MEMORANDUM

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

FROM: Fitzroy Lee  
Interim Chief Financial Officer

DATE: May 27, 2021


REFERENCE: Draft Bill as provided to Office of Revenue Analysis, May 26, 2021

Conclusion
Funds are sufficient in the proposed fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the Fiscal Year 2022 Budget Support Act of 2021.

The District’s proposed fiscal year 2022 budget includes $9.1 billion in Local fund spending supported by $9.1 billion of local resources, with an operating margin of $0.5 million. The estimated expenditures for the proposed General Fund budget, which includes dedicated taxes and special purpose fund revenue in addition to Local funds, are $10.5 billion.

The proposed budget and financial plan accounts for the expenditure and revenue implications of the bill.

The bill, the “Fiscal Year 2022 Budget Support Act of 2021,” is the legislative vehicle for adopting statutory changes needed to implement the District’s proposed budget and financial plan for the fiscal years 2022 through 2025. The following pages summarize the purpose and the impact of each subtitle.
The Honorable Phil Mendelson
Fiscal Impact Statement for the "Fiscal Year 2022 Budget Support Act of 2021," Draft bill as provided to Office of Revenue Analysis, May 26, 2021

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TITLE I – GOVERNMENT DIRECTION AND SUPPORT

Subtitle (I)(A) – Inspector General Support Fund Establishment Amendment Act of 2021

Background
The subtitle establishes a non-lapsing fund called the Office of the Inspector General (OIG) Support Fund to collect 25 percent of restitutions and recoupments resulting from the OIG’s law enforcement efforts, and 25 percent of District revenue received from recaptured overpayments resulting from an OIG audit. Money in the fund must be used to support the operations of the OIG. Deposits are capped at $1 million annually, and the total balance of the fund is capped at $2.5 million. Any additional collections beyond these limits will revert to local funds.

The subtitle requires that the first $284,000 in revenues collected from restitutions, recoupments and overpayments continue to go to local funds.

Financial Plan Impact
The subtitle has no impact on the budget and financial plan. The subtitle ensures that sufficient revenues remain in local funds to cover current forecasted local fund revenues. Collections above that amount will be directed to the new fund and reserved for OIG use.
TITLE II – ECONOMIC DEVELOPMENT AND REGULATION

Subtitle (II)(A) – Qualified High Technology Company Transparency Act of 2021

Background
The subtitle requires all Qualified High Technology Companies (QHTCs) to register with the Mayor to be eligible for tax benefits provided to QHTCs. The subtitle requires QHTCs to file a copy of its registration along with its tax returns.

Financial Plan Impact
The subtitle has no impact on the budget and financial plan. There were approximately 94 QHTCs reported in 2020. The Office of the Deputy Mayor for Planning and Economic Development will manage the registration process and provide a certificate of registration to applicants that meet the requirements of a QHTC.

Subtitle (II)(B) – Great Streets Amendment Act of 2021

Background
The Deputy Mayor for Planning and Economic Development (DMPED) supports over a dozen retail areas in the District to promote small businesses, expand retail opportunities, and grow job opportunities. The subtitle amends the eligible boundaries for two of the retail priority areas to open access to grants to more businesses. The subtitle allows any business located on a parcel, lot, or square abutting the H Street/Bladensburg Road/Benning Road, N.E. and the Ward 4 Georgia Avenue Retail Priority Areas. Currently, only businesses located within the enumerated boundaries for these retail priority areas can avail themselves of DMPED's funding opportunities.

All other retail priority areas allow businesses both within and abutting the enumerated boundaries to participate in DMPED funding opportunities.

Financial Plan Impact
The fiscal year 2022 budget includes approximately $7 million to support all the District's retail priority areas. Expanding these two areas to include parcels, lots, and squares abutting the enumerated boundaries does not change the amount of funding available, but increases the number of businesses that can compete for that funding.

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1 See D.C. Official Code § 47-1801.01 through § 47-1817.08 for details on tax benefits granted to QHTCs.
2 Retail Incentive Act of 2004, effective September 8, 2004 (D.C. Law 15-158; D.C. Official Code § 2-1217.73(g)).
3 D.C. Official Code § 2-1217.73(o).
Subtitle (II)(C) – Supermarket Tax Incentives Amendment Act of 2021

Background
A supermarket may be eligible for ten-year property and sales and use tax exemptions if it is in one of five codified census tracts or in a Historically Underutilized Business Zone (“HUBZone”). HUBZone boundaries are defined by the United States Small Business Administration (SBA) and subject to change regularly.

The subtitle changes the definition of eligible area and removes the specific census tract numbers from the definition. An eligible area will now include:

- Properties within or abutting Opportunity Zones;
- Neighborhoods with over 20 percent participation in Supplemental Nutrition Assistance Program (SNAP) or other public assistance programs as designated in the District of Columbia Health Equity Report;
- Areas determined by the Mayor to be underserved by supermarkets or any development project determined by the Mayor to be important to achieving the goal of equitable development in the District; and
- Properties in low-income census tracts where residents are more than a half mile from the nearest supermarket as defined by the United States Department of Agriculture Food Access Research Atlas. The Mayor may exclude tracts that are low income primarily due to the proximity to a college or university.

The Mayor is required to review the definition of “eligible area” at least once every five years to determine it reflects the areas of the District where this tax incentives is needed. The subtitle allows supermarkets under construction in the current eligible areas as of January 1, 2021 to be eligible for the incentives, provided they are issued a Certificate of Occupancy prior to September 30, 2022.

To be eligible for the incentive, the subtitle requires at least five percent of a store’s selling area must be dedicated to selling at least six of these seven categories of food: fresh and uncooked meats; poultry and seafood; dairy products; canned foods; frozen foods; dry groceries and baked goods; and non-alcoholic beverages. In addition, at least 50 percent of the store’s square footage of selling area or a total of 6,000 square feet, must be dedicated to selling the six categories.

Lastly, the subtitle requires applicants for the incentive to agree to accept as payment SNAP benefits and Special Supplemental Nutrition Program for Women, Infants, and Children benefits. The applicant must also conduct “community listening sessions” on the store’s product offerings and operations once every two years.

Financial Plan Impact
The subtitle has no impact on the budget and financial plan. The Deputy Mayor for Planning and Economic Development (DMPED) has determined that 76 census tracts will be eligible under the new definitions. This is a decrease of 20 census tracts that are eligible under the current definitions. DMPED indicates there are two supermarkets under construction in the current eligible areas that will remain eligible for the credit provided they are issued a Certificate of Occupancy before September 30, 2022. DMPED is unaware of any planned supermarkets in the new eligible areas.

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4 D.C. Official Code § 47-3802.
5 For more information on the Supermarket Incentive Program visit: https://dmped.dc.gov/page/supermarket-tax-incentives.
We cannot know if the change in eligible locations will affect the business decision of a given store to open. However, because the monetary value of the tax incentive is not changing, and because of the lead time it takes to plan and open a supermarket, the subtitle is not likely to significantly change the number of supermarkets taking advantage of the credit during the financial plan period.

**Subtitle (II)(D) – Real Property Tax Appeals Commission Membership Amendment Act of 2021**

**Background**
The subtitle authorizes the Real Property Tax Appeals Commission (“the Commission”) and authorizes to hire up to eight Hearing Examiners with a term not to exceed six months each year. Currently this role is performed by contracted part-time Commissioners, which will be abolished.

The subtitle also requires the Chairperson of the Commission to have at least three years’ experience as a certified District appraiser, or at least five years’ experience in commercial real estate property appraisal. Currently, a person cannot serve as Chairperson without five years of experience as a certified District appraiser. The subtitle also amends the Commission’s conflict of interest provisions.

**Financial Plan Impact**
The subtitle has no impact on the budget and financial plan. Funding currently utilized for part-time Commissioners will be used to fund the hearing examiner positions.

**Subtitle (II)(E) – Local Rent Supplement Program Enhancement Amendment Act of 2021**

**Background**
The District has a locally-funded Rent Supplement Program to provide housing assistance to extremely low-income District residents, including those who are homeless and those in need of supportive services. The Program, which is subject to appropriation, may be used for operating subsidies to particular housing buildings (“project-based voucher assistance”), housing providers (“sponsor-based voucher assistance”), or for rental assistance awarded directly to individuals (“tenant-based voucher assistance”). The subtitle clarifies the roles of the District of Columbia Housing Authority (DCHA) and the Department of Housing and Community Development (DHCD) regarding this locally-funded housing assistance, providing that DHCD will award project-based voucher assistance while DCHA will award sponsor-based and tenant-based assistance. The subtitle also allows the program to be used for a new category of capital gap financing (“capital-based assistance”) for housing development projects receiving project-based or sponsor-based vouchers.

The subtitle repeals the Rent Supplement Fund and establishes three new, non-lapsing special funds. The Rent Supplement Program Project-Based Allocation Fund will receive amounts appropriated for new project-based voucher assistance and will be administered by DHCD. The Rent Supplement Program Tenant-Based Allocation Fund will receive amounts appropriated for new tenant-based voucher assistance and will be administered by the Department of Human Services (DHS). The Housing Authority Rent Supplement Program Fund (Program Fund) will be administered by DCHA and will receive monies appropriated for sponsor-based voucher assistance, capital-based assistance, ongoing tenant-based voucher assistance, and project-based voucher assistance previously awarded by DHCD. The Program Fund will also receive any monies remaining in the Rent Supplement Fund at the end of fiscal year 2021. Finally, the Program Fund will receive monies
transferred to it by DHCD from the Project-Based Allocation Fund once projects receive their Certificate of Occupancy and from DHS from the Tenant-Based Allocation Fund once DHS determines DCHA requires such amount to fund tenant-based vouchers it has awarded.

The subtitle updates the District Code to refer to Program assistance for individuals as well as families. The subtitle requires DCHA to submit, to the Mayor and Council, a quarterly report on the Program, including spending from, and balance of, the Program Fund; the allocations between the different types of Program assistance; and any spending on administrative expenses. For project-based and sponsor-based assistance, reporting must include occupancy status, contract rent including tenant-paid and subsidized portions, and income level of households occupying each unit. Reporting on project-based awards must include contract end date and expected contract start date if the project has received an award but the contract has not yet been finalized. Reporting on tenant-based assistance must include total number of households (broken out by individuals and families) receiving assistance, average monthly rent paid, and amounts paid for security deposits and other non-rental expenses.

