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

Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

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

FROM: **Jeffrey S. DeWitt**
Chief Financial Officer

DATE: **July 28, 2020**

SUBJECT: **Fiscal Impact Statement – "Fiscal Year 2021 Budget Support Act of 2020"**

REFERENCE: **B23-760, ANS as circulated July 27, 2020 and incorporating Amendment #1 from Chairman Mendelson**

Conclusion

Funds are sufficient in the proposed fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the Fiscal Year 2021 Budget Support Act of 2020.

The District's proposed fiscal year 2021 budget includes $8.62 billion in Local fund spending supported by $8.62 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 $9.95 billion.

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

The bill, the "Fiscal Year 2021 Budget Support Act of 2020," is the legislative vehicle for adopting statutory changes needed to implement the District's proposed budget and financial plan for the fiscal years 2021 through 2024. The following pages summarize the purpose and the impact of each subtitle.

Contents

TITLE I – GOVERNMENT DIRECTION AND SUPPORT

Subtitle (I)(A) – Archives Advisory Act of 2020

Background

The subtitle establishes an advisory group to advise the Council on the plan to construct a new archives facility for the District. The group will have between five and 11 members appointed by the Chairman of the Council.

Financial Plan Impact

The subtitle has no impact on the budget and financial plan. Advisors will not be compensated, and any potential administrative costs can be absorbed by the Council.

Subtitle (I)(B) – Audit Engagement Fund Act of 2020

Background

The subtitle creates a non-lapsing fund within the Office of the District of Columbia Auditor (ODCA) known as the Audit Engagement Fund ("Fund"). Beginning in fiscal year 2022, revenue in the Fund will consist of any unspent local fund dollars in the ODCA budget from the previous fiscal year. The Fund may be used for any operating expenses related to performing audits.

Financial Plan Impact

The subtitle has no impact on the budget and financial plan. There is no revenue for the fund in fiscal year 2021. Any funding unspent at the end of fiscal year 2021 will be deposited into the Fund in fiscal year 2022.

Subtitle (I)(C) – Balanced Budget and Financial Plan Freeze on Salary Schedules, Benefits, and Cost-of-Living Adjustments Act of 2020

Background

The subtitle prevents employees, both unionized and non-unionized, from receiving a cost-of-living salary adjustment in fiscal year 2021. Fiscal year 2020 salary schedules and benefits shall be maintained in fiscal year 2021, regardless of any collective bargaining agreement or other agreement. Employees will still be eligible for within-grade salary increases (step increases). The subtitle applies to covered agencies.[1]

The subtitle directs to the Workforce Investment Account any local recurring revenues certified before January 1, 2021 that exceed the certified revenues included in the fiscal year 2021 budget and financial plan. Such revenue is dedicated to negotiated salary adjustments provided for covered employees in the bargaining units covered by the Interest Arbitration Award and Collective Bargaining Agreement between the District of Columbia Public Schools, the Office of the State Superintendent of Education, and the American Federation of State of County and Municipal Employees, District Council 20, Local 2921, AFL-CIO Emergency Approval Resolution of 2020[2],

[1] As defined in section 301(17) of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-601.01 et seq.).
[2] Effective March 3, 2020 (D.C. Res. 23-374; 67 DCR 2735).

effective March 3, 2020 (D.C. Res. 23-374; 67 DCR 2735), and the Compensation Collective Bargaining Agreement between the District of Columbia Government and Compensation Units 1 and 2, FY 2018-FY2021 Approval Resolution of 2018[3].

Financial Plan Impact
The proposed fiscal year 2021 budget includes $3.063 billion in local fund personal services costs. The Workforce Investments agency, which funds collective bargaining agreements, has not been funded in the proposed budget and financial plan, and no increases in personal services costs (other than fringe) have been included in the financial plan. While cost-of-living adjustments and negotiated salary schedules vary from year to year, the fiscal year 2020 approved budget included $89 million for Workforce Investments.

Subtitle (I)(D) – Advisory Neighborhood Commissions Technical Support and Assistance Amendment Act of 2020

Background
The subtitle creates a non-lapsing fund within the Office of the Advisory Neighborhood Commissions (OANC) known as the Advisory Neighborhood Commissions Technical Support and Assistance Fund ("Fund"). Beginning in fiscal year 2021, revenue in the Fund will consist of any forfeited allotments[4] from Advisory Neighborhood Commissions from the previous fiscal year. The fund may be used to support technological applications to assist ANCs with constituent outreach and engagement.

