

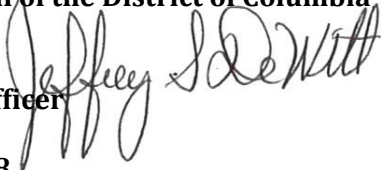
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

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

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: December 3, 2018

SUBJECT: Fiscal Impact Statement – Economic Development Return on
Investment Accountability Amendment Act of 2018

REFERENCE: Bill 22-457, Committee Print provided to the Office of Revenue
Analysis on November 26, 2018

Conclusion

Funds are not sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill will cost \$5.3 million over the four- year financial plan.

Background

The bill adds to the list of economic development incentives that are required to be reported in the annual Unified Economic Development Budget Report¹ (“Unified Report”) published by the Office of the Chief Financial Officer. The bill also adds to the list of required economic development incentive data reported in the Mayor’s annual budget request to Council.

The Unified Report will now be required to include street and alley closing actions and zoning incentives such as a planned unit development, which are not currently addressed. The bill also requires the Unified Report to include affordable housing expenditures, but these are already included in the report.

The bill adds two new reporting requirements regarding economic development incentives in the Mayor’s budget request to Council. First, the budget request must include the following information for each recipient of an economic development incentive: the projection or preservation of affordable housing, the employment of District residents, the participation of certified business

¹ Unified Economic Development Budget Transparency and Accountability Act of 2010, effective September 24, 2010 (D.C. Law 18-223; D.C. Official Code § 2-1208.02).

The Honorable Phil Mendelson

FIS: "Economic Development Return on Investment Accountability Amendment Act of 2018," Bill 22-457
Committee Print shared with the Office of Revenue Analysis on November 26, 2018

enterprises² in construction or operation of real property, and the production of community amenities. Additionally, the Mayor must include for each recipient in the Unified Report: the number of affordable units on their properties; the number of District residents employed as a result of development of the property; participation of certified business enterprises; and any changes to tax revenue as a result of the development.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill will cost \$5.3 million over the four- year financial plan.

The Office of the Deputy Mayor of Planning and Economic Development (DMPED) will require one FTE to compile and maintain the database required in the bill. DMPED also has a one-time cost of \$20,000 to build a database and \$2,000 annually for a data visualization software license. The addition of planned unit developments as a point of analysis will cost approximately \$15,000 per planned unit development for technical appraisals and analysis for each property developments.

Fiscal Impact of Bill 22-457					
Economic Development Return on Investment Accountability Amendment Act of 2018					
Fiscal Year 2019 – Fiscal Year 2022					
	FY 2019^(a)	FY 2020	FY 2021	FY 2022	Total
1 FTE for data analysis (Grade 12/5)	\$0	\$107,171	\$110,386	\$113,697	\$331,254
Information Technology Costs	\$0	\$22,000	\$2,000	\$2,000	\$26,000
Planned Unit Development appraisals (estimated 110 PUDs per year)	\$0	\$1,650,000	\$1,650,000	\$1,650,000	\$4,950,000
TOTAL	\$0	\$1,779,171	\$1,762,386	\$1,765,697	\$5,307,254

^(a) The bill is applicable beginning October 1, 2019.

² Per section 2302(1D) of the Small and Certified Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code 2-218.02(1D)).