Financial Plan Impact
There are no costs to the District to implementing the subtitle. The subtitle creates new non-lapsing funds in the District’s General Fund, which will hold at the end of a fiscal year any unspent funds and maintain them for the Rent Supplement Program. Currently the program is funded with Local Funds but operates from a fund outside of the District’s General Fund.

Subtitle (II)(F) – Housing Production Trust Fund Pipeline Advancement Amendment Act of 2021

Background
The subtitle allows the Department of Housing and Community Development (DHCD) to enter into contracts for the Housing Production Trust Fund (HPTF) in the year prior to which funding is appropriated. Currently, DHCD can solicit proposals and rank recipients in the year prior to which funding is appropriated but it cannot enter into contracts.

The purpose of the subtitle is to allow DHCD to send HPTF projects forward to the D.C. Council for approval prior to the start of a new fiscal year. Currently the projects must wait until the new fiscal year starts for approval, resulting in projects piling up and not closing until November or December of the new fiscal year. Under the subtitle, the projects would be sent to the D.C. Council for approval subject to appropriations. Each agreement has an anti-deficiency clause.

Financial Plan Impact
The subtitle has no impact on the budget and financial plan. HPTF contracts sent to the D.C. Council prior to appropriation of funding will be approved subject to appropriations and include anti-deficiency clauses. Therefore, funding will still be limited annually by the HPTF budget.

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Subtitle (II)(G) – Property Tax Relief for Low Income Housing Harmonization Act of 2021

Background
An exemption from deed, recordation, real property tax, and payment-in-lieu-of-taxes (PILOT) is currently available to property financed with Low Income Housing Tax Credits if the owner is organized as a nonprofit entity or if the owner is controlled by a nonprofit member7. Such exemptions are available during the property’s development, the LIHTC period, and any extended use period during which property covenants restrict the income of residents leasing the property’s affordable housing units. The subtitle extends these exemptions to properties that are leased to a nonprofit entity or an entity controlled by a nonprofit, as long as the property owner certifies that the benefit of the exemption is passed through to the lessee.

The subtitle further provides a deed, recordation, real property tax, and PILOT exemption to certain properties receiving, after the effective date of the subtitle, a grant or loan from the Housing Production Trust Fund (HPTF) or other District government low income housing assistance program designated by the Mayor to provide housing affordable to households earning not in excess of 80 percent of the median family income. Eligible properties would need to be owned by a nonprofit entity, a limited liability company controlled by a nonprofit entity8, or a limited equity cooperative, or the properties would need to be leased to a nonprofit entity or entity controlled by a nonprofit (with the proof of the benefits of the exemption flowing through to the lessee). The exemption is available during development and while property covenants restrict the income of residents leasing the property’s affordable housing units.

The subtitle also expands the Nonprofit Workforce Housing tax exemption9 to include new limited equity cooperatives as eligible properties. Under the subtitle, new limited equity cooperatives could claim the Nonprofit Workforce Housing real property and deed and recordation tax exemptions, provided they meet all of the exemption’s requirements other than being owned or controlled by a nonprofit entity.

Financial Plan Impact
The subtitle’s proposed exemptions are expected to exempt limited equity cooperatives that are undergoing substantial rehabilitation with the assistance of the District’s HPTF and reduce District revenue by $50,000 in fiscal year 2022 and $411,000 over the financial plan. Other types of projects assisted by the HPTF generally either meet the conditions to qualify for one of the nonprofit affordable housing exemptions available under current law or would not benefit from the subtitle because of they do not have a nonprofit owner or controlling nonprofit member. The subtitle’s leased property provisions are not expected to change the status of any currently taxed properties. New limited equity cooperatives have an existing five-year tax exemption available10, so the impact of expanding the Nonprofit Workforce Housing tax exemption to new LECs falls outside of the financial plan period.

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7 D.C. Office Code § 47–1005.02
8 With a determination letter issued by the Internal Revenue Service providing for recognition under Section 501(c)(3) of the Internal Revenue Code.
9 D.C. Official Code § 47-1005.03.
Subtitle (II)(G) – Property Tax Relief for Low Income Housing Harmonization Act of 2021

<table>
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<tr>
<th>Fiscal Year 2022 – Fiscal Year 2025 ($ thousands)</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
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<td>($93)</td>
<td>($120)</td>
<td>($148)</td>
<td>($411)</td>
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Subtitle (II)(H) – Section 108 Debt Reserve Account Establishment Act of 2021

Background
The subtitle requires the Office of the Chief Financial Officer (OCFO) to create a fund or account, either within the District government or at an outside financial institution, to hold money in reserve in case of default on a Section 108 loan. The Section 108 Loan Guarantee Program, run by the U.S. Department of Housing and Urban Development (HUD), allows jurisdictions to leverage their Community Development Block Grants to secure low-interest loans from HUD to finance development projects that meet certain criteria. The Department of Housing and Community Development (DHCD) is working with HUD to secure Section 108 loans, which it will use for affordable housing acquisition and rehabilitation projects.

Financial Plan Impact
The subtitle will not impact the budget and financial plan. DHCD will make debt service payments for the Section 108 loans from its Community Development Block Grants until it has program income from the loans it makes to projects. A portion of this money will be held in reserve in the new account in case of default. The OCFO estimates the amount needed in reserve to be approximately $2.5 million, based on $38.8 million of Section 108 loans. As of now, we do not expect any debt service payments to be due in fiscal year 2021, but the reserve account must be established in fiscal year 2021.

Subtitle (II)(I) – DC Low Income Housing Tax Credit Amendment Act of 2021

Background
The District of Columbia Low-Income Housing Tax Credit Clarification Amendment Act of 2020 allowed District investors in housing properties receiving federal Low Income Housing Tax Credits (LIHTC) (allocated after October 1, 2021) to also receive a credit against District franchise tax liability or insurance premium taxes, in the amount of 25 percent of the federal LIHTC allocation. The fiscal year 2021 through fiscal year 2024 budget and financial plan estimated that District taxpayers would claim $1 million of tax credit in fiscal year 2023, $6 million in fiscal year 2024, and that amounts in the following years would add $5 million additional for each year beyond fiscal year 2024. Recently, the federal government made changes to LIHTC which will have the effect of increasing the amount of federal credits available to developers and therefore the estimate of corresponding District credits that will be taken. The federal changes are estimated to add approximately $500,000 in District tax credits taken through the financial plan period.

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12 The Consolidated Appropriations Act, 2021, approved December 27, 2020 (P.L. 116-260), sets a minimum credit (or “floor”) of 4 percent for the housing tax credit typically used for the rehabilitation of affordable housing or used with private activity bond financing.
The subtitle makes the allocation of District credits subject to the Mayor's approval of a project, based on a financial feasibility analysis of the project.

**Financial Plan Impact**

The subtitle has no impact on the budget or financial plan. It is unlikely that the application requirement will deter eligible projects from applying for the District credits and the Department of Housing and Community Development is already underwriting many LIHTC projects for additional District subsidy. DHCD can absorb any new feasibility analysis required by the subtitle.

**Subtitle (II)(J) – Office of Cable Television, Film, Music, and Entertainment Amendment Act of 2021**

**Background**

The subtitle clarifies the Office of Cable Television, Film, Music, and Entertainment’s (OCTFME) responsibilities and content platforms to align with current practice. Additionally, the subtitle requires OCTFME to implement the plan to support, preserve, and archive Go-Go Music and its history.

**Financial Plan Impact**

OCTFME's fiscal year 2022 budget includes $900,000 in local funds to implement the plan to preserve Go-Go Music and history. There is no cost to clarifying the responsibilities and content platforms to align with current practice.

**Subtitle (II)(K) – Emory Beacon of Light Tax Exemption and Equitable Tax Relief Act of 2021**

**Background**

The Emory Beacon of Light Center is a mixed-used facility owned by Emory United Methodist Church that includes affordable housing, church offices, and community space. The community space is used by the church’s service arm to offer a food pantry and an immigration clinic, among other services. There are also plans to open a commercial restaurant staffed by returning citizens, a youth leadership academy, and a health clinic. Project financing involved multiple sources, including Department of Housing and Community Development’s Housing Production Trust Fund, low-income housing tax credits, Neighborhood Investment Funds from the Office of the Deputy Mayor for Planning and Economic Development, and New Market tax credits.

The subtitle exempts real property, transfer, and recordation taxes on the portion of the development not attributed to the affordable housing. (The affordable housing portion of the

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13 By amending Section 201(a) of the Office of Cable Television, Film, Music, and Entertainment Amendment Act of 2015, effective October 9, 2002 (D.C. Law 14-193; D.C. Official Code § 34-1252.01(a)).
15 http://emorybeaconoflight.org/index.php/beacon-center-mixed-use-project/
17 D.C. Official Code Title 47, Chapters 7-10, 13, 13a.
18 D.C. Official Code Title 42, Chapter 9.
19 D.C. Official Code Title 42, Chapter 11.
development does not have a tax obligation.) The exemptions will apply to new tax lots created at the start of construction that have never received an administrative exemption. The exemption will apply only while the property is owned by the church or entities controlled by the church; leased to (if leased) Beacon Center QALICB LLC or a nonprofit organization, and used by or held for use by one of these entities for affordable housing or a community-serving purpose20.

The subtitle allows for separate leases to other business entities to occur, but if any transfer of interest or lease of the property occurs to an entity not eligible for administrative exemption, then that portion will become taxable.

The subtitle also forgives all recordation and transfer taxes, interest, and penalties assessed to the property since 2016, including those associated with the long-term leases.

Please refer to the separate Tax Abatement Financial Analysis for further detail on the development project and the abatement.

