

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:** November 3, 2015

**SUBJECT:** Fiscal Impact Statement – Fiscal Year 2016 Budget Support  
Clarification Temporary Amendment Act of 2015

**REFERENCE:** Bill 21-396, Amendment in the nature of a substitute shared with the  
Office of Revenue Analysis on October 19, 2015

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**Conclusion**

Funds are sufficient in the fiscal year 2016 through fiscal year 2019 budget and financial plan to implement the bill.

**Background**

The bill makes two substantive changes to the Fiscal Year 2016 Budget Support Act of 2015.<sup>1</sup> First, it repeals the reference for the list of specific jurisdictions in the definition of a tax haven under District's combined reporting statutes.<sup>2</sup> The fiscal year 2016 to fiscal year 2019 financial plan includes \$3.7 million in fiscal year 2017, \$3.5 million in fiscal year 2018, and \$3.4 million in fiscal year 2019 from the adoption of a list of tax havens.

Second, it repeals the parking policy that extended enforcement until midnight in premium parking zone areas.<sup>3</sup> The budget relies on approximately \$3.3 million in FY 2016 and approximately \$33.5 million over the financial plan from the extended parking enforcement. To make up for the lost revenue, the bill increases the parking meter rates in the District to \$2.30 per hour for all meters,<sup>4</sup> except those located in performance parking zones as designated by District Department of

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<sup>1</sup> Effective October 22, 2015, D.C. Law 21-36.

<sup>2</sup> D.C. Official Code § 2-1208.02.

<sup>3</sup> Subtitle (VI)(A) –Parking Amendment Act of 2015 expanded parking hours in Premium Demand Zones until 12:00 am; before this parking enforcement at most of these locations ended at 10:00 pm.

<sup>4</sup> This rate allows for 13 minutes of time for every \$0.50 paid for on-street parking.

The Honorable Phil Mendelson

FIS: Bill 21-396 "Fiscal Year 2016 Budget Support Clarification Temporary Amendment Act of 2015,"  
Amendment in the nature of a substitute shared with the Office of Revenue Analysis on October 19, 2015

Transportation. Under current law, premium meter rates are set at a maximum of \$2 per hour, and non-premium meters are set at \$0.75.

The remainder of the changes in the bill are technical and minor. Here we provide a short summary of them:

- The bill renames the WMATA Momentum Support Fund as the WMATA Operating Support Fund,<sup>5</sup> but the fund would still receive the settlement monies from online travel companies.
- It changes the District's gun laws to clarify that the ban to carry firearms extends to the sidewalks that surround the White House and the Naval Observatory.<sup>6</sup>
- It repeals the subject to appropriations clause on the requirement that the Mayor reports to the Council annually the progress made toward implementing a compost collection program,<sup>7</sup> and appoint a food policy director.<sup>8</sup>
- It clarifies that the interest charged on unpaid vault fees will begin accruing with the billing (currently the interest begins accruing before the bills are even due).<sup>9</sup>
- It includes substitute teachers and substitute aides in the coverage for sick leave requirements.<sup>10</sup>
- It moves the deadline when employers with more than 20 employees are required to offer transportation benefits (pre-tax deduction, transportation passes, or free transportation) from January 2016 to October 2015.<sup>11</sup>
- It clarifies that the report that the Mayor is required to submit on the employment outcomes of youth who participated in the summer youth program will cover calendar year 2015 only (and not the fiscal year), and, in 2016, the District's Auditor will evaluate multiple years of outcome data on the employability of youth after participating in the summer youth program.<sup>12</sup>
- It clarifies that transit subsidies for youth up to age 22 are only for youth who are District residents.<sup>13</sup>
- It gives back to the Board of Review for Anti-Deficiency Violations the authority to review anti-deficiency allegations; the New Columbia Statehood Initiative and Omnibus Boards and Commissions Reform Act of 2014 inadvertently eliminated this authority.<sup>14</sup>

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<sup>5</sup> The bill amends Section 7154 of the IPW Fund, Destination DC Marketing Fund, and WMATA Momentum Support Fund Establishment Act of 2014, effective February 26, 2015 (D.C. Law 20-155; D.C. Official Code § 1-325.311).