Financial Plan Impact
The subtitle has no impact on the budget and financial plan. Any forfeited ANC allotments at the end of fiscal year 2021 will be deposited into the fund in fiscal year 2022. On average ANCs forfeit approximately ten percent of funding to the general fund each year.

Subtitle (I)(E) – Renewable Energy Future Amendment Act of 2020

Background
The subtitle requires the Department of General Services (DGS) to produce and publish on its website an analysis of the feasibility of initiating or expanding renewable energy generation, including solar, at each District-owned property under the control of the Mayor on a rolling basis, with each property re-analyzed no less than once every 10 years.

In addition, the subtitle requires DGS to initiate or expand renewable energy generation at facilities determined to be feasible, subject to availability of funding. Additionally, any contract entered into to meet this requirement must be awarded to a small business enterprise, provided there are at least two qualified small business enterprises that can provide the services required by the contract. Fifty percent of the dollar volume of the contract must be subcontracted to qualified small business enterprises.

Financial Plan Impact
The budget and financial plan includes funding for a Program Manager at DGS to manage the rolling analysis of renewable energy generation in District buildings.

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[3] Deemed approved February 23, 2018 (P.R. 22-738; 65 DCR 872).
[4] D.C. Official Code § 1-309.13(j)(3)(A)(iii).

Subtitle (I)(E), Renewable Energy Future Amendment Act of 2020 Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
Program Manager Grade 12, Step 4	$107	$107	$107	$107	$426

Subtitle (I)(F) – The DC Center for the LGBT Community Support Amendment Act of 2020

Background
The subtitle directs the Department of General Services to provide a grant in the amount of $70,000 in fiscal year 2021 to the DC Center for the LGBT Community[5] to support its operations while it anticipates an upcoming move. The organization currently leases space from the District in the Reeves Center at 2000 14th Street, N.W and the rent is approximately the same amount as the grant.

Financial Plan Impact
The subtitle has a onetime cost of $70,000 in fiscal year 2021.

Subtitle (I)(F), The DC Center for the LGBT Community Support Amendment Act of 2020 Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
Grant funding to the DC Center for the LGBT Community	$70	$0	$0	$0	**$70**

Subtitle (I)(G) - Access to Jobs Amendment Act of 2020

Background
The subtitle establishes a two-year pilot program within the Office on Returning Citizens Affairs (ORCA) to support the employment of ten returning citizens through grants to employers. The subtitle sets requirements for employers including that they must register with ORCA, demonstrate opportunities for advancement, provide work for at least 20 hours per week for a minimum of eight weeks, and hire one or more eligible individuals. Eligible individuals must be District residents, have been previously incarcerated, have been unemployed for at least a month, and have completed a workforce development and life skills program in the District.

Employers meeting the requirements will be granted funding up to 40 percent of wages paid to an individual in the first year, and 80 percent of wages of individuals still working for the employer in the second year.

Financial Plan Impact
The pilot program will be managed by a project manager in ORCA, provide wrap around skills and training for the participants, and pay out grant funding to employers. The costs below are included in the budget and financial plan.

[5] https://thedccenter.org/

Subtitle (I)(G), Access to Jobs Amendment Act of 2020 Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Project Manager Grade 12	$100	$100	$0	$0	**$200**
Wrap around skills and training (estimated $3,000 per participant per year)	$30	$30	$0	$0	**$60**
Grants to employers	$124.8	$249.6	$0	$0	**$374.4**
TOTAL	$254.4	$379.2	$0	$0	**$633.6**

<u>Subtitle (I)(H) - Returning Citizen Paralegal Fellowship Initiative Pilot Program Amendment Act of 2020</u>

Background
The subtitle makes permanent the Paralegal Fellowship Initiative pilot program previously run out of the Department of Employment Services and funds it within the Office on Returning Citizens Affairs. The program places a cohort of returning citizen students in an accredited, university-based paralegal certification program located in the District. It also provides support services for students.

Financial Plan Impact
The subtitle is funded in the budget and financial plan at $150,000 annually. The number of returning citizens that could participate will depend on which support services are provided. For example, the subtitle only requires placement in a certification program, but the previous iteration of the program paid the students while they were in school. If the same services and support are provided, the pilot program could serve approximately five to ten students per year.