**Financial Plan Impact**

The subtitle reduces real property tax revenue and deed and recordation tax revenue by $1.1 million in fiscal year 2022, and by $1.8 million over the four year financial plan. Approximately $230,000 in paid taxes since 2016 will be refunded and the remaining cost is for taxes forgiven or foregone.

| Emory Beacon of Light Tax Exemption and Equitable Tax Relief Act of 2021 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| **Subtitle (II)(K)**            | **Fiscal Year 2022 – Fiscal Year 2025** |
|                                 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | Total |
| Property Tax Revenue            | ($971)   | ($223)  | ($226)  | ($231)  | ($1,651) |
| Recordation and Deed Tax Revenue| ($149)   |        | $0      | $0      | ($149)   |
| **TOTAL**                       | ($1,120) | ($223)  | ($226)  | ($231)  | ($1,800) |

**Subtitle (II)(L) – Targeted Historic Preservation Assistance Amendment Act of 2021**

**Background**

The subtitle authorizes condominium and residential cooperative buildings21 to apply for and receive grant funding from the Historic Homeowner Grant Program22. The program, managed by the Office of Planning, gives grants for exterior repairs, rehabilitation, and structural work on historic properties to low and moderate income households living in eligible historic districts. The maximum grant given is $25,000, except in the Anacostia Historic District where the maximum is $35,000.

**Financial Plan Impact**

The subtitle has no impact on the budget or financial plan. Total grants cannot exceed available budget for the program.

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20 Including a church, gymnasium, classroom, food pantry, community or incubator kitchen, immigration clinic, small-business services, restaurant staffed by returning citizens, youth leadership academy, or health clinic
21 As defined by D.C. Official Code § 42-2071(3).
22 [https://planning.dc.gov/service/historic-homeowner-grant-program](https://planning.dc.gov/service/historic-homeowner-grant-program)
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Subtitle (II)(M) – Redevelopment of the Center Leg Freeway (Interstate 395) Amendment Act of 2021

Background
The subtitle extends a payment-in-lieu-of-taxes (PILOT)23 due for the Capitol Crossing project through 2037 and reduces the required payment by 75 percent from fiscal year 2026 through the end of the PILOT. Under current law, the PILOT will end in fiscal year 2023 and the required PILOT is equivalent to the real property taxes for the properties. Under the subtitle, beginning October 1, 2027, only 25 percent of the real property taxes will be due in the form of a PILOT. Please see the separate Tax Abatement and Financial Analysis for more information on this proposal.

Financial Plan Impact
The subtitle has no impact on the budget and financial plan. However, beginning in fiscal year 2027, which is outside the current financial plan, the subtitle will result in reduced real property tax revenue through 2037. The total amount of real property taxes that may be abated is capped at $100 million.


Background
The subtitle authorizes the Deputy Mayor for Planning and Economic Development (DMPED) to issue several grants using both Local Funds and DMPED’s Economic Development Special Account24 to support the District’s economic recovery from the COVID-19 public health emergency. The subtitle authorizes DMPED to issue grants to Business Improvement Districts (BID) and Main Street corridors to support the development and implementation of neighborhood brand identities, marketing campaigns, wayfinding infrastructure, public shuttles, market studies, and public space improvements. The subtitle authorizes specific grants to three BIDs. DMPED can issue a grant to the Anacostia BID to support an art and culture district, a grant to the Southwest Waterfront BID to support autonomous vehicle shuttles, and a grant to the Golden Triangle BID to develop an innovation district. The subtitle authorizes DMPED to issue grants to local business enterprises25 to support activities that will increase business’ revenue, help those businesses hire more employees, and enhance the short- and long-term viability of those businesses. The subtitle authorizes DMPED to issue grants, loans, and other financial assistance, including fee waivers, to support the reopening, recovery, and long-term viability of arts, cultural, and entertainment venues and other special events. The subtitle authorizes DMPED to issue grants to attract large companies in designated industries that can attract additional businesses to the District. The subtitle enumerates what information must be included and considered by DMPED when reviewing grant applications, which entities are eligible for grants, and how grant funds can be spent.

The subtitle also waives certain fees for public vehicles-for-hire and their operators during fiscal year 2022. The subtitle waives Department of For-Hire Vehicles (DFHV) fees for any annual operator ID renewals, the per vehicle registration cost, and certificate of operating authority fees for independent

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taxicab owners, taxicab companies, fleets, associations, and out-of-state independent luxury vehicle businesses. The subtitle also waives certain Department of Motor Vehicles (DMV) fees for public vehicles-for-hire and their operators. The waived DMV fees include fees for operator records, vehicle inspections, and vehicle registrations.

The subtitle reduces the cost for obtaining or renewing a general business license by eliminating the application fee for a license or an endorsement and reducing general license fees from $200 to $90, employment services license fees from $1,300 to $90, and Limited Liability Partnership filing fees from $220 to $99. \(^{26}\) The technology enhancement fee remains at 10 percent of total license costs, but because total license costs will be reduced, the enhancement fee will also be proportionally reduced.

The subtitle also temporarily reduces the cost of obtaining or renewing professional and non-health occupation licenses\(^{27}\) during fiscal year 2022, by eliminating the application fee for a license or exam, and reduces the license fee (which varies by profession) to $99 for all professions.

The subtitle authorizes the Mayor to implement a fee forgiveness program for corporate entity filing requirements\(^{28}\). The Department of Consumer and Regulatory Affairs (DCRA) plans to implement a two to three-month amnesty program in fiscal year 2021 for businesses with 50 employees or fewer whose corporate registration was revoked at any time due to a failure to file a biennial report. The amnesty period will allow businesses to file the most recent report without having to pay filing or late fees for past due reports. Fees will still apply for the current report.

### Financial Plan Impact

The fiscal year 2022 through fiscal year 2025 budget and financial plan includes approximately $50 million to support DMPED grants, loans, and other financial assistance for each of the new grant programs authorized in the subtitle. DMPED will review grant, loan, and other assistance program applications and provide support to eligible businesses and entities. The subtitle also waives or reduces other fees charged across several District agencies. The subtitle waives various fees expected to be paid in fiscal year 2022 by the owners and operators of public vehicles-for-hire at both DFHV and DMV. The DFHV license, registration, and certificate of operating authority fee waivers will reduce DFHV special purpose revenues in fiscal year 2022 by approximately $1.8 million. The DMV inspection, registration, and document request fees for this will reduce both local fund revenues and special purpose revenues in fiscal year 2022 by approximately $745,000. The subtitle reduces some DCRA business and occupational licensing fees and filing fees, reducing both local fund revenue and special purpose revenues by $3 million in fiscal year 2021 and approximately $26 million over the fiscal year 2021 to fiscal year 2025 budget and financial plan period. The subtitle also authorizes a three-month amnesty program in fiscal year 2021 that will reduce local fund revenues by $231,000 in fiscal year 2021.

\(^{26}\) See 17 DCMR 513.1, 500.2, 516.1(c), 602(a)(1), 606.1(a), 607.1(a), 608.1(a), and 611.1(a) for fees being adjusted.  
\(^{27}\) See 17 DCMR 3500.6.  
\(^{28}\) D.C. Official Code 29-102.12
COVID-19 Robust Economic Recovery Initiatives Act of 2021
Subtitle (II)(N)
Fiscal Year 2022 – Fiscal Year 2025
($ thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waive certain DFHV license, registration, and certificate of operating</td>
<td>($1,811)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>($1,811)</td>
</tr>
<tr>
<td>authority fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waive DMV inspection, document request, and registration fees for</td>
<td>($745)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>($745)</td>
</tr>
<tr>
<td>public vehicles-for-hire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced business and occupational</td>
<td>($6,155)</td>
<td>($4,942)</td>
<td>($5,654)</td>
<td>($6,506)</td>
<td>($23,256)</td>
</tr>
<tr>
<td>licensing fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue Reductions</td>
<td>($8,711)</td>
<td>($4,942)</td>
<td>($5,654)</td>
<td>($6,506)</td>
<td>($25,812)</td>
</tr>
</tbody>
</table>

Subtitle (II)(O) – Local Food Access Grants Amendment Act of 2021

Background
The subtitle authorizes the Deputy Mayor for Planning and Economic Development (DMPED) to issue grants and loans that support the equitable distribution of food businesses in Wards 7 and 8. The subtitle authorizes grants and loans to assist in start-up, growth, and long-term sustainability of these businesses and grants for technical assistance to individuals looking to start a food business. These businesses must be located within eligible areas.29

Financial Plan Impact
The fiscal year 2022 through fiscal year 2025 budget and financial plan includes approximately $34 million for DMPED to issue grants and loans in support of food businesses in Wards 7 and 8. Approximately $27.2 million of the budgeted funding will be available for grants and loans in fiscal year 2022.

BACKGROUND
The Fire and Emergency Medical Services Department (FEMS) collects fees to offset the cost of providing emergency medical transportation (EMT) to patients in the District. FEMS charges a flat fee for basic life support transportation and advanced life support transportation and charges a fee for each mile traveled from an incident location to a receiving hospital. The actual cost of transporting each patient is more expensive than what is collected in fees. The current fee schedule has not been adjusted since 2009. The table below shows the actual costs per EMT compared to what is currently billed by FEMS.

<table>
<thead>
<tr>
<th>Actual Cost</th>
<th>FEMS EMT Fee Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Life Support</td>
<td>$2,446</td>
</tr>
<tr>
<td>Advanced Life Support - Level 1</td>
<td>$2,446</td>
</tr>
<tr>
<td>Advanced Life Support - Level 2</td>
<td>$2,446</td>
</tr>
<tr>
<td>Cost per mile of Transportation</td>
<td>$30.06</td>
</tr>
</tbody>
</table>

On March 1, 2021, FEMS was approved as a Medicaid provider, allowing the Department of Health Care Finance (DHCF) to provide Medicaid reimbursements to FEMS based on the actual cost of providing EMT to fee-for-service (FFS) Medicaid patients rather than a set fee schedule. EMT patients insured through Medicaid Managed Care Organizations (MCOs), Medicare, private insurance, auto insurance, workers compensation, as well as those who self-pay, continue to be billed using the 2009 fee schedule.

Even though FEMS bills MCOs, Medicare, and private insurers at the same rate, actual payment varies considerably from payor to payor. MCOs negotiate payment rates directly with FEMS that are at or below current billing fees. Medicare pays FEMS at rates that are set by the federal Centers for Medicare and Medicaid Services. Private insurers pay at rates that depend on whether FEMS is a preferred provider and whether agreements require or prohibit FEMS from billing patients directly for deductibles and copays.