<sup>6</sup> The bill amends Section 907 of The Firearms Control Regulations Act of 1975, effective June 16, 2015 (D.C. Law 20-279; D.C. Official Code § 7-2509.07).

<sup>7</sup> The bill repeals Section 401 of the Sustainable Solid Waste Management Amendment Act of 2014, effective February 26, 2015 (D.C. Law 20-154; D.C. Official Code § 8-1031.03(c)).

<sup>8</sup> The bill amends Section 6(b) of the Food Policy Council and Director Establishment Act of 2014, effective March 10, 2015 (D.C. Law 20-191; D.C. Official Code § 48-314).

<sup>9</sup> The bill amends Section 308(d)(1) of the District of Columbia Public Space Rental Act, approved October 17, 1968 (82 Stat. 1156; D.C. Official Code § 10-1103.07(d)(1)).

<sup>10</sup> The bill adds the definition of these positions under Section 2 of the Accrued Sick and Safe Leave Act of 2008, effective May 13, 2008 (D.C. Law 17-152; D.C. Official Code § 32-131.01).

<sup>11</sup> The bill amends Section 502(d) of the Sustainable DC Omnibus Act of 2014, effective December 17, 2014 (D.C. Law 20-142; D.C. Official Code § 32-152).

<sup>12</sup> The bill amends Section 2(g) of the Youth Employment Act of 1979, effective January 5, 1980 (D.C. Law 3-46; D.C. Official Code § 32-241(g)).

<sup>13</sup> The bill amends Section 2(h)(2)(A) of the School Transit Subsidy Act of 1978, effective March 6, 1979 (D.C. Law 2-152; D.C. Official Code § 35-233(h)(2)(A)).

<sup>14</sup> Effective May 2, 2013 (D.C. Law 20-271; 62 DCR 6642).

The Honorable Phil Mendelson

FIS: Bill 21-396 "Fiscal Year 2016 Budget Support Clarification Temporary Amendment Act of 2015,"  
Amendment in the nature of a substitute shared with the Office of Revenue Analysis on October 19, 2015

- It clarifies that in adjusting standard deduction amounts for cost-of-living increases, the District will use the inflationary change between the current year and the last year the standard deduction had been changed. Current law directs the District to use the inflationary change between the current year and 2011. In 2015, the District raised the standard deduction from \$4,000 to \$5,200 for singles, and from \$8,000 to \$8,350 for married couples filing jointly,<sup>15</sup> but did not change the requirement that inflationary changes are measured from 2011. Without this modification, the District would have to increase its standard deduction by 6.7 percent—inflationary change since 2011—which is significantly higher than the annual inflation rate that has hovered around 1 percent.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2016 through fiscal year 2019 budget and financial plan to implement the bill.

The revenue loss from the repeal of the tax haven provisions is \$3.7 million in fiscal year 2017, \$3.5 million in fiscal year 2018, and \$3.4 million in fiscal year 2019. Under existing law, all incremental recurring revenue above the base revenue used to develop the District's budget is to be used to trigger a prioritized list of tax reductions. If enacted, this provision will reduce the amount of incremental revenues available for the next set of triggers.

Replacing until-midnight enforcement in premium parking zones with a flat parking meter rate of \$2.25 across all meters in the District does not have a fiscal impact since revenues from the proposed flat-rate policy is equal to the revenues from extended enforcement hours in premium parking zones.

No other provisions listed in the bill have a fiscal impact.

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<sup>15</sup> Fiscal Year 2015 Budget Support Act of 2014 adopted this policy as a part of the tax reforms the District implemented. The subtitle amends D.C. Official Code § 47-1801.04.