales taxes on items they purchased remotely and were not charged a sales tax by the vendor. Finally, the proposal will tax all tobacco products other than premium cigars and electronic cigarettes at rates similar to cigarettes. Currently cigarettes are taxed at the wholesale level at a rate $2.50 per pack of 20 cigarettes plus a surcharge equivalent of 6 percent of retail prices.

Second, the subtitle institutes a revenue trigger for the implementation of tax policy changes recommended by the District's Tax Revision Commission beyond FY 2015. The trigger is set such that tax policy changes will be implemented in FY 2016 only after the District sets aside $181 million of certified increase in the District's revenue base in fiscal years 2015 and 2016 relative to the February 2014 estimates. The first $181 million will be recognized as FY 2016 revenue to ensure that FY 2016 budget is balanced. In the subsequent fiscal years, revenue in excess of February 2014 projected revenues for that fiscal year, without any set-asides, will be used implement the tax policy changes recommended by the District's Tax Revision Commission, as adopted by the Council.

Finally, the subtitle proposes the following priority ordering for the tax policy changes that are subject to the revenue triggers outlined above:

1. Reduce the rate on the new individual income tax middle bracket of $40,000 to $60,000 from 7.0 percent to 6.75 percent;
2. Create a new individual income tax bracket of $350,000 to $1 million at 8.75 percent and in excess of $1million at 8.95 percent;
3. Reduce the unincorporated and incorporated business franchise tax from 9.4 percent to 9.2 percent;
4. Reduce the rate on the new individual income tax middle bracket of $40, 000 to $60,000 from 6.75 percent to 6.5 percent;
5. Reduce the unincorporated and incorporated business franchise tax from 9.2 percent to 9.0 percent;
6. Raise the estate tax threshold from $1 million to $2 million;
7. Raise the standard deduction from $5,200 to $5650 for singles, $6,650 to $7,800 for Head of Household, $8,350 to $10,275 for married;
8. Increase the personal exemption from $1,675 to $2,200;
9. Raise the standard deduction from $5,650 for singles, $7,800 for Head of Household, and $10,275 for married to conform to the federal level;
10. Increase the personal exemption from $2,200 to $2,700;
11. Reduce the unincorporated and incorporated business franchise tax from 9.0 percent to 8.75 percent;
12. Increase the personal exemption from $2,700 to $3,200;
13. Raise estate threshold from $2 million to conform to the federal level;

[142] D.C. Official Code § 47-1808.01.

14. Reduce unincorporated and incorporated business franchise tax from 8.75 percent to 8.5 percent;
15. Increase the personal exemption from $3,200 to $3,700;
16. Reduce unincorporated and incorporated business franchise tax from 8.5 percent to 8.25 percent; and
17. Increase the personal exemption from $3,700 to conform to the federal level, and repeal the low income credit.

Before these changes are funded and implemented, the Office of the Chief Financial Officer will provide an updated estimated fiscal impact of each proposal.

Financial Plan Impact

The fiscal impact of the proposed changes shown in the table below is incorporated into the FY 2015 through FY 2018 budget and financial plan.

Estimated Fiscal Impact of Subtitle VII(B) - Tax Revision Commission Implementation Amendment Act of 2014, FY 2015 – FY 2018 ($ thousands)

	FY 2015	FY 2016	FY 2017	FY 2018	Four-Year Total
Individual income tax provisions	**($37,518)**	**($37,719)**	**($39,250)**	**($40,283)**	**($154,770)**
Reduce Marginal Tax Rate on Income Between $40,000 and $60,000 from 8.5% to 7%	($37,518)	($38,481)	($39,856)	($40,977)	($156,832)
Marginal Tax Rate on Incomes Above $350,000 at 8.95%		$18,773	$19,808	$20,699	$59,280
Expand EITC to cover singles with no children		($10,834)	($11,576)	($12,014)	($34,424)
Raise the standard deduction to $5,200 for singles, $8,350 for married		($15,618)	($16,352)	($17,029)	($48,998)
Eliminating homebuyer credit, long term care insurance deduction and gov. pension exclusion		$3,722	$3,803	$3,867	$11,393
Phasing out personal exemptions by 2 % for each $2,500 above $150,000, complete phase out at $275,000		$4,718	$4,924	$5,170	$14,812
Franchise Tax Provisions	**($4,400)**	**($4,400)**	**($4,400)**	**($4,400)**	**($17,600)**
Use Single Weighted Sales Apportionment Factor	$20,000	$21,015	$21,977	$22,938	$85,930
Reduce Business Income Tax Rate from 9.975% to 9.4%	($20,000)	($21,015)	($21,977)	($22,938)	($85,930)
Exempt entities that trade on their own accounts from unincorporated business fran-	($4,400)	($4,400)	($4,400)	($4,400)	($17,600)

Estimated Fiscal Impact of Subtitle VII(B) - Tax Revision Commission Implementation Amendment Act of 2014, FY 2015 – FY 2018 ($ thousands)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**Four-Year Total**
chise tax					
Sales / Use	**$16,200**	**$17,379**	**$17,561**	**$17,744**	**$68,884**
Broaden the sales tax base	$9,200	$9,500	$9,800	$10,100	$38,600
Include a use tax line on returns		$1,000	$1,000	$1,000	$3,000
Unify Taxation of Tobacco Products	$7,000	$6,879	$6,761	$6,644	$27,284
Total Fiscal Impact	**($25,718)**	**($24,740)**	**($26,089)**	**($26,939)**	**($103,486)**

Source: ORA Calculations based on tax return data for Tax Year 2012

All other provisions subject to the revenue trigger are not yet incorporated into the financial plan. The current estimated revenue impact of provisions subject to the revenue trigger is approximately $93.5 million reduction in tax collections each year. The Office of Revenue Analysis will provide an updated estimate for each proposal when trigger requirements are met and the Mayor and the Council can fully implement the proposal.

Subtitle (VII)(C) – The Urban Institute Real Property Tax Rebate Amendment Act of 2014

Background

The proposed subtitle repeals "The Urban Institute Real Property Tax Abatement Act of 2009"[143] and replaces it with a tax rebate. The Act authorized a 10-year, $15 million real property tax abatement for The Urban Institute. The tax abatement was never utilized.[144]

This subtitle authorizes The Urban Institute to claim a rebate on the amount of real property tax owed according to its lease agreement. The rebate is authorized for 10 years, starting with the date the non-profit leases new office space, and the rebate amount is capped at $1 million annually.

Financial Plan Impact

The proposed real property tax rebate is expected to cost $1 million per year starting FY 2015, and $4 million over the four-year financial plan period. The rebate becomes effective once The Urban Institute relocates and leases new office in the District. The subtitle will continue to have a fiscal impact beyond the financial plan period since the rebate is authorized for 10 years.

[143] Effective March 3, 2010 (D.C. Law 18-111; D.C. Official Code § 47-4624).
[144] At that time, The Urban Institute planned to buy 100,000 to 110,000 square feet of commercial space in a building located on Lot 840 Square 673. Thus, the act provided a real property tax exemption for this location, provided that The Urban Institute made available 10,000 square feet of the real property to non-profit tenants at below-market rates. The purchase never went through and The Urban Institute remained in the same location.

Estimated Fiscal Impact of Subtitle VII(C) – The Urban Institute Real Property Tax Rebate Amendment Act of FY 2014, FY 2015– FY 2018 ($ thousands)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**Four-Year Total**
Total Estimated Rebate	$1,000	$1,000	$1,000	$1,000	$4,000

Subtitle (VII)(D) – Industrial Revenue Bond Security Interest Instrument Recordation Tax Exemption Amendment Act of 2014

Background

The subtitle exempts from taxation the recordation of a security instrument executed by a borrower in connection with a loan under the District's Industrial Revenue Bond (IRB) program. The District's practice has been to exempt these instruments, regardless of the underlying tax status of the entity, from recordation.[145] This subtitle codifies current practice.

Financial Plan Impact

The entities that take advantage of IRB's are generally tax-exempt and therefore already exempt from recordation tax under current law. A few commercial and nonprofit entities use IRBs, and while these entities are subject to recordation taxes, this tax has not been levied IRBs. Because the District's current practice is to exempt these types of security instruments from recordation tax, codifying this in the law will not have a negative revenue impact on the District's budget and financial plan.