The subtitle gradually increases the EMT fee schedule to align the fee amount more closely with actual costs. The subtitle sets specific rates for basic life support transportation, advanced life support transportation, and mileage fees for calendar years 2021 through 2026. Each year the transport fee is increased by $250 and the mileage fee by $3.75 per mile. The subtitle allows FEMS to revise these fees through rulemaking. The table below summarizes each fee and each fee increase over the course of the next six years.

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30 Basic life support includes minimal or basic treatment and vital signs monitoring. In some cases, oxygen may also be given. Reasons for transport are usually considered non-life threatening.

31 Advanced life support includes breathing tube insertion, CPR, multiple medications, or other extended care. Reasons for transport are usually considered immediately life threatening.
Fee Schedule Implementation Timeline

<table>
<thead>
<tr>
<th>Fee start date</th>
<th>Basic Life Support</th>
<th>Advance Life Support</th>
<th>Cost per mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1/2021</td>
<td>$750</td>
<td>$750</td>
<td>$11.25</td>
</tr>
<tr>
<td>1/1/2022</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$15.00</td>
</tr>
<tr>
<td>1/1/2023</td>
<td>$1,250</td>
<td>$1,250</td>
<td>$18.75</td>
</tr>
<tr>
<td>1/1/2024</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$22.50</td>
</tr>
<tr>
<td>1/1/2025</td>
<td>$1,750</td>
<td>$1,750</td>
<td>$26.25</td>
</tr>
<tr>
<td>1/1/2026</td>
<td>$2,000</td>
<td>$2,000</td>
<td>$30.00</td>
</tr>
</tbody>
</table>

Financial Plan Impact
The fee increase will allow FEMS to negotiate payment rates in fiscal year 2022 that are more closely aligned with actual costs. Until possible preferred provider agreements are negotiated with private insurers, the Office of Revenue Analysis will not adjust revenue estimates for fee revenue from privately insured patients. Negotiated payment rates are not expected to apply until calendar year 2023.

Subtitle (III)(B) – Office of Resiliency and Recovery Amendment Act of 2021

Background
The fiscal year 2021 budget moved the Office of Resiliency and Recovery (ORR) from the Office of the City Administrator (OCA) to the Homeland Security and Emergency Management Agency (HSEMA). The subtitle changes the agency statutorily responsible for overseeing the ORR to reflect this transition.

Financial Plan Impact
The fiscal year 2022 ORR program budget is included in HSEMA fiscal year 2022 budget. The subtitle does not have a financial impact.

Subtitle (III)(C) – Concealed Pistol Licensing Review Board Stipend Amendment Act of 2021

Background
In 2015, the District established a Concealed Pistol Licensing Review Board (Board).35 The Board hears appeals related to the denial of a new or renewal application for a license to carry a concealed pistol, the suspension or limitation of a concealed carry license, and the revocation of a concealed carry license. The Board is comprised of eleven members, including three federal or local government

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32 As calculated in the fiscal year 2019 FEMS Cost Report Audit.
34 Pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 et seq.).
officials, a former sworn law enforcement officer, three members of the public, and four District residents.

The subtitle establishes a compensation rate of $250 per week, $1,000 monthly, for each member of the Board except for members that are District or federal government employees.

Financial Plan Impact
Nine members of the Board will qualify for stipend payments in fiscal year 2022. Each member will receive an annual stipend of $12,000. The Board's fiscal year 2022 budget includes $108,000 in local funds to support the subtitle's implementation.

Subtitle (III)(D) – Emergency Medical Services Reform Fund Amendment Act of 2021

Background
The Fire and Emergency Medical Services Department (FEMS) collects fees to offset the cost of providing emergency medical transportation (EMT) to patients in the District. Revenues collected from these fees that are in excess of $24.7 million are deposited into the Emergency Medical Services Reform Fund (Fund). The subtitle clarifies that only ambulance fees collected from non-Medicaid sources will be deposited into the Fund.

Financial Plan Impact
Federal Medicaid payments are treated by the Department of Health Care Finance (DHCF) as revenue, therefore FEMS cannot book Medicaid reimbursement for ambulance fees as special purpose revenue. Limiting the Fund deposits to non-Medicaid revenue sources prevents double counting of Medicaid revenue. Medicaid payments will be transferred from DHCF to FEMS through an intra-district transfer in fiscal year 2022.

Subtitle (III)(E) – Gun Violence Prevention Housing Support Act of 2021

Background
The subtitle establishes a housing voucher and financial assistance program to assist victims, individuals, and families at risk of gun violence. Eligible residents will be provided assistance in relocating from their current housing and will be provided short-term and mid-term housing support. The Mayor may provide counseling services to individuals eligible for assistance.

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36 These members currently include one mental health professional and two District residents with experience in the operation, care, and handling of firearms.

37 Residents with mental health, victim services or advocacy, violence prevention, law, or firearms experience.

38 By amending Section 908(b)(4) of the Firearms Control Regulations Act of 1975, effective June 16, 2015 (D.C. Law 20-279; D.C. Official Code § 7-2509.08(b)(4)).


40 By amending The Neighborhood Engagement Achieves Results Amendment Act of 2016, effective June 30, 2016 (D.C. Law 21-125; D.C. Official Code § 7-2411 et seq.).
Financial Plan Impact
The Office of Victim Services and Justice Grants fiscal year 2022 budget includes $2.2 million in federal funding to support the implementation of the subtitle. In total, $6.6 million in federal funding is allocated over the financial plan.
TITLE IV – PUBLIC EDUCATION SYSTEMS

Subtitle (IV)(A) – Funding for Public Schools and Public Charter Schools Increase Amendment Act of 2021

Background
The subtitle sets the base level funding for the Uniform Per Student Funding Formula (UPSFF) at $11,720. This is a 3.6 percent increase over fiscal year 2021. Base level funding is multiplied by the weighting for each grade level or add-on services to determine the per student funding at that level or for those services. The subtitle also increases the weighting for the alternative program add-on from 1.445 to 1.52 and the at-risk add on from 0.2256 to 0.24. The subtitle establishes three new general education add-ons that include Elementary ELL, Secondary ELL, and At-risk High School Over-age Supplement. These additional weights were included in the recommendations of the 2020 UPSFF Working Group.

The subtitle also excludes from the UPSFF formula stabilization funding allocated to DCPS schools to meet the requirement that schools be provided with not less than 95 percent of the prior year’s allocation.

The following tables show the base level funding at each grade level and the various add-ons:

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Weighting</th>
<th>Per Student Allocation in FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Kindergarten 3</td>
<td>1.34</td>
<td>$15,705</td>
</tr>
<tr>
<td>Pre-Kindergarten 4</td>
<td>1.30</td>
<td>$15,236</td>
</tr>
<tr>
<td>Kindergarten</td>
<td>1.30</td>
<td>$15,236</td>
</tr>
<tr>
<td>Grades 1-5</td>
<td>1.00</td>
<td>$11,720</td>
</tr>
<tr>
<td>Grades 6-8</td>
<td>1.08</td>
<td>$12,658</td>
</tr>
<tr>
<td>Grades 9-12</td>
<td>1.22</td>
<td>$14,298</td>
</tr>
<tr>
<td>Alternative program</td>
<td>1.52</td>
<td>$17,814</td>
</tr>
<tr>
<td>Special education school</td>
<td>1.17</td>
<td>$13,712</td>
</tr>
<tr>
<td>Adult</td>
<td>0.89</td>
<td>$10,431</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level/ Program</th>
<th>Definition</th>
<th>Weighting</th>
<th>Per Student Supplemental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1: Special Education</td>
<td>Eight hours or less per week of specialized services.</td>
<td>0.97</td>
<td>$11,368</td>
</tr>
</tbody>
</table>

41 By amending The Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 1998, effective March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2903 et seq.).
42 See: https://osse.dc.gov/page/2020-21-uniform-student-funding-formula-upsff-working-group
43 By amending D.C. Official Code § 38-2902(b).
### Special Education Add-ons

<table>
<thead>
<tr>
<th>Level/Program</th>
<th>Definition</th>
<th>Weighting</th>
<th>Per Student Supplemental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 2: Special Education</td>
<td>More than 8 hours and less than or equal to 16 hours per school week of specialized services.</td>
<td>1.20</td>
<td>$14,064</td>
</tr>
<tr>
<td>Level 3: Special Education</td>
<td>More than 16 hours and less than or equal to 24 hours per school week of specialized services.</td>
<td>1.97</td>
<td>$23,088</td>
</tr>
<tr>
<td>Level 4: Special Education</td>
<td>More than 24 hours per week which may include instruction in a self-contained (dedicated) special education school other than residential placement.</td>
<td>3.49</td>
<td>$40,903</td>
</tr>
<tr>
<td>Special Education Compliance Funding</td>
<td>Weighting provided in addition to special education level add-on weightings on a per-student basis for Special Education compliance.</td>
<td>0.099</td>
<td>$1,160</td>
</tr>
<tr>
<td>Attorney's Fees Supplement</td>
<td>Weighting provided in addition to special education level add-on weightings on a per student basis for attorney’s fees.</td>
<td>0.089</td>
<td>$1,043</td>
</tr>
<tr>
<td>Residential</td>
<td>DCPS or public charter school that provides students with room and board in a residential setting, in addition to their instructional program.</td>
<td>1.67</td>
<td>$19,572</td>
</tr>
</tbody>
</table>

### General Education Add-ons

<table>
<thead>
<tr>
<th>Level / Program</th>
<th>Definition</th>
<th>Weighting</th>
<th>Per Student Supplemental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary ELL</td>
<td>Additional funding for English Language Learners in grades PK3-5.</td>
<td>0.50</td>
<td>$5,860</td>
</tr>
<tr>
<td>Secondary ELL</td>
<td>Additional funding for English Language Learners in grades 6-12, alternative students, adult students, and students in</td>
<td>0.75</td>
<td>$8,790</td>
</tr>
<tr>
<td>At-Risk</td>
<td>Additional funding for students in foster care, who are homeless, on TANF or SNAP, or behind grade level.</td>
<td>0.24</td>
<td>$2,813</td>
</tr>
<tr>
<td>At-risk High School Over-age Supplement</td>
<td>Additional funding beyond the existing at-risk weight for students who are behind grade level in high school.</td>
<td>0.06</td>
<td>$703</td>
</tr>
</tbody>
</table>
### Residential Add-ons