Subtitle (I)(H), Returning Citizen Paralegal Fellowship Initiative Pilot Program Amendment Act of 2020 Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Funding for the pilot program	$150	$150	$150	$150	**$600**

<u>Subtitle (I)(I) - Non-Profit Reimbursement Fairness Analysis Amendment Act of 2020</u>

Background
The subtitle requires the Office of Contracting and Procurement to issue a report by April 1, 2021 reviewing and analyzing the funding of indirect costs for non-profits that have grant agreements with the District. The report must include a list of federal funding associated with grants or contracts

passed through to nonprofit organizations by the District in fiscal year 2020. The report must provide recommended changes to law or regulations to ensure fair and consistent funding of indirect costs to non-profit organizations.

Financial Plan Impact
The subtitle has a one-time cost of $200,000 to fund the analysis in fiscal year 2021.

Subtitle (I)(I), Non-Profit Reimbursement Fairness Analysis Amendment Act of 2020 Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Estimated cost of analysis	$200	$0	$0	$0	**$200**

Subtitle (I)(J) – Indigenous Peoples' Day Amendment Act of 2020

Background
The subtitle establishes Indigenous Peoples' Day, a holiday on the second Monday in October, by updating the District code's references[6] to the holiday previously known as Columbus Day.

Financial Plan Impact
The subtitle has no impact on the budget and financial plan.

Subtitle (I)(K) – Campaign Finance Reform Amendment Act of 2020

Background
In 2018, the Council passed the Campaign Finance Reform Amendment Act[7] (Act) that included establishing an independent Campaign Finance Board (CFB), restricting campaign contributions from covered contractors, amending campaign contribution limits and reporting deadlines, clarifying the operations of various campaign committees, and authorizing the Board of Elections (BOE) to issue advisory opinions on election matters. These reform efforts have not been implemented due to a lack of funding availability.

The subtitle amends the reform efforts to allow for the implementation of some provisions, while maintaining other provisions as subject to appropriations. The subtitle repeals compensation for the CFB members.[8] The subtitle also amends the underlying Act's applicability clause to allow for the implementation of the CFB establishment, the issuance of BOE advisory opinions, the contribution limits and reporting deadlines, and the new rules for finance committees. The only provisions that will remain subject to appropriations are those related to covered contractors and the information that contract authorities must submit as part of contract packages and tax abatement financial analyses.

[6] By updating D.C. Official Code § 1-612.02(a)(7), § 25-723(c)(1)(B), and § 28-2701.
[7] Effective March 13, 2019 (D.C. Law 22-250; 66 DCR 3229).
[8] Compensation was established to annually be $12,500 per member and $26,500 for the chairperson.

Financial Plan Impact

The subtitle amends the Act to implement provisions related to CFB and BOE, but not those impacting the Office of Contracting and Procurement and covered contractors. The fiscal year 2021 through fiscal year 2024 budget and financial plan includes a new attorney, auditor, and technology specialist and funding for electronic filing system upgrades. The budget includes $292,000 in fiscal year 2021 and $1.2 million over the four-year financial plan period for the employees and a one-time enhancement of $100,000 for the filing system upgrade in fiscal year 2021. BOE also requires a new attorney to assist with the advisory opinion process and the enforcement. This employee is included in the budget at a cost of $74,000 in fiscal year 2021 and $297,000 over the four-year financial plan period.

Subtitle (I)(K), Campaign Finance Reform Amendment Act of 2020 Implementation Costs Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Campaign Finance Board (CFB)					
Personnel	$292	$293	$295	$295	$1,175
Filing System Upgrade	$100	$0	$0	$0	$100
Total CFB Costs	$392	$293	$295	$295	$1,275
Board of Elections Attorney	$74	$74	$74	$75	$297
Total Subtitle Costs	**$466**	**$367**	**$369**	**$370**	**$1,572**

TITLE II – ECONOMIC DEVELOPMENT AND REGULATION

Subtitle (II)(A) – Business Recovery Task Force Act of 2020

Background

The subtitle establishes an eleven-member[9] Business Recovery Task Force (Task Force) to assess, support and provide recommendations regarding small business recovery due to the COVID-19 public health emergency.[10] The task force should meet monthly during the public health emergency and then quarterly thereafter until it issues its report identifying and assessing access to technical and financial assistance, outreach and educational efforts, and long-term policy recommendations for the economic recovery of small businesses. The Task Force must submit its report within 180 days after the appointment of Task Force members. The Task Force shall disband following the issuance of its report.

The Department of Small and Local Business Development (DSLBD) should provide administrative support to the Task Force.