Subtitle (VII)(E) – Fiscal Year 2014 Budget Support Act Amendment of Act of 2014

Background

This subtitle amends the Fiscal Year 2014 Budget Support Act Amendment of 2013[146] to repeal four sections that are no longer needed. These include:

- Section 4092, which grants the Deputy Mayor for Education a grant making authority for $6 million for a language-immersion charter school;
- Section 4122, which dedicates unused capital funds for school modernization to purchasing of library books;
- Section 7242, which dedicates up to $22 million sales tax revenue recorded in the District's Comprehensive Annual Financial Report (CAFR) above the levels certified by the Chief Financial Officer in the February 2013 revenue letter to the Commission of Arts and Humanities,.
- Section 7242, which directs the aforementioned funds to the Arts and Humanities Enterprise Fund.

[145] The practice has been to exempt these transactions from recordation taxes because the security instruments are unified deeds of trust and therefore involve the financial interest of both the borrowing entity and the District government. The District's financial interest is a small share of the total bond issuance.
[146] Effective December 24, 2013 (D.C. Law 20-61; 60 DCR 12472).

The subtitle also amends the D.C. Official Code § 47-2402(l) to reverse the dedication of cigarette tax revenues recorded in the CAFR in excess of the amounts certified in the February 2013 revenue letter to the Smoking Cessation Fund. The amendment also clarifies that the fund is under the management of Department of Health, and not the Department of Behavioral Health.

Financial Plan Impact

Neither the sales nor the cigarette sales taxes recorded in the CAFR were above the levels certified in the February revenue letter. Thus repealing these provisions would not have an impact in FY 2014. The proposed FY 2015 through FY 2018 budget and financial plan assumes the provisions will no longer be implemented. Thus, the financial plan recognizes additional local revenue for FY 2018, which would have otherwise been dedicated to the Arts and Humanities Enterprise Fund (approximately $58 million) and Smoking Cessation Fund (approximately $3.1 million).

The other items repealed by the subtitle have not been implemented in FY 2014, and repealing these provisions will not have a fiscal impact. Similar provisions are not incorporated into the FY 2015 budget.

Subtitle (VII)(F) – Senior Citizen Real Property Tax Relief Amendment Act of 2014

The subtitle makes two changes to the District tax to provide additional tax relief to certain senior citizens.

First, it expands the income eligibility limit for seniors older than age 70 to qualify for District’s Schedule H tax credits. The Schedule H program offers refundable income tax credits to offset the cost of rent or real property taxes for low income District residents. Under current law, the Schedule H program is only available to renters and homeowners with adjusted gross incomes below $50,000. The subtitle would increase income eligibility to $60,000 for seniors over the age of 70.[147]

Second, the subtitle provides for interest-free real property tax deferral for seniors older than 75 and with adjusted gross incomes less than $60,000, and interest and dividend income less than $12,500. Current law[148] allows all District residents to defer their real property taxes at an annual interest rate of 6 percent,[149] so long as the applicant has owned his house for at least one year, and was occupying the house when requesting a deferral. The applicants for zero-interest deferral of their real property taxes would have the same limitations as the current program. Additionally, the amount deferred cannot exceed 25 percent of the assessed value of the property.

Income and age are not the only eligibility conditions for the zero-rate deferral program. To be eligible, seniors must have owned their primary residence in the District for at least 25 years, and have no more than two non-consecutive gaps of ownership that exceed 120 days.

[147] The subtitle amends D.C. Official Code § 47-1806.06.
[148] D.C. Official Code 47-845.03.
[149] Current statuary rate for the deferral program is 8 percent. However, Subtitle VII (K), Residential Real Property Equity and Transparency Revised Amendment Act of 2014, proposes to reduce the rate on deferrals to 6 percent.

Financial Plan Impact

The expansion of the Schedule H program would reduce income tax revenue by approximately $2 million in FY 2015 and by $8.6 million over the four-year financial plan. The table below shows the estimated breakdown of the tax reductions between renters and homeowners.

Estimated Fiscal Impact of Subtitle VII(F) – Schedule H Expansions for seniors, FY 2015– FY 2018 ($ thousands)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**Four-year total**
Schedule H expansion for renters	$619	$637	$657	$676	$2,589
Schedule H expansion for home owners	$1,404	$1,463	$1,543	$1,624	$6,034
Total personal income tax revenue reduction	**$2,023**	**$2,100**	**$2,200**	**$2,300**	**$8,623**

Approximately 2,500 seniors are expected to be eligible for the zero-interest real property deferral program. ORA estimates that 85 percent of these seniors could use the program, and receive, on average, an annual benefit of $1,200. While the District will eventually collect these amounts, these collections are likely to be outside of the financial plan period. Thus, the deferral program will reduce real property collections by approximately $2.5 million in FY 2015 and $10.5 million over the four-year period. OTR would need four FTEs to administer the program.

Estimated Fiscal Impact of Subtitle VII(F) – Zero-interest deferral for selected seniors, FY 2015– FY 2018 ($ thousands)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**Four-year total**
Deferred real property revenue[1]	$2,479	$2,579	$2,684	$2,792	$10,534
Implementation costs[2]	$316	$332	$344	$356	$1,348
Total Cost	**$2,795**	**$2,911**	**$3,028**	**$3,148**	**$11,882**

Table notes:
[1]2,077 seniors participating with an annual tax reduction of $1,194 each.
[2]Salary and fringe for 4 FTEs at grade level 11-5.

Subtitle (VII)(G) – Whitman -Walker Tax Rebate Act of 2014

Background

This subtitle provides a tax rebate to Whitman-Walker Clinic, Inc. (WWC) for the real property taxes paid for Lot 129, Square 241 (located at 1515 14th St., NW). The property is currently owned by an LCC that is renovating it. WWC plans to lease the entire building once renovations are completed in the summer of 2014. The rebate will only cover the real property taxes paid on the property allocable to the portion of real property leased to WWC. If WWC indeed leases the entire property, the rebate would be equivalent to the full real property taxes due on the property. WWC would have to apply for the rebate, with an executed lease agreement, by September 15, 2014.

Financial Plan Impact

The proposed real property tax abatement will reduce tax collections by approximately $250,000 in FY 2015 and $1.8 million over the four-year financial plan.

Estimated Fiscal Impact of Subtitle VII(D) – Whitman Walker Tax Rebate Act of FY 2014, FY 2015– FY 2018 ($ thousands)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**Four-Year Total**
Reduction in real property tax revenue	$250	$515	$530	$546	$ 1,841

Subtitle (VII)(H) – Alternative Fuel Vehicle and Infrastructure Installation Through Tax Incentives Act of 2014

Background

The subtitle institutes an income tax[150] credit for the installation of alternative fuel[151] charging station[152] and the conversion of vehicles to run on alternative fuels. The tax credit is for up to 50 percent of incurred costs, cannot exceed the taxpayer's liability, and is non-refundable. Businesses and individuals can carry the credits for charging stations for up to two tax years.[153] The tax credit would begin in Tax Year 2014 and sunset at the end of Tax Year 2026.

At least twenty states and the federal government offer incentives for alternative fuel infrastructure installation or vehicle conversions or both. Incentives range from tax credits to rebates to grants. Most states[154] cap the amount of credit, or limit the credit to conversions to a specific type of fuel.[155] Additionally, most states target credits to businesses that have fleets.

Financial Plan Impact

The income tax credits proposed by the subtitle will reduce collections by approximately $550,000 in FY 2015 and by $3.2 million over the four-year financial plan period. The estimate mainly considers charging stations for electric vehicles, which are, for the moment, the only type of conversions that present enough growth to demand additional infrastructure. The estimate assumes that approximately 25 charging stations would be built each year between 2014 and 2017, with an average cost of $10,000 per station. The conversion credit estimates assume that through 2017, ap-

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[150] Includes personal, corporate, and unincorporated business income taxes.
[151] Alternative fuels are defined as at least 85 percent ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, biodiesel, electricity, and hydrogen.
[152] These properties are defined as those that are owned or leased by an applicant and contain the necessary infrastructure to store and dispense alternative fuels to the public.
[153] The refueling property must continue to be operational in a publically available manner or else any remaining credits will be forfeited.
[154] Oklahoma and Louisiana appear to be the only two states that offer a tax credit with no cap for both infrastructure investments and conversions.
[155] As examples, Kansas only allows for biomass conversions, West Virginia only offers credits for natural gas and propane conversions, and Colorado allows credits for electric, propane, and compressed natural gas.

proximately 160 vehicles will be converted, at $19,000 per vehicle.[156] The table below outlines the projected revenue loss.