<table>
<thead>
<tr>
<th>Level/ Program</th>
<th>Definition</th>
<th>Weighting</th>
<th>Per Student Supplemental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1: Special Education - Residential</td>
<td>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.</td>
<td>0.37</td>
<td>$4,336</td>
</tr>
<tr>
<td>Level 2: Special Education - Residential</td>
<td>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.</td>
<td>1.34</td>
<td>$15,705</td>
</tr>
<tr>
<td>Level 3: Special Education - Residential</td>
<td>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.</td>
<td>2.89</td>
<td>$33,871</td>
</tr>
<tr>
<td>Level 4: Special Education – Residential</td>
<td>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.</td>
<td>2.89</td>
<td>$33,871</td>
</tr>
<tr>
<td>LEP/NEP - Residential</td>
<td>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.</td>
<td>0.668</td>
<td>$7,829</td>
</tr>
</tbody>
</table>

### Special Education Add-ons for Students with Extended School Year (ESY) Indicated in Their Individualized Education Programs (IEPs)

<table>
<thead>
<tr>
<th>Level/ Program</th>
<th>Definition</th>
<th>Weighting</th>
<th>Per Student Supplemental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Education Level 1 ESY</td>
<td>Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.</td>
<td>0.063</td>
<td>$738</td>
</tr>
</tbody>
</table>
### Financial Plan Impact

The 3.6 percent UPSFF increase will increase formula-driven local fund expenditures. The proposed fiscal year 2022 budget includes approximately $1.86 billion for instructional budgets: $1.01 billion for the District of Columbia Public Schools (including $12.32 million in stabilization funding), and $851 million for the public charter schools. Charter schools will receive $158.8 million for facilities allowances in fiscal year 2022, bringing the collective public charter school local budget to $1.01 billion.

### Subtitle (IV)(B) – Predictable Pathways in Education Amendment Act of 2021

#### Background

The subtitle establishes an enrollment preference for students enrolled in a dual language, language immersion, International Baccalaureate, or Montessori program, as designated in the common lottery system, at a public charter school or a District of Columbia Public Schools school who are applying for enrollment in the same type of program at a higher school level.

#### Financial Plan Impact

There is no cost to implement this subtitle. The My School DC common lottery algorithm will be updated to include the specialized program preference at no additional cost to the District.

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44 By amending Section 2206(c) of the District of Columbia School Reform Act of 1995, approved April 26, 1996 (110 Stat. 1321; D.C. Official Code § 38-1802.06(c)).
Subtitle (IV)(C) – DCPS Intra-School Reprogramming Flexibility Amendment Act of 2021

Background

District agencies must allocate their non-personal expenditures to specific object classes such as supplies and materials, contractual services, utilities, rent, and other fixed costs. School budgets follow this practice, too. Under current practices, any time a school chooses to spend their non-personal funds differently, in an amount over $10,000, DCPS must request a budget reprogramming from the Office of the Chief Financial Officer (OCFO). The subtitle increases this amount to $25,000. DCPS must follow rules established by the OCFO to reallocate funding.

Financial Plan Impact

Increasing the maximum amount that can be reallocated within non-personal expenditure object classes without OCFO approval does not have a cost. DCPS can implement the subtitle without additional resources.

Subtitle (IV)(D) – Parks and Recreation Grant-Making Authority Amendment Act of 2021

Background

The subtitle allows the Department of Parks and Recreation (DPR) to issue grants to qualified individuals and non-profit organizations who provide programming to DPR.

Financial Plan Impact

The budget and financial plan includes $200,000 in local funds to provide grants to organizations that provide programming.

Subtitle (IV)(E) – Parks and Recreation Sponsorship Amendment Act of 2021

Background

The subtitle creates a Department of Parks and Recreation (DPR) Sponsorship Fund to collect revenue generated from sponsorships and advertisements. Money in the Sponsorship Fund must be used to support the events, programs, activities, recreation centers, fields, pools, play courts, and other assets and facilities of DPR, as provided in the sponsorship or advertising agreement. Money in the Sponsorship Fund may also be used to support any other DPR activities or facilities and to purchase food, snacks, and non-alcoholic beverages for the general public, DPR program participants, and District government employees.

Financial Plan Impact

DPR expects to collect a small amount of revenue from sponsorships and advertisements in fiscal year 2022, but the proposed budget and financial plan does not rely on deposits into the Fund. DPR

45 By amending Section 4012(a) of the DCPS Contracting and Spending Flexibility Amendment Act of 2016, effective October 8, 2016 (D.C. Law 21-160; D.C. Official Code § 38-2955(a)).
46 In accordance with the Grant Administration Act of 2013, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 1-328.11 et seq.).
The Honorable Phil Mendelson
Fiscal Impact Statement for the "Fiscal Year 2022 Budget Support Act of 2021," Draft bill as provided to Office of Revenue Analysis, May 26, 2021

will raise sponsorship funds in fiscal year 2022 and spend those funds during the same fiscal year to support DPR programming.

Subtitle (IV)(F) – Apprenticeship Fines Amendment Act of 2021

Background
The subtitle requires that fines for violating the District’s apprenticeship requirement law be remitted to the Department of Employment Services (DOES) instead of the District of Columbia Public Schools, as current law requires. The apprenticeship requirement law requires certain contractors of the District of Columbia government and beneficiaries of large projects funded by the District of Columbia government to register an apprenticeship program with the District of Columbia Apprenticeship Council. Those violating the law will be subject to a fine imposed by DOES equal to 5 percent of the direct and indirect labor costs of the contract. Fine revenue is to be used solely for the support of vocation education programs.

Financial Plan Impact
The subtitle will not have an impact on the budget and financial plan since it will align the D.C. Code with current practice. Currently, DOES collects the fines and the fines are included in the DOES budget as revenue collections. In recent years, about $30,000 a year has been collected. The fines are deposited as “Other Revenue” for the DOES Office of Apprenticeship and Trainings. The subtitle will allow DOES to use the money for vocational education programs.

Subtitle (IV)(G) – Scholarship and Tuition Assistance Payment Method Amendment Act of 2021

Background
The subtitle authorizes the Office of the State Superintendent for Education (OSSE) to award scholarships and financial assistance for tuition, fees, room, board, dual enrollment programs, and other cost of post-secondary education. OSSE can also pay for scholarships and financial assistance through direct vouchers issued to institutions of higher education.

Financial Plan Impact
The fiscal year 2022 budget includes $2.4 million and the financial plan includes $7.79 million to implement the subtitle. These funds will be used to support scholarships and financial assistance for post-secondary education.

48 By amending Section 5(c)(3) of the Amendments to An Act To Provide For Voluntary Apprenticeship in the District of Columbia Act of 1978, effective March 6, 1979 (D.C. Law 2-156; D.C. Official Code § 32-1431(c)(3)).
49 An Act To Provide For Voluntary Apprenticeship in the District of Columbia Act of 1978, effective March 6, 1979 (D.C. Law 2-156; D.C. Official Code § 32-1431(c)(3)).
50 Contractors and subcontractors who contract with the District of Columbia government to perform construction, renovation work, or information technology work with a single contract, or cumulative contracts, of at least $500,000 within a 12-month period.
51 Those in excess of $1 million funded in whole or in part with funds which, in accordance with a federal grant or otherwise, the District of Columbia government administers, and in which the District of Columbia is a signatory to any agreement of a contractual nature.
52 By amending Section 3(b) of the State Education Office Establishment Act of 2000, effective October 21, 2000 (D.C. Law 13-176; D.C. Official Code § 38-2602(b)(29)).
Subtitle (IV)(H) – Universal Paid Leave Amendment Act of 2021

Background
Under the District’s Universal Paid Leave Program (“Program”)\(^{53}\), administered by the Department of Employment Services, eligible workers in the District can receive eight weeks of paid leave to bond with a new child, six weeks to care for a family member with a serious health condition, and two weeks to care for a worker’s own serious health condition. The amount of benefit depends on a given eligible worker’s earnings during the previous five quarters and is currently capped at $1,000 per week. The program is funded by a 0.62 percent payroll tax on covered District employers.

The tax rate was set to generate sufficient revenue to cover the rate at which eligible workers having a qualifying event will utilize the program instead of (or in addition to) their employer’s benefit offerings. The Program began paying benefits on July 1, 2020, and benefit expenses have been significantly lower than projections for the maximum operations. Prior to the pandemic, revenues had also been slightly higher than anticipated due to faster than forecasted wage increases since 2016. This has resulted in a one-time projected surplus of $400 million in the Program fund through fiscal year 2022. Fiscal year 2022 benefits are currently forecasted to remain below those originally projected but to return to forecasted levels by fiscal year 2023.

The subtitle lowers the payroll tax rate to 0.27 percent for fiscal year 2022 only to account for lower than forecasted expenditures.

The subtitle also establishes, for fiscal year 2022, three new benefits for eligible workers in the District’s Universal Paid Leave Program. First, workers experiencing a qualifying domestic violence, sexual abuse, or stalking leave event will be eligible to receive two weeks of benefits in a 52-week period to obtain services, seek medical treatment, obtain counseling, seek legal advice, or to relocate to a new residence. Second, pregnant workers will be eligible to receive two weeks of prenatal leave benefits for any reason in the four weeks before their expected due date. Third, the subtitle clarifies that a pregnancy ending in stillbirth is considered an eligible parental leave event, eligible for parental leave of eight weeks of benefits. The new benefits will sunset at the end of fiscal year 2022.

Financial Plan Impact
There is an estimated $400 million surplus in the Program fund through fiscal year 2022. The one year of new benefits established by the subtitle will cost $46 million. Subtitle VIII-A and the proposed Fiscal Year 2021 Supplemental Budget Support Act of 2021 will transfer $185.7 million of surplus out of the fund for other uses. The tax rate reduction through fiscal year 2022 will reduce revenues in the Fund by $168.2 million. The reduced tax rate will generate $128 million of revenue in fiscal year 2020. Following these actions, the balance of the fund is estimated to be at nine months of benefits and, therefore, to remain above the threshold that would require the OCFO to request a policy change in the fund\(^{54}\).