Financial Plan Impact

The subtitle establishes a Task Force to evaluate the impact of the Covid-19 public health emergency on small businesses in the District. The Task Force members are unpaid and DSLBD can support the Task Force's efforts within its fiscal year 2021 budgeted resources.

Subtitle (II)(B) – New York Avenue N.E. Retail Priority Area Expansion Amendment Act of 2020

Background

The subtitle expands the New York Avenue, N.E. Retail Priority Area[11] to include an area beginning at intersection of Montello Avenue, N.E. and Florida Avenue, N.E. to the intersection of Montello Avenue, N.E. and Mount Olivet Road, N.E.

Financial Plan Impact

The subtitle expands the geographic area and the number of businesses that can apply for grants through the retail priority area program. The fiscal year 2021 budget includes a one-time enhancement of $100,000 to support this expansion of the New York Avenue, N.E. Retail Priority Area.

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[9] The task force includes the Deputy Mayor for Planning and Economic Development, the Director of the Department of Small and Local Business Development, the Chairperson of the Council's Committee on Business and Economic Development, and eight representatives of business enterprises. One of the business representatives shall be designated as the chair of the Task Force.

[10] Declaration of Public Emergency and Declaration of Public Health Emergency, declared March 11, 2020 (Mayor's Orders 2020-45 and 2020-46).

[11] Retail Incentive Act of 2004, effective September 8, 2004 (D.C. Law 15-185; D.C. Official Code § 2-1217.73(k)).

Subtitle (II)(C) – Aligning Opportunity Zone Tax Benefits with DC Community Priorities Act of 2020

Background

The Federal 2017 Tax Cuts and Jobs Act established a deferral of capital gains for income tax purposes for taxpayers who invest in a Qualified Opportunity Fund and meet other requirements. Qualified Opportunity Funds (QOF) make investments across the country in one of over 8,000 Qualified Opportunity Zones (QOZ).

The subtitle decouples the capital gains deferral for purposes of District income taxes unless the investment meets certain criteria. These criteria include a requirement that the QOF is certified by the Mayor; that the QOF has invested at least the value of the taxpayer's QOF investment in a QOZ located in the District; and that the QOF submits IRS forms 8996 and 8997 to the Office of Tax and Revenue. In order to be certified by the Mayor, the QOF must submit documentation showing the QOF has invested in a business or property that has received a grant, loan, or tax incentive from the District; has invested in an economic development project managed, owned, or disposed of by the District; has received support of the Advisory Neighborhood Commission where the investment is located; or that has received at least a score of 75 on the Urban Institute Opportunity Zone Community Impact Assessment Tool or similar tool approved by the Mayor. The subtitle also requires that the Office of Tax and Revenue collect data related to taxpayers claiming Opportunity Zone tax benefits and provide it in anonymized format to DMPED.

Financial Plan Impact

By decoupling from the federal capital gains tax deferral for QOF investments that are not located in the District or are not expected to meet the subtitle's criteria, fewer capital gains tax deferrals are estimated for District income tax returns. The subtitle is estimated to result in $2 million of increased District income taxes in Fiscal Year 2021, and a total of $19.9 million over the financial plan.

Subtitle (II)(C), Aligning Opportunity Zone Tax Benefits with District Community Priorities Act of 2020 Revenue Gained Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Increased Income Tax Revenue	$2,000	$6,181	$5,925	$5,756	**$19,862**

Subtitle (II)(D) – Streetscape Business Development Relief Fund Expansion Amendment Act of 2020

Background

The Streetscape Business Development Relief Fund (Fund)[12] is managed by the Department of Small and Local Business Development (DSLBD). DSLBD is authorized to issue loans and grants out of the Fund to businesses whose operations are disrupted by District streetscape construction,

[12] Streetscape Fund Amendment Act of 2010, effective April 8, 2011 (D.C. Law 18-370; D.C. Official Code § 1-325.191).

rehabilitation projects, and other capital infrastructure projects and who are located adjacent to, or within, the project area.

The subtitle expands the eligible recipients of loans and grants to include District Main Streets organizations.[13] The subtitle also requires DSLBD to issue a report within 180 days after the end of fiscal year 2020, and every year thereafter, detailing all loans, grants, and subgrants issued out of the Fund.[14]

Financial Plan Impact
Including District Main Streets organizations as eligible recipients of grants and loans does not have a cost. Total grants and loans that can be made will be limited to resources available in the Fund. The fiscal year 2021 budget does not include any funding for grants, but the Fund will receive loan repayments that DSLBD could request budget authority to spend as those repayments are realized.