Estimated Fiscal Impact of Subtitle VII (H)- Alternative Fuel Vehicle and Infrastructure Installation Through Tax Incentives Act of 2014 FY 2015 – FY 2018 ($ thousands)					
Income tax revenue loss from:	**FY 2015[a]**	**FY 2016**	**FY 2017**	**FY 2018**	**Four-year total**
Charging Stations	$125	$167	$224	$300	$816
Conversions	$418	$494	$618	$778	$2,308
Total	**$543**	**$661**	**$842**	**$1,078**	**$3,124**

Table Notes
[a] Assumes all tax liabilities are sufficient to receive 100 percent of the credit for the tax year in which the activity took place

The fiscal impact of the subtitle is incorporated into the proposed FY 2015 through FY 2018 budget and financial plan.

Subtitle (VII)(I) – Real Property Tax Calculated Rate Clarity Amendment Act of 2014

Background

Under current law, the Chief Financial Officer must recalculate the residential real property tax rate by September 15 of every year if the revenues for the next fiscal year are projected to grow faster than the assessed values, or by more than 7 percent. Similarly, the Chief Financial Officer must recalculate the commercial real property tax rate on the first $3 million of assessments if the revenue from Class II properties is projected to grow by more than 10 percent.

The subtitle makes two clarifying changes to the D.C. Official Code. First it clarifies that Class 2 real property is taxed at two rates—the first $3 million of assessments is taxed at $1.65 per $100 of assessed value, and assessed values greater than $3 million are taxed at $1.85 per $100 of assessed value. Current language in the section of the D.C. Official Code[157] for the calculated commercial property tax disregards the lower rate.

Second, it moves the deadline for the releasing of the calculated rate from September 15 to January 5 for both residential and commercial property.

Financial Plan Impact

The proposed changes are technical in nature and do not have a fiscal impact.

At present, when the Chief Financial Officer is directed to announce the calculated rate (September 15), the revenues for the current fiscal year are still projections. This is because the second installments for real property taxes are not due until the end of September. Moving the deadline to January 5 will allow the Chief Financial Officer to use better data regarding base year revenues, but will

[156] The estimate only accounts for electric, flexible fuel and propane conversions. Other fuel types, such as compressed natural gas, will likely to happen in publics sector fleets, which do not benefit from the tax credit.
[157] D.C. Official Code § 47-812(b-8).

not change the timing of the tax relief. This is because the first bills for real property taxes are mailed at the end of January, so the changes in the rate, if any, will still be reflected in the bills.

Subtitle (VII)(J) – Carver 2000 Senior Mansion Real Property Tax Abatement Amendment Act of 2013

Background

The subtitle removes the 16-year sunset provision on the tax exemption granted to certain real property owned by the Carver 2000 Senior Mansion; thus making the properties exempt from real estate taxes indefinitely. The properties are currently exempt from real property taxes through 2018.

Financial Plan Impact

Because, these properties are currently exempt from real property taxes through 2018, removing the 16-year sunset provision will not have an impact on the FY 2015 budget and financial plan.

Subtitle (VII)(K) – Residential Real Property Equity and Transparency Revised Amendment Act of 2014

Background

The bill makes several modifications to the District's tax sale process that are intended to provide additional safe guards for residential homeowners who are delinquent on their real property taxes and may become subject to tax sale. To this end, the bill does the following:

- *Establishes an Office of the Real Property Tax Ombudsman*. The Office will be headed by an Ombudsman of real property tax ("Ombudsman") who is appointed by the Mayor and serves a 5-year term. The Ombudsman's office is responsible for advising residential real property owners with tax-related matters, investigating taxpayer complaints, and referring taxpayers to the appropriate channels to resolve tax-related matters.
- *Prohibits the sale of a residential real property tax lien if the amount owed is $2,500 or less.* Currently, the Office of Tax and Revenue (OTR) excludes properties that owe $1,000 or less in real property taxes.
- *Allows homeowners to enter into a deferred payment plan for delinquent taxes*, so long as they are claiming the homestead deduction and owe $7,500 or less in taxes.
- *Reduces the interest rate applied to seniors in the low-income tax deferral program from 8 percent to 6 percent.*[158] It also allows senior citizens, who are delinquent on real property taxes and not enrolled in the program, to enroll and have all past taxes deferred.
- *Expands pre-sale and post-sale noticing requirements for real property subject to tax sale.* The bill increases the frequency with which OTR must notify real property owners subject to the tax sale. It also requires OTR to mail notices to the homeowners' mailing address of record as well as to the premise address.

[158] D.C. Official Code §47-845.03.

- *Limits the attorney's fees and other expenses charged by lien purchasers to $1,500 plus allowances for additional expenses incurred as outlined in the bill.* Under current law, in order for a property owner to redeem a property sold at tax sales, the owner must pay the taxes due, as well as attorney fees incurred by the purchaser.[159] Currently, the law does not cap the total amount of legal fees a purchaser can charge a property owner.
  Limits the purchasers' equity in the foreclosure of an owner-occupied property to 10 percent, or $20,000, whichever is less. This provision applies to residential real property that is occupied by the owner (or a person with an interest in the property as an heir or beneficiary) at the time the complaint to foreclose was filed. Once the foreclosure is final, the property will then be sold by a trustee appointed by the Superior Court of the District of Columbia. The bill requires that the purchaser is entitled to retain 10 percent, or $20,000, whichever is less, of the equity, and the remaining balance is transferred to the owner of record or their heirs (as determined by the court). Under current law, the purchaser is entitled to the equity in the property.

Financial Plan Impact

The estimated cost to implement the requirements is approximately $1.68 million in FY 2014 and $3.8 million over the FY 2015 through FY 2018 budget and financial plan. The provisions under this bill will have both revenue-side and expenditure-side costs.

Concerning revenue impacts, the exclusion of properties owing $2,500 or less for residential property from the tax sale will have a one-time impact on tax collections.[160] These properties account for approximately $4.6 million, or 10 percent of the value, of real property taxes owed prior to tax sale.[161] Because the threat of a tax sale will no longer apply to this group of taxpayers, this will have a one-time impact on collections, which is estimated to cost $787,000.[162]

The establishment of a forbearance program or deferred payment plan for taxpayers will also impact collections. While the District will eventually collect taxes, there will be a delay in receipt. The delay in collections will depend on the timeframe in which taxpayers are allowed to repay his or her taxes. For the purposes of this estimate, we assume taxpayers are granted a four-year window, which will delay the collection of approximately $465,000 in FY 2015 and $1.2 million over the four year financial plan. After year four, the District will have recovered the past taxes.

The bill also requires OTR to provide taxpayers with a certificate of redemption when they redeem a property. Currently, OTR charges a $100 fee for these certificates and issues approximately 500 a year. OTR will no longer collect this revenue, which amounts to $50,000 a year.

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[159] D.C. Official Code §47-1377.
[160] Currently, OTR excludes properties with liens of $1,000 or less; however, this exclusion is neither required by law, nor it is made apparent in the tax sale notice. Thus the threat of tax sale still applies to these taxpayers and motivates payments.
[161] This is based on the total value of delinquencies at the time OTR runs its newspaper advertisement announcing delinquent properties in July for the years 2010 through 2013. Prior to every tax sale, OTR is required to print a newspaper ad announcing properties in which taxes are levied and are in arrears (D.C. Official Code § 47-1301). The total value of delinquencies at the time of the news ad is run averages approximately $43 million. Between the news ad and tax sale day, OTR recovers about $15 million on average. Data provided by OTR.
[162] The average collection rate for delinquencies from the time of the newspaper ad to the day of tax sale averages 34 percent. It is assumed OTR's collection rate for this group will be reduced by half.

Lastly, on the revenue side, the reducing the interest rate for the low-income senior tax deferral program from 8 to 6 percent and allowing seniors who are delinquent and qualify for the program to enroll and have the deferral apply to past taxes will also reduce revenue collections; however the impact of this provision is *de minimus* given the current low participation rate in the program.[163]

On the expenditure side, personnel are required to implement the new office established under the Mayor – the Office of the Real Property Tax Ombudsman. At a minimum, this office will require one full-time staff person. If additional staff is required, they can be appointed as funding is budgeted.

The OTR will also require four new staffers to implement the requirements of the bill. Two full-time equivalents (FTEs) are required to implement the deferred payment program for taxpayers[164] and two FTEs are required to implement the new pre-sale and post-sale noticing requirements.

Finally, it is worth noting that the combination of these modifications to the tax sale process could impact purchasers' participation. For example, the cap on legal fees and the provision that limits tax sale purchasers equity in a foreclosure has been raised as concerns by some stakeholders who argue these provisions will reduce purchaser participation. However, it is difficult to estimate what, if any, dampening effect will occur because of these changes.