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\(^{53}\) https://does.dc.gov/page/dc-paid-family-leave

\(^{54}\) DC Code, § 32–551.01(i).
TITLE V – HUMAN SUPPORT SERVICES

Subtitle (V)(A) – Medicaid Hospital Outpatient Payment Amendment Act of 2021

Background
The Department of Health Care Finance (DHCF) assesses a fee on District hospitals' outpatient gross revenue. The outpatient fee revenues are deposited in the Hospital Provider Fee Fund (Fund). The Fund is used to make Medicaid outpatient hospital access payments to private hospitals in the District for services provided to Medicaid fee-for-service (FFS) patients. The Fiscal Year 2021 Budget Support Act changed how money in the Fund could be used and permitted DHCF to provide direct outpatient supplemental payments to managed care organizations (MCOs). The statutory language in the Fiscal Year 2021 Budget Support Act inadvertently limited the use of the Fund balance to only provide supplemental payments to MCOs. The subtitle corrects how money in the Fund can be spent to again include FFS payments directly to hospitals.

Financial Plan Impact
The subtitle allows DHCF to use Fund balance in a way that conforms with existing practice. DHCF will be able to provide direct outpatient supplemental payments to MCOs and hospital access payments for FFS patients.

Subtitle (V)(B) – Medical Assistance and Immigrant Children’s Program Amendment Act of 2021

Background
The District of Columbia’s Immigrant Children’s Program (Program) is administered by the Department of Health Care Finance (DHCF) and provides health coverage to approximately 4,000 children under the age of twenty-one who are not eligible for Medicaid. Services covered under the Program are identical to those covered under Medicaid, but eligibility criteria differ between the two programs.

The subtitle increases the Program’s eligible household income threshold from 300 percent of the federal poverty level to 319 percent for children 18 years old or younger and 216 percent for children ages 19 and 20. This increase creates uniform eligibility thresholds across both Medicaid and the Program. The subtitle allows DHCF to implement an income disregard amount, based on family size, of up to five percent of the federal poverty level or higher percentages as authorized by the federal government as an income disregard for the determination of eligibility for Medicaid.

Residents that are determined to be eligible for the Program will be automatically enrolled in a health maintenance organization by DHCF. Program enrollees have 30 days to choose a different maintenance organization if they wish to do so.

The subtitle allows DHCF to modify the standards for eligibility to enroll in a program to increase the number of District residents who would be eligible to enroll in the program, to the extent such expansion is consistent with the District’s budget and financial plan.

Financial Plan Impact
DHCF projects that expanding eligibility criteria will increase the number of Program beneficiaries by nine. Recurring funding of $28,527 is included in DHCF’s fiscal year 2022 budget to cover the costs of these additional beneficiaries.

Subtitle (V)(C) – Medicaid Reserve Fund Amendment Act of 2021

Background
The subtitle eliminates the Medicaid Reserve Fund which is a paper agency of the Department of Health Care Finance. The Fund is used to pay for expenses associated with increased Medicaid enrollment or service utilization as a result of the public health emergency.

Financial Plan Impact
The fiscal year 2022 budget does not include funding in the Medicaid Reserve Fund and there is no fiscal impact to its removal.

Subtitle (V)(D) – Unjust Convictions Amendment Act of 2021

Background
Any person unjustly convicted of, and subsequently imprisoned for, a felony offense contained in the District of Columbia Official Code may present a claim for damages against the District of Columbia or petition the District for compensation. If an unjustly convicted person petitions the District for compensation and the Office of Victim Services and Justice Grants approves the petition, the petitioner is eligible to receive cash payments from the District for each year of incarceration and each year of probation. The petitioner is also eligible to receive health care for life through the D.C. Health Care Alliance program, among other benefits.

The subtitle allows the Department of Health Care Finances (DHCF) to deliver health care and mental health benefits to eligible unjustly convicted and imprisoned individuals using a fee-for-service (FFS) model instead of only the using the D.C. Health Care Alliance (Alliance) program.

Financial Plan Impact
There is currently only one individual that has been awarded health benefits for unjust imprisonment that will be transferred from the Alliance program to the FFS model. The annual cost difference between the Alliance program and the FFS model is $34,000 per person. The proposed DHCF fiscal year 2022 budget includes recurring funding to implement the subtitle.

56 By amending The Department of Health Care Finance Establishment Act of 2007, effective February 27, 2008 (D.C. Law 17-109; D.C. Official Code § 7-771.01 et seq.).
Subtitle (V)(E) – Department of Health Care Finance Support Act of 2021

Background
The bill establishes the date of the District’s acceptance of subcontracting plans with respect to certain Department of Health Care Finance (DHCF) solicitations. The bill is applicable to solicitations issued on or before August 20, 2020 and specifies that the District is deemed to have accepted subcontracting plans when the District receives the best and final offer from an offeror.

Financial Plan Impact
There is no cost to implement this subtitle, however the fiscal year 2022 budget includes budgetary savings that result from this subtitle. Specifically, the subtitle allows DHCF to avoid costs that would result from delaying the procurement of Medicaid Management Information System upgrades; contracting with an enrollment broker to reappor tion Managed Care Organization patients; and losing federal funding for District of Columbia Access System upgrades. In total, retroactively approving subcontracting plans amounts to budgetary savings of $5.4 million in fiscal year 2022.

Subtitle (V)(F) – Howard University Hospital Centers of Excellence Fund Amendment Act of 2021

Background
In 2020, the District authorized operating support, subject to available funding, for five Centers of Excellence at Howard University Hospital (Centers) through fiscal year 2025 and a tax abatement for property being redeveloped by Howard University, beginning no earlier than fiscal year 2025 subject to conditions including operation of the Centers. The five Centers will focus on sickle cell disease, women’s health, substance use and co-occurring disorders, trauma care and violence prevention, and oral health.

The subtitle establishes a non-lapsing Howard University Hospital Centers of Excellence Fund (Fund) to collect unspent local funds that were appropriated in the fiscal year 2021 to support the Centers and will serve as a repository for funds appropriated in fiscal year 2022 or later. The Fund will be administered by the Department of Health.

Financial Plan Impact
The approved fiscal year 2021 budget includes $4.2 million in one-time funding to support the Centers of Excellence at Howard University Hospital. Any unspent money from this appropriation will be deposited into the newly established Fund to be spent in fiscal year 2022 or later.

57 Including solicitations related to healthcare and pharmacy services for District residents in the Medicaid managed care program, services for the District’s Medicaid management information system, and application development for the District’s health and human services solution (District of Columbia Access System, or DCAS).

Subtitle (V)(G) – SNAP Reinvestment Fund Establishment Amendment Act of 2021

Background
Each year the Department of Human Services (DHS) submits Supplemental Nutrition Assistance Program (SNAP) quality control reports to the United States Department of Agriculture’s Food and Nutrition Service (FNS) for independent review. If the District’s SNAP program is found to have an excessive benefit payment error rate, a penalty is assessed, and the program is required to take corrective action. The penalty must be repaid in full to the U.S. Treasury or half of the penalty amount can be reinvested in program enhancements that reduce errors.

The District’s SNAP program was issued a $1.95 million penalty for fiscal year 2018 payment errors and $1.68 million for fiscal year 2019 payment errors. The District negotiated a settlement agreement to invest half of the 2018 penalty amount towards program enhancements and is in the process of negotiating an agreement for the fiscal year 2019 penalty. SNAP error reduction settlement agreements typically extend over multiple fiscal years.

The subtitle establishes a non-lapsing SNAP Reinvestment Fund to collect unspent local funds remaining in the operating budget of DHS at the end of each fiscal year in an amount necessary to meet SNAP excessive payment error rate liability settlement agreements.

Financial Plan Impact
Creating a non-lapsing SNAP Reinvestment Fund will allow DHS to implement error reduction program enhancements without limitation to fiscal year. The amount of surplus local funds deposited into the Fund at the end of each fiscal year will be equal to the outstanding penalty balance as determined through settlement agreements with FNS.
TITLE VI – OPERATIONS AND INFRASTRUCTURE

Subtitle (VI)(A) – Highway Trust Fund Reprogramming Amendment Act of 2021

Background
Since fiscal year 2012, the District Department of Transportation (DDOT) allocated funding for federally funded capital projects through the Highway Trust Fund in “master” projects with associated “related” projects. DDOT does not spend directly from the master projects, but transfers the funds to approved related projects. In fiscal year 2019,59 the Council granted flexibility for DDOT to reallocate funds between master projects and related projects or between related projects under the same master project without going through the Council reprogramming process.60

The subtitle further exempts from the Council reprogramming processes transfers of funds between master projects. The subtitle requires that any transfers be consistent with the District’s State Transportation Improvement Plan and makes this change effective July 1, 2021.

Financial Plan Impact
The subtitle does not change the amount of authorized funding and exempting these transfers from Council’s reprogramming approval processes has no impact on the District’s budget or financial plan.

Subtitle (VI)(B) – Utility Relocation Reimbursement Amendment Act of 2021

Background
The District Department of Transportation (DDOT) pays 50 percent of the cost of relocating, replacing, or abandoning utility company infrastructure that overlaps with a local DDOT construction project and requires the utility company to pay the remaining 50 percent of the cost. DDOT pays the full costs of these actions associated with federal highway funded transportation projects.

The subtitle limits DDOT’s cost on federal highway funded projects to 50 percent, consistent with the treatment of non-federal highway funded projects.

Financial Plan Impact
Under the subtitle, DDOT will no longer have to pay the full cost of utility infrastructure relocation, replacement, or abandonment for federal highway funded projects. DDOT does not expect any significant savings within the federal capital program over the budget and financial plan period from this change.

Subtitle (VI)(C) – Vehicle Inspection Officer Amendment Act of 2021

Background
In 2016, the Council reorganized for-hire vehicle oversight in the District with the establishment of the Department of For-Hire Vehicles (DFHV). Through these efforts, Council required DFHV to always staff at least twenty vehicle inspection officers.61

The subtitle eliminates the requirement that DFHV employ at least twenty vehicle inspection officers.

