


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: March 29, 2018

SUBJECT: Fiscal Impact Statement – Home Composting Incentives Amendment Act of 2018

REFERENCE: Bill 22-501, Draft Committee Print as shared with the Office of Revenue Analysis on March 28, 2018

Conclusion

Funds are not sufficient in the fiscal year 2018 budget and the proposed fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill's implementation, which is expected to begin in fiscal year 2019, will cost \$272,000 over the proposed four-year financial plan period.

Background

Compost is organic material that is added to soil to help plants grow and is composed of food scraps and yard waste.¹ The bill establishes a Home Composting Incentive Program (Program) to provide rebates for District residents who purchase home composting systems² and complete a training program on the proper handling and processing of compost. The Department of Public Works (DPW) should approve eligible composting systems and provide up to \$75 as a rebate or a voucher to individuals toward the purchase of a composting system. DPW should issue rebates within thirty days of approving a rebate claim, while DPW should issue vouchers within one week of approving a voucher claim. Rebates and vouchers are limited to the availability of funds in the Program.

The bill ensures that rebates are not considered income for tax purposes.

¹ <https://www.epa.gov/recycle/composting-home>

² These systems are containers, bins, tumblers, or other equipment used to facilitate composting.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2018 budget and the proposed fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill requires DPW to develop an incentive program for home composting that includes proper composting training and a rebate or voucher of up to \$75 for the purchase of a home composting system. DPW will need to develop a training program at a one-time cost of \$15,000. Ongoing management of the Program, including the training classes, follow-up, advertising, and implementation of the rebate and voucher program, will cost approximately \$23,000 annually.

It is difficult to predict how many District residents may opt to participate in the Program, but after reviewing a similar program in Austin, Texas, participation could average around 550 residents annually for a total rebate or voucher cost of approximately \$42,000. Based on the experience of other jurisdictions, more than these 550 residents would likely participate in the training classes, but not all those who participate in classes – or receive vouchers – follow-through with the purchase of a composting system.

The income tax exclusion has no impact on the District's budget and financial plan.

Home Composting Incentives Amendment Act of 2018						
Bill 22-501						
Program Implementation Costs						
Fiscal Year 2018 – Fiscal Year 2022						
(\$000s)						
	FY 2018	FY 2019^a	FY 2020	FY 2021	FY 2022	Total
Administrative Costs ^b	\$0	\$37	\$22	\$23	\$24	\$106
Rebate or Voucher Funding	\$0	\$41	\$41	\$42	\$42	\$166
Total Program Cost	\$0	\$78	\$63	\$65	\$66	\$272

Table Notes

^a The Program is expected to become operational in fiscal year 2019 after DPW issues the required rules.

^b Administrative costs include the one-time training program development in fiscal year 2019 and the ongoing management costs needed to support the Program.