The estimated costs of the subtitle are detailed in the table below.

Estimated Fiscal Impact for Subtitle (VII)(L), Residential Real Property Equity and Transparency Act of 2014, FY 2015 – FY 2018 ($ thousands)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**4-Year Total**
REVENUE IMPACTS					
One-time cost due to $2,500 minimum for homesteads [1]	$787	$0	$0	$0	$787
Deferred payment plan - revenue impact [2]	$465	$348	$232	$116	$1,161
Waiving of fees for redemptions certificates [3]	$50	$50	$50	$50	$200
Total revenue impact	$1,301	$398	$282	$166	$2,148
EXPENDITURE IMPACTS					
Deferred payment plan - personnel costs [4]	$123	$128	$133	$138	$522
Office of the Ombudsman [5]	$138	$144	$149	$155	$586
Personnel required for noticing requirements [6]	$119	$123	$128	$133	$503,
Total expenditure impact	$379	$397	$413	$427	$1,617
Total Estimated Costs	**$1,681**	**$796**	**$696**	**$593**	**$3,765**

Table Notes:

[163] Currently, there is only one taxpayer taking advantage of this program.
[164] The cost to automate this process using OTR's current system would require significantly more resources than hiring additional personnel.

1. The threat of tax sale will be removed for those with delinquencies of $2,500 or less, reducing collections prior to the sale. It is assumed OTR will collect 1/2 of the amount of taxes it usually collects between the first newspaper ad and tax sale day. The average value of collections for delinquencies less than $2,500 is approximately $1.6 million.
2. It is assumed that those homestead properties with tax bills of $7,500 or less will opt into the deferral plan requiring outstanding taxes to be paid off over a four-year period.
3. OTR issues approximately 500 redemption certificates annually at a cost of $100 per certificate. OTR will no longer collect the $100 fee under this bill
4. OTR will need two grade-level 9 FTE's to run a deferral program. Cost includes salary and fringe benefits.
5. The estimate assumes one grade level 15 FTE for the Ombudsman. Cost includes salary and fringe benefits.
6. OTR requires two accounting technicians to handle contact with property owners and outreach.

Subtitle (VII)(L) – Kelsey Gardens Redevelopment Amendment Act of 2014

Background

In 2009, the District of Columbia enacted Kelsey Gardens Redevelopment Project Real Property Limited Tax Abatement Assistance Act of 2009,[165] which froze the real property tax obligation for Kelsey Gardens Redevelopment Project (described as Lots 67 and 68, Square 421 in the Shaw neighborhood of Ward Two) at its 2009 levels. The act describes Kelsey Gardens Redevelopment project as having approximately 15,000 square feet of ground-level retail space.

The subtitle amends current law to clarify the total amount of ground-level retail in the Kelsey Garden Redevelopment project is eligible for a real property tax abatement. The subtitle specifies the exemption is authorized for 13,363 square feet of ground-level retail space, as opposed to 15,000 square feet as authorized under current law.[166] The Council has already passed emergency and temporary legislation to implement that change.[167] The subtitle makes the change permanent.

Financial Plan Impact

The cost of the real property tax abatement is already incorporated into the District's financial plan.[168] This subtitle clarifies the total square feet of ground-level retail space eligible for the abatement.

Subtitle (VII)(M) – Underpayment of Estimated Tax Amendment Act of 2014

Background

Under current law, District taxpayers who do not have sufficient withholding must make estimated payments towards their individual or corporate income taxes and unincorporated business taxes

[165] Effective December 17, 2009 (D.C. Law 18-97; D.C. Official Code § 47-4625).
[166] D.C. Official Code § 47-4625.
[167] Kelsey Gardens Redevelopment Temporary Act of 2014, was enacted on April 28, 2014, and is at present under Congressional Review. (D.C. Act 20-320; 61 DCR 4675).
[168] Funding for D.C. Law 18-97 was authorized in the FY 2012 Budget Support Act of 2011 (Law 19-21; 58 DCR 6226).

over at least ninety percent of their annualized incomes for that tax year.[169] Taxpayers who do not meet their estimated payment requirements are assessed an additional tax that is equivalent to ten percent of their underpayment amount, compounded daily.[170]

Current law treats these payments as penalties, although they are structured as compounded interest. The proposed subtitle recodifies the same requirements under a different subchapter of the tax code,[171] so the additional tax is an interest payment.

Financial Plan Impact

The proposed subtitle would simplify the administration of the tax code by clarifying that underpayments of income taxes are subject to interest of ten percent, compounded daily. There is no fiscal impact from this change. It should be noted that District taxpayers could benefit from this change since federal tax law exempts from federal taxation, interest payments, but not penalty, on local taxes. Thus, the proposed change could lower federal income tax obligations for some District taxpayers.

Subtitle (VII)(N) – Tax Transparency and Effectiveness Act of 2014

Background

This subtitle requires the Chief Financial Officer (CFO) to prepare an annual tax expenditure report, which, over a five-year cycle, will provide an exhaustive analysis of categorical and individual tax preferences the District has granted to various taxpayers. Each year the CFO will focus on one subset of preferences, providing information on either each preference or groups of similar preferences in that set, including:

- The stated purpose and, when possible, a comment on whether the preference is meeting this goal;
- The revenue loss;
- Recommendations on the conditions under which preferences are offered, and how to improve such preferences; and
- When applicable, the economic impact of the preference, including jobs created and filled, wages associated with these jobs, or any other impact of similar kind, and an assessment of whether same outcomes would have been achieved without the preference.

The subtitle provides additional detail on the choosing of the metrics for this analysis.

Financial Plan Impact

The Office of Revenue Analysis will prepare this report, and can do so with its existing resources.

[169] D.C. Official Code § 47-4214, Underpayment of estimated tax by individuals and § 47-4215, Underpayment of estimated tax by corporations, financial institutions, and unincorporated businesses. There is also a safe harbor provision in the code, which exempts taxpayers from additional tax payments if they make estimated tax payments over at least 110 percent of their incomes in the previous tax year.
[170] D.C. Official Code § 47-4201, Interest on underpayments.
[171] The new sections would be under Subchapter I-Interest payments.

Subtitle (VII)(O) – Low-Income Housing Tax Credit Act of 2014

Background

The subtitle authorizes and funds a low-income housing tax credit program (henceforth, DC-LIHTC) similar to the federal LIHTC program. The Department of Housing and Community Development (DHCD) will administer DC-LIHCT. Program rules and administration will closely follow the federal LIHTC program and annual credits cannot exceed the credit ceiling allocated to the District of Columbia in the federal program.[172] DHCD will distribute tax credits to low-income rental housing projects that are already receiving federal tax credits. Developers of such projects, then sell these DC-LIHTC credits to investors to raise capital (or equity) for the eligible projects. This could be a direct sale or syndication, where a third party assembles a group of investors and acts as their representative.

Investors who buy the DC-LIHTC credits can use them to offset income, franchise or insurance premium tax liabilities, so long as such liabilities are not dedicated for Healthy DC Fund or the District's Health Exchange. The District will allow a 10-year carry-over period for such credits.

The subtitle outlines eligibility requirements for tax filers who could buy DC-LIHTC credits, how DHCD would allocate these credits, and the minimum purchase price for the credits to ensure that the credits provide a meaningful level of support to the project. It also notes that if the federal low-income housing tax credits are required to be recaptured, DC-LIHTC credits would also be recaptured, in proportion to the federal credits. Finally, the subtitle specifies the rules for transfer, sale, or resale of the credits, the filing requirements, compliance and program improvement expectations, and rulemaking obligations of the Mayor and the Chief Financial Officer.

Financial Plan Impact

The FY 2015 through FY 2018 budget and financial plan provides $1 million per year for these credits. The actual support that would go to eligible projects could be less than that to cover the costs of fees and costs of syndicating the tax credits, when developers choose to use syndication. Additionally, because state income tax credits could increase federal income tax liability, state-level LIHTCs generally sell at a higher discount than federal credits. This potential loss would be reflected in the sale price of the credits: for each $100 of DC-LIHTC, affordable housing projects in the District will likely receive less than $100 in equity. A review of other state funded LIHTC programs suggests that this discount could be deep, reducing the price to an estimated range of $50 to 65.[173] Allowing firms to take these credits against insurance premium taxes might mitigate this effect since insurance premium taxes do not have the same federal tax implications.