Financial Plan Impact
The subtitle gives DFHV flexibility to have fewer than twenty vehicle inspection officers when the Department determines that fewer are appropriate. The fiscal year 2022 through fiscal year 2025 budget and financial plan includes twenty vehicle inspection officers.

Subtitle (VI)(D) – Sustainable Energy Trust Fund Amendment Act of 2021

Background
The Department of Energy and Environment (DOEE) imposes a fee on the District’s electricity, natural gas, and oil providers. The fees, whose rates were increased in fiscal year 2020,62 are deposited into the Sustainable Energy Trust Fund (SETF). SETF resources are used to support the District’s energy efficiency efforts through grants, loans, bill support and weatherization for the District’s low-income residents and to support job training in energy efficiency fields. The fiscal year 2020 changes also dedicated $70 million of the SETF resources to the Green Finance Authority (Authority) from fiscal year 2020 to fiscal year 2025. This Authority funding commitment was in addition to a $35 million commitment ($7 million annually) from fiscal year 2018 through fiscal year 2022 from the Renewable Energy Development Fund (REDF) made when the Authority was first established.63

The subtitle maintains the $70 million transfer to the Authority through fiscal year 2025, but gives DOEE more flexibility to transfer between $10 million and $15 million annually from fiscal year 2022 to fiscal year 2025. Currently, DOEE is only authorized to transfer $10 million per year over those fiscal years.

Financial Plan Impact
Through fiscal year 2020, DOEE has transferred $14 million from REDF and $12 million from SETF. DOEE was expected to fund the Authority from SETF at $15 million in each of fiscal year 2020 and fiscal year 2021, but was unable to meet that level of funding in FY 2020 and plans to meet that level in fiscal year 2021. The subtitle gives DOEE flexibility to transfer between $10 million and $15 million from fiscal year 2022 through fiscal year 2025 so that DOEE can still meet its planned commitment of $70 million by fiscal year 2025.

Subtitle (VI)(E) – WMATA Dedicated Funding Amendment Act of 2021

Background
In 2018, the District passed the Dedicated Funding for the Washington Metropolitan Transit Authority (WMATA) Act of 2018\(^{64}\), providing for a dedication of sales tax revenue to be used for a grant to WMATA for the purposes of WMATA capital improvements. The Act provided for an initial annual dedication of $178.5 million, to be increased by three percent annually, beginning in fiscal year 2021. At that time, the District expected a funding compact with surrounding jurisdictions which would require such annual increase, but these jurisdictions have not increased their funding allocations annually.

The subtitle will eliminate the three percent annual increase in the sales tax dedication.

Financial Plan Impact
The District’s revenue estimates included the annual increase provided for in the Act; the subtitle increases sales tax revenue available for general fund purposes by $5.35 million in fiscal year 2021 and $83.6 million through fiscal year 2025.

| Local Fund Revenue Increase from WMATA Dedicated Funding Amendment Act of 2021 ($ thousands) |
| --- | --- | --- | --- | --- | --- |
| Additional sales taxes remaining in Local Funds | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | Total |
| $5,355 | $10,871 | $16,552 | $22,403 | $28,430 | $83,611 |

Subtitle (VI)(F) – Direct Shipment of Alcoholic Beverages Amendment Act of 2021

Background
The subtitle establishes two new categories of license or endorsement to be regulated by the Alcoholic Beverage Control Board (Board) and the Alcoholic Beverage Regulation Administration (ABRA). A direct shipper license or endorsement will allow its holder to ship alcoholic beverages or alcohol-infused products directly to consumers through a common carrier. The subtitle authorizes a Board-licensed manufacturer, off-premises retailer, or a pub endorsement holder to apply for the direct shipper endorsement for products it produced at the licensed premises, manufactured or produced in collaboration with another manufacturer, that are manufactured under a written agreement with another manufacturer, that are produced or bottled for the licensee, or that is authorized for resale by an off-premises retailer. For eligible products not produced on the licensed premises, the licensed establishment can collaborate with or enter into an agreement with any manufacturer, regardless of that manufacturer’s jurisdiction. The subtitle also allows a manufacturer or off-premises retailer located outside the District to apply for a direct shipper license if it is properly licensed in its home jurisdiction. The subtitle limits the quantities of alcohol products that can be shipped to any one consumer to three cases of wine per month, three cases of beer per month, and 10 liters of spirits per month. The subtitle requires direct shippers to submit a quarterly report to ABRA and the Office of Tax and Revenue detailing the amount of alcoholic beverages shipped, the names and addresses of consumers, the purchase prices and taxes charged, and the name and address.

\(^{64}\) Fiscal Year 2019 Budget Support Act of 2018, Subtitle VI-A.
of the common carrier used. A direct shipper should impose taxes based on the jurisdiction of the consumer where the purchase occurs. The subtitle sets a minimum fee of $100 for a direct shipper license.

The second category of license the subtitle establishes is a common carrier license. A direct shipper licensee must use the holder of a common carrier license to ship their alcoholic beverages to consumers. The Board must provide common carrier licensees with a list of approved direct shipper licensees and endorsees on a quarterly basis. A common carrier licensee must verify that the recipient of an alcohol shipment is 21 years of age or older and receive a consumer signature for the delivery. If the common carrier is unable to complete the shipment, the beverages must be returned to the sender. A common carrier must report quarterly to the Board with information on whether it made deliveries during the prior quarter, the date of the deliveries, and the name and address of both the shippers and consumers for each delivery. The subtitle sets a minimum fee of $200 for a common carrier license.

The subtitle amends the District’s rules related to holding conflicting licenses to ensure that a manufacturer, off-premises retailer, or holder of a pub endorsement can also hold a direct shipper license, but it prohibits these licensees from holding a common carrier license.

Financial Plan Impact

The subtitle establishes two new license categories for a direct shippers and common carriers. The direct shipper license will allow District-based manufacturers, off-premises retailers, and holders of a pub endorsement and non-District manufacturers and off-premises retailers to ship alcoholic beverages directly to consumers. There are nearly 2,200 ABRA licensed facilities, but the number of qualified establishments that will seek a direct shipper or common carrier license will not be known until the program launches. Any new license fees will be deposited in the Alcoholic Beverage Regulation Administration Fund.65 The Office of Revenue Analysis has determined that alcohol shipments will in most cases substitute for local or in-person purchases and therefore no additional sales tax revenues are included in the budget and financial plan due to the subtitle’s implementation.

Subtitle (VI)(G) – Extended Hours of Alcoholic Beverage Sales and Delivery Amendment Act of 2021

Background

The Alcoholic Beverage Control Board (Board) and the Alcoholic Beverage Regulation Administration (ABRA) license and regulate retailers who sell and provide for the consumption of alcoholic beverages on-premises. In fiscal year 2021, the District expanded the standard allowable hours for on-premises retailers to begin providing alcoholic beverages from 8 a.m. to 6 a.m.66 The Board and ABRA also allow establishments to serve alcoholic beverages until 4 a.m. and operate 24-hours per day around certain enumerated holidays or special events.

The subtitle expands the number of holidays and special events where approved on-premises retailers can serve alcoholic beverages until 4 a.m. and operate 24-hours per day. The subtitle

authorizes this expansion for the Saturday and Sunday preceding October 31; the Saturday preceding the National Football League's Super Bowl, the day of the Super Bowl, and the Monday following the Super Bowl; the nine day period beginning on the Saturday preceding the first day of the Annual Legislative Conference of the Congressional Black Caucus Foundation and ending on, and including, the Sunday following the first day of the conference; the seventeen day period beginning on February 4, 2022 and ending on February 20, 2022 for the Winter Olympics; and the twenty-eight day period beginning on November 21, 2022 and ending on December 18, 2022 for the World Cup tournament.

Financial Plan Impact
The District has authorized several expanded opportunities in recent years for licensed on-premises alcoholic beverage retailers to serve beverages to customers. The Office of Revenue Analysis has determined that while the subtitle's expansions provide for additional hours during certain holidays or special events, any sales that occur during the expanded hours will be shifts from other sales opportunities. Therefore, there are no additional sales tax revenues included in the budget and financial plan due to the subtitle's implementation.

Subtitle (VI)(H) – Department of Motor Vehicles Kiosk Fund Amendment Act of 2021

Background
The Department of Motor Vehicles (DMV) is developing a 24/7, self-service kiosk program for residents to interact with DMV and obtain services. DMV expects to launch the program late in fiscal year 2022. DMV expects to provide services such as duplicate REAL ID requests, REAL ID renewals, vehicle registrations, driver record requests, and other vehicle sticker renewals. Residents who utilize one of the self-service kiosks will pay a small convenience fee for the service.

The subtitle establishes the Department of Motor Vehicles Kiosk Fund (Fund) as a nonlapsing special purpose revenue fund. DMV will deposit the convenience fees collected by the kiosks into the Fund to support the installation, rent, operating, maintenance, and related supplies costs associated with operating the kiosks.

Financial Plan Impact
The convenience fees that DMV will charge for use of the kiosks will be determined as DMV finalizes negotiations with the kiosk vendor. DMV will deposit the fees into the new Fund, but the budget and financial plan does not include any revenues for the Fund. The Mayor will need to seek budget authority to spend any revenues that are received once the program is underway.

Subtitle (VI)(I) – DC Circulator Amendment Act of 2021

Background
The District Department of Transportation (DDOT) manages the six-line intracity DC Circulator bus network. Riders currently pay $1 per trip to ride a DC Circulator bus and those fees are deposited...
into the DC Circulator Fund. One of the routes, along the National Mall, is also partially funded by parking meter revenues from meters installed along the National Mall. Those fees are deposited into the DC Circulator Fund, but they are accounted for separately as they are dedicated to the operations of the National Mall route.

The subtitle eliminates DDOT's authorization to charge fares for DC Circulator trips.

**Financial Plan Impact**

The subtitle eliminates DDOT's ability to charge fares for DC Circulator trips, so DDOT will no longer be able to off-set some operating expenses with farebox revenues. The subtitle reduces DC Circulator Fund revenues by approximately $1.6 million annually. The budget and four-year financial plan period include additional local operating funds of $1.4 million annually to maintain DC Circulator operations despite the lost farebox revenues.