DHCD will administer the program, and can fund the expenditures associated with these activities through a user fee authorized by the subtitle. The fee can be up to 1 percent of the credits it awards to a project, and the fees collected will be deposited into the Low-Income Housing Tax Credit Fund.[174]

[172] These limits are set by the federal Internal Revenue Service in accordance with 26 U.S.C. § 42(h)(3)(c).
[173] For comparison purposes, the Federal LIHTC program creates almost $100 for every $100 of LIHTC.
[174] D.C. Official Code § 42-2853.

Subtitle (VII)(P) – IPW Fund, Destination DC Marketing Fund, and WMATA Momentum Support Fund Establishment Act of 2014

Background

On September 24, 2013, the Superior Court of the District of Columbia ruled that the District is eligible to receive sales taxes from online travel companies. In February of 2014, the District obtained a contingent settlement of $60.9 million from six online travel companies to recover unpaid hotel-room taxes. These funds are not incorporated into the District's budget and financial plan since the payments are contingent on the approval of *District of Columbia v. Expedia, Inc., et al.*, Nos. 14-CV-308, 14-CV-309, by the District of Columbia Court of Appeals.

The subtitle dedicates up to $3.5 million from the settlement payment to pay for the costs associated with hosting the U.S. Tourism Association's annual international tourism conference, known as the IPW, in 2017. Destination D.C. will receive and manage the $3.5 million, only if it could raise matching funds of the same amount. The funds will be deposited into the newly created IPW Fund, but Destination D.C. would have to return any un-matched amounts.

Second, the subtitle dedicates $1.5 million from the settlement payment to the newly created Destination DC Marketing Fund. Destination DC will administer this fund and use it to market the District.

The proposed subtitle also creates the non-lapsing WMATA Momentum Support Fund, which would receive $55.9 million from the $60.9 million settlement upon approval by the District of Columbia Court of Appeals. The Office of the Chief Financial Officer will administer this fund in accordance to a yet-to-be-executed inter-jurisdiction funding agreement for implementation of the Washington Metropolitan Area Transit Authority Momentum Strategic Plan. The monies deposited in the WMATA Momentum Support Fund will finance the District's share of the implementation costs.

Financial Plan Impact

The proposed FY 2015 through FY 2018 budget and financial plan is not balanced on the $60.9 million settlement payment. The revenue projections exclude the settlement payments because they are contingent on approval by the District of Columbia Court of Appeals, and could still be subject to litigation. The funds, therefore, can be reserved as proposed by the subtitle without a fiscal impact. However, before expending these funds, the District must obtain budget authority over these funds, which could only be done through a supplemental budget.

Subtitle (VII)(Q) – LAHDO Estoppels Amendment Act of 2014

Background

The District exempts from possessory interest taxation properties that are leases under the Land Acquisition for Housing Development Opportunities (LADHO) Program.[175] The subtitle clarifies that the exemption expires at the beginning of the first month following the date that the lessee did not comply with its lease or was not in good standing with DHCD, whichever occurs first.

[175] D.C. Official Code § 47-1005.01(c-1).

Financial Plan Impact

The subtitle does not have a fiscal impact. The Office of Revenue Analysis has not incorporated any reduction in tax expenditures associated with clarifying estoppels for LADHO properties.

Subtitle (VII)(R) – Qualified High Technology Clarification Amendment Act of 2014

Background

The subtitle clarifies eligibility requirements for Qualified High Technology Companies (QHTC).

First, the subtitle notes that qualified employees must be employed in the District, and perform a job related to the QHTC activities. Current law[176] does not have this distinction, so any employee of a QHTC, regardless of their position or type of work qualifies. Second, the subtitle updates the descriptions of the types of business activity that would qualify as high technology activity. The proposed changes emphasize that a company must be engaged in development, creation, and design of goods or services using technology, and not merely be an end user of such technology.[177]

Financial Plan Impact

The subtitle provides clarification to eligibility criteria for QHTCs but does not alter the estimated tax revenue lost due to the QHTC preferences. Therefore, the subtitle does not have a fiscal impact on the District's budget and financial plan.

Subtitle (VII)(S) – Emerging Business District Demonstration Act of 2014

Background

The subtitle authorizes the Mayor to create Emerging Business District Demonstration Projects for business development purposes and provide financial assistance for up to five years while a business tax base is further established. The Office of the Deputy Mayor for Planning and Economic Development (DMPED) would be responsible to administer the assistance program, and must publish rules that govern the application process within 45 days of the enactment of the subtitle.

Applicants for the funds must show that property owners involved in their activities provide matching grants for at least 25 percent of their proposed budgets. Business Improvement Districts with budgets under $1million as well as eligible 501(c)3 and 501(c)6 organizations may apply and be awarded these funds.

The first round of financial support under this program will not begin until FY 2016.

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[176] D.C. Official Code §47-1817.01(4).
[177] D.C. Official Code §47-1817.01(5).

The subtitle also makes the tax abatement authorized for the Howard Town Center subject to appropriations,[178] releasing $800,000 in annual revenue set aside for this abatement, beginning FY 2016.

Financial Plan Impact

The subtitle authorizes, but does not obligate, the Mayor to provide financial assistance to eligible entities under the proposed program. The FY 2015 proposed budget does not provide a budget for the Emerging Business District Demonstration Projects, but DMPED would have to have the authority to provide assistance under the program should funds be identified and appropriated for this use. Beginning FY 2016, the District's revenues will increase by $800,000 with the reversal of the Howard Town Center real property tax abatement. The proposed subtitle does not directly link these funds to the Emerging Business District Demonstration Projects, but these funds would be available for use beginning FY 2016, so long as they are appropriated for this use before the District begins accepting applications for financial support.

Subtitle (VII)(T) – Southwest Waterfront Project Clarification Amendment Act of 2014

Background

Current law creates two separate geographic areas with two separate sales tax collections requirements within the Southwest Waterfront TIF/PILOT project area. This subtitle combines the two areas and base sales tax requirements. This change will simplify the collecting and the accounting of sales tax increment generated to support the project for the Office of the Chief Financial Officer.

Financial Plan Impact

This subtitle does not have an impact on the District's budget and financial plan. This change will not alter the projected Tax Increment Financing revenue since neither the geographic areas, nor the base sale tax requirements are altered; they are simply combined.

Subtitle (VII)(U) – Non-Departmental Fund Administration Act of 2014

Background

The proposed subtitle allocates the following amounts from the funds allocated under the Non-Departmental Agency in FY 2015:

- Up to $1,000,000 to the University of the District of Columbia (UDC) matched by private donations UDC can raise by January 1, 2015 to support its efforts to meet accreditation standards. District contributions under this subtitle will also be used to support the same efforts.
- $500,000 for the City Administrator to plan for and implement the restructuring of the District Department of Transportation, only if the Transportation Reorganization Act of 2014,[179] which requires this restructuring, is enacted.

[178] Howard Town Center Real Property Tax Abatement Act of 2012, effective April 20, 2013 (D.C. Law 19-257; 60 DCR 992).

Financial Plan Impact

The proposed FY 2015 budget includes $3 million of local funds under the Non-Departmental Agency. The proposed transfers can be absorbed in these amounts.

Subtitle (VII)(V) – United House of Prayer for All People Equitable Real Property Tax Relief Act of 2014

Background

The subtitle forgives and refunds real property taxes, interest, penalties, fees, or other related charges assessed against the real property formerly designated as Lots 88 and 982, Square 5861, and paid by the United House of Prayer for All People, for tax years 2001 through 2013. Additionally the subtitle does the same for the real property formerly designated as Lot 988, Square 5861, for the first 2 months of tax year 2014.

Financial Plan Impact

The proposed subtitle will reduce real property tax revenue by approximately $215,000 in Fiscal Year 2015. No other costs are expected in the financial plan period. The amount is incorporated into the proposed FY 2015 through FY 2018 budget and financial plan.

Subtitle (VII)(W) – Meridian International Center Real Property Tax Exemption Act of 2014

Background

The subtitle the exempts from real property taxes the Meridian House, the White-Meyer House,[180] and Lots 2369 through 2401, 2413 through 2417, 2423, 2441, and 2442 in Square 2567, together with any improvements and furnishings ("Property") so long as the Meridian International Center owns and uses the property for its activities, and not for any commercial purposes. The subtitle allows the Meridian International Center to lease a subsection of the property for any commercial purposes, so long as the receipts solely support the maintenance and preservation of the Property.

At present, Meridian International Center is leasing a portion of the property to a commercial parking operator. The Office of Tax and Revenue has assessed real property taxes for a portion of the property beginning 2006, since under current law, property with commercial activity is subject to real property taxes regardless of the use of the receipts from the lease receipts.

The subtitle also forgives and refunds any real property tax assessed on the property beginning in tax year 2006.

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[179] Bill 20-759, introduced on April 8, 2014.
[180] Meridian House and the White-Meyer House are the real property designated as Lots 806, 808, and 809 in Square 2568.

Financial Plan Impact

The proposed subtitle reduces real property tax collections by $1.8 million in FY 2015 and by $3.6 million over the financial plan period. The impact of this change is incorporated into the proposed budget and financial plan. The table below breaks down the cost of current year taxes and past taxes due.

Estimated Fiscal Impact of Subtitle VII (W)- Meridian International Center Real Property Tax Exemption Act of 2014 FY 2015 – FY 2018 ($ thousands)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**Four-year total**
Current Year Taxes	$552	$567	$586	$594	$2,298
Past Taxes Due (2006-2014)	$1,271	-	-	-	$1,271
Total	**$1,823**	**$567**	**$586**	**$594**	**$3,569**

Subtitle (VII)(X) – Scottish Rite Temple Real Property Tax Act of 2014

Background

The subtitle the exempts from real property taxes the Scottish Rite Temple (real property described as Lot 108 in Square 192) so long as the real property is owned by The Supreme Council (Mother Council of the World) of the Inspectors General Knights Commanders of the House of the Temple of Solomon of the Thirty-Third Degree of the Ancient and Accepted Scottish Rite of Free Masonry of the Southern Jurisdiction of the United States of America or its subsidiary, the House of the Temple Historic Preservation Foundation, Inc. To preserve its tax-exempt status, the property cannot be used for commercial purposes.

Financial Plan Impact

The proposed subtitle reduces real property tax collections by approximately $42,000 in FY 2015 and by $177,000 over the financial plan period. The impact of this change is incorporated into the proposed budget and financial plan.

Estimated Fiscal Impact of Subtitle VII (X)- Scottish Rite Temple Real Property Tax Act of 2014 FY 2015 – FY 2018 ($ thousands)					
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**Four-year total**
Estimated reduction in real property taxes	$42	$43	$45	$46	$177

Subtitle (VII)(Y) – American Academy of Achievement Real Property Tax Exemption Act of 2014

Background

The subtitle the exempts from real property taxes the American Academy of Achievement building (Lot 829 in Square 182) so long as the American Academy of Achievement owns and uses the property for its own purposes and activities, and not commercially. The subtitle allows the American Academy of Achievement to lease a subsection of the property for any commercial purposes, so long as the receipts solely support the maintenance and preservation of this property.

Financial Plan Impact

The proposed subtitle reduces real property tax collections by approximately $105,000 in FY 2015 and by $444,000 over the financial plan period. The impact of this change is incorporated into the proposed budget and financial plan.

Estimated Fiscal Impact of Subtitle VII (Y)- American Academy of Achievement Real Property Tax Exemption Act of 2014
FY 2015 – FY 2018 ($ thousands)

	FY 2015	FY 2016	FY 2017	FY 2018	Four-year total
Estimated reduction in real property taxes	$105	$109	$113	$117	$444

Subtitle (VII)(Z) – Affordable Housing Real Property Tax Relief Act of 2014

Background

The District has historically granted tax exemptions to affordable housing projects receiving payments made for new construction, substantial rehabilitation, or moderate rehabilitation under Section 8 of the United States Housing Act of 1937.[181]. The statutory authority to enter into new contracts under the new construction and substantial rehabilitation programs under Section 8 was generally repealed by the Housing and Urban-Rural Recovery Housing Act of 1983, Pub. L. 98-181, and the authority to make new contracts under the moderate rehabilitation program was generally repealed by the Cranston-Gonzales National Affordability Housing Act of 1990, Pub. L. 101-625. The U.S. Congress, however, allows projects that previously received assistance under these programs to receive assistance through renewal contracts made under Section 524 of Multifamily Assisted Housing Reform and Affordability Act of 1997. [182] These projects are now renewing their agreements for project-based assistance from the United States Department of Housing and Urban Development (HUD) under the new authority, and not the programs identified in District law. [183] As a

[181] 42 U.S.C. § 1437f.
[182] Pub. L. No. 105-65, Title V, 111 Stat. 1343, 1384 (Oct. 27, 1997), codified at 42 U.S.C. § 1437f.
[183] D.C. Official Code §47-1002(20)(A)(ii).

result, they no longer qualify for District tax exemption. The proposed subtitle ensures that these projects continue to receive support.

Financial Plan Impact

The proposed subtitle is a technical correction. Under current law, the District assistance can no longer provide assistance to these affordable housing projects—not because there has been an explicit policy change, but because the code references are no longer valid. The proposed amendment will ensure that a handful of projects that are renewing their agreements with HUD will continue to receive District support.

Subtitle (VII)(BB) – TANF Contingency Appropriation Amendment Act of 2014

Background

The subtitle allocates $5.8 million[184] of additional revenue the Chief Financial Officer certifies in the June 2014 quarterly revenue estimate to the Department of Human Services to expand POWER eligibility, for fiscal year 2015, to include families who have been on TANF longer than 60 months, and are enrolled with a TANF Employment Program vendor.

Financial Plan Impact

The subtitle will only be effective if additional revenue is certified in June 2015, and the funds are appropriated to Department of Human Services and not used to support tax policy provisions authorized under Title (VII)(B).

[184] This estimate assumes DHS has the statutory authority and programming capacity to implement reduced payments through the POWER program. However, if this is not the case, these individuals payments will be restored to the full monthly payment for one year and the cost of implementation will be over $10 million. Furthmore, moving this group to POWER will affect the District’s federal work participation rate.

TITLE VIII– CAPITAL BUDGET

Subtitle (VIII)(A) – Department of Transportation Capital Budget Allocation Authority Act of 2014

Background

Currently, in its budget request from the U.S. Congress, the District groups similar capital projects that could be funded from the Highway Trust Fund under a single master project (for example road improvement, bridges, etc.). This is because at the time the budget request is sent to the Congress, we may not know which capital projects will be ready to move forward or will be accelerated or delayed in the upcoming fiscal year.

Before spending these funds, the Director of the District Department of Transportation (DDOT) must first identify the projects (known as "Related Projects") under each master project,[185] and then request from the Office of Budget and Planning (OBP) that appropriations under each master project is allocated to each of these Related Projects.[186] Once allocated, there could be no change to the spending plan for these funds. So, if a Related Project is completed under budget, no mechanism exists for the District to shift the excess funds to other projects under the master project.

The subtitle allows DDOT to request that OBP reallocate funds from a Related Project back to the master project. This would ensure that any unspent amounts could be put to use in other Related Projects within a master project.

Financial Impact

The subtitle allows for additional flexibility so DDOT can reallocate unspent funds across different capital projects funded by the Highway Trust Fund. There is no fiscal impact associated with this change.

Subtitle (VIII)(B) – Department of Transportation Capital Project Review and Reconciliation Amendment Act of 2014

Background

Most of the capital projects executed by the District Department of Transportation (DDOT) leverage federal Department of Transportation funds through the Highway Trust Fund. While the Federal Highway Administration approves of most activities within a project that are executed on or around federal roads, there are costs, such as some labor and overhead or utility costs, which are not approved federal expenditures, but are critical to the project. These expenditures are considered non-participating costs and must be fully funded from local resources.

[185] These are projects the Federal Government must approve for the Highway Trust Fund monies.
[186] D.C. Official Code § 50-921.02(e).

Under current law, the Chief Financial Officer (CFO) can close capital projects funded from revenues in the Local Transportation Fund if the project has been inactive over a year, or has obligated or expended funds in excess of its approved budget.[187] Current law also states that any funds resulting from the closing of these projects should be used to restore funding to the Pedestrian and Bicycle Safety Enhancement Fund,[188] up to an annual level of $1.5 million and then equally among the Local Streets Ward-based capital projects.

The subtitle clarifies that if all or some of the funds in a project that is being closed pay for "non-participating costs," then those monies should be returned to the non-participating Highway Trust Fund Support local transportation street project.

Financial Impact

The subtitle ensures that local funds tied to Highway Trust Fund projects remain that way, so the District can meet its Capital Improvement Plan. There is no fiscal impact from this subtitle.

Subtitle (VIII)(C) – Fiscal Year 2015 Capital Project Reallocation Approval Act of 2014

Background

The proposed subtitle authorizes the Office of the Chief Financial Officer (OCFO) to reallocate approximately $84.5 million in currently held general obligation bond balances from the capital projects with slow activity to three projects with insufficient bond balances to cover expenditures: WMATA Transit Operations and Dedicated Facilities, Dunbar SHS Modernization, and Cardozo High School Modernization. This enables the District to make better use of the bonds held in escrow (at a low interest rate), avoid some future borrowing, and improve cash flow. The sources and uses of these funds are shown in the two tables below.