**Subtitle (VI)(i) – Low-Income Weatherization Assistance Amendment Act of 2021**

**Background**

The Department of Energy and Environment (DOEE) charges an assessment on gas and electric utility companies to support low-income residents with their home heating and electrical bills through the Low Income Home Energy Assistance Program (LIHEAP). These assessments are deposited into DOEE’s Energy Assistance Trust Fund (EATF). LIHEAP is also supported by federal grants.

The subtitle authorizes DOEE to expend EATF resources in fiscal year 2022 for low-income weatherization programs.

**Financial Plan Impact**

DOEE plans to spend approximately $1 million of EATF resources on low-income weatherization programs in fiscal year 2022. DOEE does not expect this expenditure to have a negative impact on DOEE's ability to provide utility payment support to low-income residents through LIHEAP.

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70 DDOT will also recognize savings of approximately $200,000 now that it does not need to collect fares.

Subtitle (VII)(A) – Revised Uniform Unclaimed Property Act of 2021

Background
The subtitle changes requirements for how some unclaimed property must be managed by the District. Unclaimed property consists of money and other personal assets (but not real estate) that are lost or abandoned when an owner cannot be located after an established period. Examples of unclaimed property include checking accounts, uncashed checks, death benefits, dividends, insurance payments, and stocks. Under current law most property is considered unclaimed if it has been inactive for three years, at which point a custodian is required to transfer the property to the District's Unclaimed Property Unit within the Office of Finance and Treasury (OFT). Cash is deposited in the District's general fund, although an owner may come forward to retrieve his or her property at any time. If the abandoned property is a marketable security or stock, current law requires the District to hold that security for three years from when it was transferred to the District. OFT generally sells such securities after three years.

The subtitle reduces the amount of time a security must be held by the District from three years to 60 days. After 60 days, the District may sell the security and deposit sales proceeds in the general fund. The subtitle also expands the type of properties that may be considered unclaimed and entities must transfer to the Unclaimed Property Unit to include virtual currency, payroll cards, stored-value cards, municipal bonds, health savings accounts, commissions, employee reimbursements, and custodial accounts for minors.

The subtitle makes several other changes to the requirements of the Unclaimed Property Program operations. It provides rules for managing confidential information; it authorizes the use of electronic/internet notifications rather than traditional paper publications; it provides rules for cooperation among states to locate owners; it sets a cap on the fee a third-party contract auditor may receive to ten percent of the value of the property; it allows the District to offset against proceeds of unclaimed property to a given owner, including for taxes and child support; and, it increases civil penalties for egregious conduct of holders who have unreasonably refused transfer of abandoned property to the District.

Lastly the subtitle obligates life insurance companies to undertake periodic comparisons of their insureds with the Death Master File maintained by the Social Security Administration to ensure unclaimed proceeds from life insurance policies are transferred to the custody of the District.

Financial Plan Impact
The subtitle increases nontax revenue in fiscal year 2022 by $6.9 million, and $7.7 million over the four-year financial plan. Because much unclaimed property goes unclaimed, the District can record some revenue for the general fund even though OFT is holding property and cash proceeds on behalf of the owner. Revenue is recorded for non-cash assets when they are converted to cash. Two provisions in the subtitle will therefore increase revenue in the financial plan period: changing the required holding period for securities, and expanding the types of unclaimed property. Decreasing the required holding period for securities will shift revenue that would have previously been recognized after a three-year delay and increase revenue by $6.2 million in fiscal year 2022 only.

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72 [https://cfo.dc.gov/page/unclaimed-property-frequently-asked-questions](https://cfo.dc.gov/page/unclaimed-property-frequently-asked-questions)
Expanding the types of unclaimed property that must be transferred to the District will increase revenue by $600,000 in fiscal year 2022, and $120,000 in subsequent years. Additionally, by shortening the period that securities must be held by third party asset managers, the subtitle will reduce costs in the Unclaimed Property Contingency Fund\(^\text{73}\) by $120,000 annually. This is a special purpose revenue fund for unclaimed property operations, and excess funds are transferred to the District’s local fund at the end of each fiscal year.

### Revised Uniform Unclaimed Property Act of 2021

**Subtitle (VII)(A)**

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<thead>
<tr>
<th>Fiscal Year 2022 – Fiscal Year 2025 ($ thousands)</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>Total</th>
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<tbody>
<tr>
<td>Increased Revenue by reducing required securities hold time</td>
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<td>$7,640</td>
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### Subtitle (VII)(B) – Paygo Capital Funding Amendment Act of 2021

**Background**

Current law\(^\text{74}\) requires a minimum amount of funding from local revenue sources to be allocated annually to the Capital Improvements Program. This “Paygo” funding requirement is equal to $58,950,000 plus 25% of the amount by which the projected local funds revenue for that fiscal year exceeds the local funds revenue included in the budget and financial plan approved for Fiscal Year 2020. The subtitle revises the required Paygo capital funding for fiscal year 2025 to be a minimum of $206 million. The subtitle also clarifies that local sales taxes dedicated to WMATA capital improvements are included to meet the funding requirements.

**Financial Plan Impact**

The subtitle’s revised required minimum amount of 2025 local source Paygo capital funding is included in the proposed financial plan, with $206.5 million allocated in 2025. In total, the proposed financial plan includes $714 million for WMATA capital improvements and approximately $332 million of additional Paygo funds for District capital improvements.

### Subtitle (VII)(C) – Subject-to-Appropriations Amendment Act of 2021

**Background**

The subtitle authorizes expenditures for ten laws (see table below) which were passed subject to appropriations. Each required expenditures or revenue reductions that have now been included in the proposed budget and financial plan.

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\(^{73}\) D.C. Official Code § 42-223

\(^{74}\) D.C. Official Code § 47–392.02(f)(2)
The Honorable Phil Mendelson
Fiscal Impact Statement for the "Fiscal Year 2022 Budget Support Act of 2021," Draft bill as provided to Office of Revenue Analysis, May 26, 2021

**Financial Plan Impact**
The expenditures and revenue reductions that have been funded in the budget and financial plan are listed below for each law or act that will become effective under the subtitle.

| Subtitle (VII)(C), Subject-to-Appropriations Amendment Act of 2021 | Fiscal Impact Fiscal Year 2022 – Fiscal Year 2025 |
|---|---|---|---|---|---|
| **FUNDED** | FY 2022 | FY 2023 | FY 2024 | FY 2025 | Total |
| Public Restroom Facilities Installation and Promotion Act of 2018 | $66,000 | $62,000 | $62,000 | $62,000 | $252,000 |
| Care for LGBTQ Seniors and Seniors with HIV Amendment Act of 2020 | $108,000 | $108,000 | $108,000 | $108,000 | $432,000 |
| The Autonomous Vehicles Testing Program Amendment Act of 2020 | $1,198,000 | $800,000 | $802,000 | $802,000 | $3,602,000 |
| Dementia Training for Direct Care Workers Support Amendment Act of 2020 | $170,000 | $0 | $0 | $0 | $170,000 |
| Helping Children Impacted by Parental Incarceration Amendment Act of 2020 | $0 | $0 | $0 | $0 | $0 |
| MLK Gateway Real Property Tax Abatement Amendment Act of 2019 | $550,000 | $300,000 | $306,000 | $312,000 | $1,468,000 |
| Restore the Vote Amendment Act of 2020 | $532,000 | $262,000 | $262,000 | $264,000 | $1,320,000 |
| Diverse Washingtonians Commemorative Works Amendment Act of 2020 | $30,000 | $0 | $0 | $0 | $30,000 |
| Psychology Interjurisdictional Compact Act of 2020 | $25,000 | $0 | $25,000 | $0 | $50,000 |
| Shared Fleet Devices Amendment Act of 2020 | $161,000 | $161,000 | $161,000 | $0 | $483,000 |
TITLE VIII

Subtitle (VIII)(A) – Designated Fund Transfer Act of 2021

Background
The subtitle allows the District to use fund balance available in twenty-one funds as a source of funding for the proposed fiscal year 2022 through fiscal year 2025 budget and financial plan. The affected funds and transfer amounts are listed in the chart below:

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recorder of Deeds Surcharge</td>
<td>$1,587,489</td>
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<tr>
<td>Disability Compensation Fund</td>
<td>$6,674,750</td>
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<tr>
<td>DC Jobs Trust Fund</td>
<td>$158,008</td>
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<tr>
<td>Fair Elections Fund</td>
<td>$668,173</td>
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<tr>
<td>Real Estate Guaranty and Education Fund</td>
<td>$352,749</td>
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<tr>
<td>Real Estate Appraisal Fee</td>
<td>$101,041</td>
</tr>
<tr>
<td>Student Residency Verification</td>
<td>$91,162</td>
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<tr>
<td>Child Development Facilities</td>
<td>$180,248</td>
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<tr>
<td>Enterprise Fund Account</td>
<td>$402,388</td>
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<tr>
<td>Pharmacy Protection</td>
<td>$30,923</td>
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<tr>
<td>Board of Medicine</td>
<td>$2,487,363</td>
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<tr>
<td>ICF/MR Fees and Fines</td>
<td>$239,376</td>
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<tr>
<td>Medicaid – Third Party Liability</td>
<td>$129,101</td>
</tr>
<tr>
<td>Bill of Rights – Grievance/Appeals</td>
<td>$692,366</td>
</tr>
<tr>
<td>MPD Reimbursable Subsidy Program</td>
<td>$650,000</td>
</tr>
<tr>
<td>Subrogation Fund</td>
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</tr>
<tr>
<td>Captive Insurance Fund</td>
<td>$580,509</td>
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<tr>
<td>Securities and Banking Fund</td>
<td>$1,444,934</td>
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<tr>
<td>DC Net Services Support</td>
<td>$181,835</td>
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<tr>
<td>SERV US Program</td>
<td>$48,761</td>
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<tr>
<td>Universal Paid Leave Fund</td>
<td>$28,886,145</td>
</tr>
</tbody>
</table>

The subtitle further transfers $114.5 million from the Universal Paid Leave Fund to the District's Unemployment Insurance Trust Fund.

Financial Plan Impact
The subtitle provides approximately $46 million to balance the proposed fiscal year 2022 through fiscal year 2025 budget and financial plan and $114.5 million for the District’s Unemployment Insurance Trust Fund.