Subtitle (VIII)(C) – Projects that will serve as source of financing		
Owner Agency Title	**Project Title**	**Amount**
DC Public Library	African American Civil War Memorial	1,118,561
	Reconstruction/Renovation Neighborhood Libraries	3,955,680
Department of General Services	Neighborhood Revitalization	9,629
	Procurement of 225 Virginia Avenue	13,792
Department of Human Services	Oak Hill Youth Facility	501
Department of Parks and Recreation	Renovation of the S & T Street, NW Park*	425,476
	Renovation of Tte S & T Street, NW Park*	73,312
	Friendship Park	1,629,830
Deputy Mayor for Economic Development	Walter Reed Redevelopment	402,214
District Department of Transportation	SE Salt Dome	21,288
	Pedestrian Bridge	4,987,554

[187] D.C. Official Code § 50-921.52.
[188] Established the Pedestrian and Bicycle Safety and Enhancement Fund Establishment Act of 2008, effective August 16, 2008 (D.C. Law 17-219; D.C. Official Code § 1-325.131), the non-lapsing Pedestrian and Bicycle Safety and Enhancement Fund is used to improve the safety of pedestrian and bicycle transportation, including traffic calming and Safe Routes to School enhancements. The sources of funds (limited at $1.5 million) include fines and penalties collected from civil fines and infractions related to pedestrian safety such as failing to stop and give right-of-way to a pedestrian, colliding with a pedestrian in the process of failing to stop and give right-of-way.

Subtitle (VIII)(C) – Projects that will serve as source of financing		
Owner Agency Title	**Project Title**	**Amount**
District of Columbia Public Schools	Woodrow Wilson Natatorium/Pool	4,039,764
	Ron Brown ES Modernization	4,050,000
Fire and Emergency Medical Services	Engine Company 25 Renovation*	4,066
	Engine Company 25 Renovation*	787
	Engine Company 5 Renovation*	6,321
	Engine Company 5 Renovation*	7,337
	Engine Company 22 Replacement	1,525,115
	Engine Company 27 Renovation*	1,956,335
	Engine Company 27 Renovation*	1,000,000
Mass Transit Subsidies	Metrorail Construction	53,577,000
Metropolitan Police Department	Base Building Renovation	4,848,843
	Information Technology Initiative - MPD	11,039
Office of the Attorney General	Child Support Enforcement System - CSED	20,885
Office of the Chief Technology Officer	District Reporting System*	472,381
	District Reporting System*	3,351
University of the District of Columbia	Higher Education Back Office - Banner	302,363
TOTAL		**$84,463,423**

Table Notes: *Amounts displayed separately because they are funded from different bond issuances although they support the same project.

Subtitle (VIII)(C) – Projects receiving new financing		
Agency	**Project Title**	**Total**
WMATA	Transit Operations & Dedicated Facilities	$25,787,055
DCPS	Dunbar SHS Modernization	$29,453,153
	Cardozo HS Modernization	$29,223,215
Grand Total		**$84,463,423**

Financial Impact

The proposal is incorporated into the proposed FY 2015 through FY 2021 Capital Improvement Plan. The reallocation would neither increase nor decrease the budget authority for the WMATA project, the two school modernization projects or the other capital budget projects cited in the legislation. The intent is only to reallocate available bond balances where they are needed, making more efficient use of District resources.

TITLE IX – SPECIAL PURPOSE AND DEDICATED REVENUE FUND AMENDMENTS AND TRANSFERS

Subtitle (X)(A) – Local and Special Purpose Revenue Fund Amendment Act of 2014

Background

This subtitle modifies or repeals various special purpose and dedicated revenue funds. The title makes the following non-lapsing special purpose funds lapsing:

- *RFK & DC Armory Maintenance Fund*,[189] which holds the reimbursements the District Department of Real Estate Services receives from Events DC to maintain the RFK Stadium and the non-military sections of the D.C. Armory. The FY 2013 fund balance in this account was $1,155.
- *Facilities Service Request Fund,[190]* funded by monies collected from non-D.C. government tenants of the District for services provided by the Department of Real Estate Services (such as maintenance, janitorial, security, etc.).
- *Distribution Fees Account*,[191] under the Office of the Secretary which holds the revenues from the sales of the District of Columbia Register, the District of Columbia Municipal Regulations, and other government publications, certification fees for notary public commissions, fees for the authentication of documents for both foreign and domestic use, and fees for the publication or reproduction of materials of historical interest. The account is used to defray various costs in the Office of the Secretary.
- *Copy Fund*,[192] within the Public Service Commission, which holds fees for copying services.
- *Utility, Security, and Custodial Reimbursements funds*[193] within the District of Columbia Public Schools (DCPS), which are used to defray utility, security and custodial services for DCPS properties, or parts of DCPS properties, that are leased by other entities such as public charter schools, community organizations, and day-care centers. These funds are already lapsing funds, with balances that are supposed to be transferred to debt service accounts. The subtitle requires that fund balances be deposited to the unrestricted portion of the local General Fund.
- *Recreation Enterprise Fund*[194] within the Department of Parks and Recreation, which is used to support DPR activities. The fund was made lapsing in 2011, but at the end of FY 2013, the fund carried a balance of $1.9 million. The subtitle clarifies this action.
- *Pedestrian and Bicycle Safety and Enhancement Fund*[195] within the Department of Transportation that can be used to improve safety and quality of pedestrian and bicycle transportation, including traffic calming and Safe Routes to School enhancements."

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[189] The fund was created in 2010 (D.C. Law 18-111, § 2081(l), D.C. Official Code § 10-1202.08c) when the District of Columbia Sports and Entertainment Commission was abolished. The District Official Code refers to the fund as the Sports Facilities Account.
[190] D.C. Official Code § 10-551.07a.
[191] D.C. Official Code § 1-204.24d.
[192] Fund 0651
[193] D.C. Official Code § 38-401.
[194] D.C. Official Code § 10-303
[195] D.C. Official Code § 1-325.131

- *Out-of-State Vehicle Registration fund*[196] within the Department of Motor Vehicles, which is used to support the education of taxicab and limousine drivers in the District of Columbia.
- *Technology Infrastructure Services Support Fund*[197] within the Office of the Chief Technology Officer, used to defray operational costs of various IT services.
- *Healthcare Forfeiture Fund,* which represents 401(a) Defined Contribution pension plan contribution amounts which have been forfeited by former employees who have separated from District service before the vesting period has ended. The FY 2013 end of year fund balance was approximately $1.17 million.

The title makes the following local fund lapsing:

- *Neighborhood Historic Preservation Fund* (a.k.a., Targeted Homeowner Grant or Historic Landmark-District Protection Fund),[198] which pays for the costs of repair work necessary to prevent demolition by neglect of historic properties. The grants are capped at $25,000 per applicant. The FY 2013 fund balance in this account was $686,440.

The title repeals the following dedicated, special purpose or local funds:

- *Fixed Cost Commodity Reserve Fund* under the Department of General Services;
- *Child Support – Title IV-C Incentive Fees Fund* within the Office of the Attorney General;
- *Adult Training Fund*[199] under the Department of Employment Services;
- *Youth Jobs Fund*[200] under the Department of Employment Services;
- *Neighborhood Investment Fund,* authorized by the Neighborhood Investment Act of 2004;[201]
- *Senior Citizens Housing Modernization Grant Fund* authorized by the Senior Housing Modernization Grant Fund Act of 2010;[202]
- *Shaw Community Development Fund* authorized by the Washington Convention Center Authority Act of 1994;[203]
- *AWC Integration (Economic Development Special Account)* authorized by the National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008;[204]
- *Commercial Revitalization Assistance Fund* authorized by the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005;[205]
- *TDL Career Cluster,* within the District of Columbia Public Schools;
- *Pre-k for All Fund* within the Office of the State Superintendent of Education;
- *Choice in Drug Treatment (Addiction Recovery Fund)* authorized by the Choice in Drug Treatment Act of 2000;[206]
- *Air Quality Construction Permits Fund* within the Department of Health;
- *DDOT Unified Fund* authorized by the Highway Trust Fund Establishment Act of 1996;[207]

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[196] D.C. Official Code § 50-1501.03
[197] D.C. Official Code § 1-1433.
[198] D.C. Official Code § 6-1110.01(a).
[199] D.C. Official Code § 32-1671.
[200] D.C. Official Code § 2-1516.01.
[201] Effective March 30, 2004 (D.C. Law 15-131; D.C. Official Code § 6-1071).
[202] Effective August 12, 2010 (D.C. Law 18-218; D.C. Official Code § 1-325.162).
[203] Effective September 28, 1994 (D.C. Law 10-188; D.C. Official Code § 10-1202.04(l)).
[204] Effective March 26, 2008 (D.C. Law 17-138; D.C. Official Code § 2-1225.21).
[205] Effective September 24, 2010 (D.C. Law 18-223; D.C. Official Code § 2-218.76). Additionally, the subtitle repeals Official Code § 2-1215.20(b), which limits the Mayor's ability to use the Fund. Since the Fund is repealed, this section of the code is no longer needed.
[206] Effective July 8, 2000 (D.C. Law 13-146; D.C. Official Code § 7-3004).

- *Parking Meter Fund* (fund 6906) within the District Department of Transportation
- *Prison Diversion fund* within the Department of Behavioral Health;
- *Integrated Service Fund* authorized by the Fiscal Year 2007 Budget Support Act of 2006;[208]

Financial Impact

Making various special-purposed funds lapsing could increase the end-of-fiscal year fund balance, but this amount cannot be reliably estimated at this time. The repealing of the dedicated tax for the Healthy Schools Fund will increase general sales tax revenue available to support operations of the District of Columbia by approximately $4.3 million. However, the proposed budget replenishes this account with local appropriations of $4.3 million, so the net impact of this provision is zero.

Subtitle (X)(B) – Local and Special Purpose Revenue Fund Transfer Act of 2014

Background

The subtitle authorizes the transfer of the fund balances from the following account into the Contingency Cash Reserve Fund. These would be recognized as FY 2014 revenue for this Fund.

Fund Balance Transfers Authorized by Subtitle (X)(B)		
Agency	Fund Name	Fund Balance Amount
DGS	Fixed Cost Commodity Reserve	$22,288,649
DOES	Adult Training Fund	$10,156,624
DOES	Youth Jobs Fund	$6,431,374
DMPED	Neighborhood Investment Fund	$60,226
DMPED	Senior Housing Modernization Grant Fund Act of 2010	$100,000
DMPED	AWC Integration	($6,146)
DSLBD	Commercial Revitalization Assistance Fund	$1,245,199
DHCF	Hospital Assessment Tax	$715,707
DDOT	DDOT Operating (Unified) Fund	$65,084
DDOT	Parking Meter Fund	$534,282
DBH	Prison Diversion	$128,000
OCFO	Integrated Service Fund	$4,576,805
OSSE	Healthy Schools Act	$4,349,170
OCFO	Healthcare Forfeiture	$1,176,069
Total		**$51,821,043**

The subtitle also directs the Chief Financial Officer to transfer $3 million from the fund balance from the Recorder of Deeds Automation and Infrastructure Improvement Fund, and recognize this as FY 2015 revenue.

[207] Effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 9-111.01a).
[208] Effective March 2, 2007 (D.C. Law 16-192; D.C. Official Code § 4-1345.02).

Financial Impact

The proposed subtitle would recognize $51.8 million of special purpose revenue end of Fiscal Year 2013 fund balances as revenue for the Contingency Cash Reserve Fund in FY 2014. The proposed supplemental FY 2014 budget already reflects the impact of the proposed subtitle. The monies would be used to replenish the Contingency Cash Reserve Fund, out of which, approximately $66 million of allocations have been requested for Fiscal Year 2014. Additionally the subtitle recognizes $3 million of FY 2014 fund balance as FY 2015 revenue.

TITLE X – REPORTING REQUIREMENTS

Background

The title imposes a number of reporting requirements on various District agencies and instrumentalities. These include:

- From the State Board of Education, an implementation plan for the establishment of the Office of the Student Advocate, which is to be fully operational by January 1, 2015; a report on the accomplishments of the Office of the Ombudsman for Public Education during Fiscal Year 2014 and a strategic plan for the Office for Fiscal Year 2015; and a report on the status of development and approval of high school graduation requirements for District of Columbia students, including the proposed standard diploma, diploma of distinction, a career credential aligned with CTE standards, and an achievement diploma for students with severe cognitive disabilities, all by October 1, 2014.
- From the Office of the State Superintendent of Education (OSSE) a report on the status of the opening the Youth Re-Engagement Center; a report on OSSE’s efforts to improve access to college entrance exams for District of Columbia students; a report on the development of an information management system for serving homeless students; a report on the identification of at-risk students for the purposes of developing the Fiscal Year 2016 budget, including the methodology that will be used to project the number of at-risk students at each LEA and school and an update on OSSE’s at-risk early warning system, including a timetable for its implementation; a plan to increase Medicaid reimbursement for services rendered to students with individualized education Programs; a report on the status of centralizing non-resident student investigations within OSSE, and an update on the status of the development of a memorandum of understanding with the Department of Employment Services to provide adult workforce training, all by October 1, 2014.
- From the District of Columbia Public Schools (DCPS), a report on efforts to work with youth educators, including the Young Women’s Project; a report on implementation of a restorative justice pilot program; a report on DCPS’ summer school program, a report on efforts undertaken to ensure full implementation of the Focused Student Achievement Act of 2013, all student promotion and attendance data by school and grade for school year 2013-2014; a report on the current inventory of DCPS library collections and resources available at each DCPS school, and efforts planned for Fiscal Year 2015 to expand access to library materials; a report on fixed costs; a plan to ensure full implementation of the Fair Funding and Student-Based Budgeting Act of 2013; a report on the effort undertaken and planned related to the re-opening of Van Ness elementary school and the opening of an application middle school east of the Anacostia River; a report on implementation of the budget recommendations included in the Committee on Education budget report for Fiscal Year 2015, all by October 1, 2014.
- From the Public Charter School Board (PCSB) recommendations on how the PCSB will incorporate students’ educational and programmatic needs as part of its application review for new and expanding public charter schools in school year 2014-2015; a report on the current inventory of library collections and resources available at District public charter schools.
- From the Deputy Mayor for Education reporting, a report on its continued implementation of the South Capitol Street Memorial Amendment Act of 2012; recommendations on expanding transportation subsidies to students between the ages of 21-24 years old enrolled in DCPS or a public charter school; an update on the activities and Fiscal Year 2015 goals of

the State Early Childhood Development Coordinating Council; and a report on implementation of the Graduation Pathways Project, all by October 1, 2014.

- From the Department of Human Services, a feasibility and assessment study to determine the housing and space needs for the residents and service providers within the building located at 425 2nd Street, N.W.
- From the Department of Health (DOH), a quarterly report on all grants administered by the DOH; an annual report on all federal grants for health services that DOH is aware of being in jeopardy of being cut at the conclusion of that fiscal year, when that funding has supported 3 or more community organizations that have history of providing services in the District; a bi-annual report on how existing District teenage pregnancy prevention programs are evaluated; and a bi-monthly report regarding the efficiency of the medical marijuana program in the District.
- From the Department of Health Care Finance (DHCF), a reevaluation of the Alliance recertification process and recommendations; a report on DHCFs coordination of care plan; and various quarterly reports on Early and Periodic Screening, Diagnostic, and Treatment; the eligibility and enrollment in the Elderly and Persons with Disabilities; emergency and acute care utilization in the managed care and fee-for-service populations; the performance of the long term care contractor, including data on its reduction of fraud and abuse of the Personal Care Aid benefit; and the performance of each Managed Care Organization (MCO).
- From the Not-For-Profit Hospital Corporation, bi-monthly reports on the progress made by Huron Healthcare at the NFPHC.
- From the Health Benefit Exchange Authority, a report on the effectiveness of the In-Person Assistor program, and a report on the reduction of the uninsured population in the District through enrollment in plans offered through the Authority
- From the District Department of the Environment, by 2018, a record of decision in the District of Columbia Register choosing the remedy for remediation of contaminated sediment in the Anacostia River.
- From the Department of Parks and Recreation, a report on the agency's workforce strategic plan to address the number of critical vacancies; a report on the development of a comprehensive complaint in-take database system; a report on the development of a comprehensive system for performance metrics that tracks quantitative performance measures
- From the Office of the Chief Financial Officer, a report on recommendations for improving transparency of the agency budget, including a plan for implementing improvements by the submission of the Fiscal Year 2016 budget to the Council.

Financial Impact

The proposed subtitle imposes various reporting requirements on a number of agencies. Agencies would have to meet these requirements with their existing resources.