Subtitle (II)(E) – Equity Impact Enterprise Establishment Amendment Act of 2020

Background
The Department of Small and Local Business Development (DSLBD) certifies District-based businesses in several categories that allow those businesses to take advantage of government programs, including receiving preference points or bid price reductions when seeking District government procurement opportunities. These categories include small, local, disadvantaged, and veteran-owned business enterprises; resident-owned and longtime resident businesses; and local business enterprises headquartered in enterprise zones.

The subtitle establishes a new category of certification as an "equity impact enterprise" which is defined as a business enterprise that is a resident-owned business and small business enterprise that is 51 percent owned by individual(s) that are economically disadvantaged or have been subjected to racial or ethnic prejudice or cultural bias. The subtitle also establishes preferences for government contracts for equity impact enterprises of five points for proposals and ten percent bid price reductions. The subtitle makes equity impact enterprises eligible for financial assistance through DSLBD's Small Business Capital Access Fund.[15]

The subtitle also expands upon a requirement that the Mayor subdivide and unbundle larger solicitations into smaller contracts. The subtitle requires the Mayor to issue rules about subdividing and unbundling contracts by January 1, 2021 and make publicly available on the DSLBD website any solicitations that have been subdivided or unbundled on a quarterly basis after that date. The subtitle changes an authorization for the Mayor to implement pilot set-aside programs for small business enterprises to be for equity impact enterprises.[16] DSLBD must also provide technical assistance to equity impact enterprises so they can compete for contracting and procurement opportunities and report to the Council within five years on the effectiveness of equity impact enterprise programs.

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[13] https://dslbd.dc.gov/service/DCMS
[14] DSLBD must include information on the dollar amounts disbursed, who received the funding, and whether recipients were certified business enterprises.
[15] Department of Small and Local Business Development Amendment Act of 2007, effective September 18, 2007 (D.C. Law 17-20; D.C. Official Code § 2-218.75).
[16] The pilot program must be established no later than October 1, 2020.

The subtitle amends the DSLBD Minority and Women-Owned Business Assessment Program to require that it work with all District procurement authorities to ensure they are trained to evaluate, collect, and track spending and demographic data. The subtitle requires the Mayor to contract for a disparity study in fiscal year 2021 to assess discrimination against minority and women-owned businesses and the use of these businesses as prime and sub-contractors. All District procurement authorities must provide information to support the disparity study. The disparity study must be submitted to the Council committee with oversight of DSLBD within 450 days after October 30, 2020.

Financial Plan Impact
The subtitle requires DSLBD to create a certification for equity impact enterprises and provide them support in obtaining government contracting opportunities. DSLBD certifies several categories of small and local businesses, but it must update its certification database to accommodate equity impact enterprises. The fiscal year 2021 budget includes $120,000 for DSLBD to update the certification database. DSLBD can provide technical assistance to, support pilot programs for, and report on the effectiveness of programs for equity impact enterprises within its budgeted resources. DSLBD currently works with agencies to subdivide and unbundle contracts and does not need additional resources to issue rules around, expand, or publicize these efforts.

DSLBD requires additional resources to produce a disparity study assessing equities in contracting and procurement in the District. The fiscal year 2021 budget includes $750,000 for DSLBD to contract for the disparity study.

Subtitle (II)(F) – Deputy Mayor for Planning and Economic Development Limited Grant Making Authority Amendment Act of 2020

Background
The subtitle expands the Deputy Mayor for Planning and Economic Development's (DMPED) grant-making authority to include issuing grants to equity impact enterprises[17] that operate in the District's Wards 5, 7, or 8, to support creative and open space modernization tax incentives[18] of $580,366 in fiscal year 2021, and at least $200,000 annually to an organization that increases procurement opportunities for District-based businesses with large anchor institutions. The subtitle also authorizes DMPED to issue a grant of at least $1 million in fiscal year 2021 to a District-chartered bank to support equitable economic recovery in the District. The recipient of this $1 million grant must submit a report to DMPED by September 30, 2021 accounting for the use and recipients of the grant funds. DMPED must then report to Council by November 1, 2021 on the efficacy of the grant. DMPED exempts any grants issued under this subtitle's authority from competitive award requirements.[19]

The subtitle also clarifies that grants issued under the creative and open space modernization tax incentive program are not guaranteed and are subject to the availability of funding.

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[17] As defined in the Equity Impact Enterprise Establishment Amendment Act of 2020 (Subtitle (II)(E) of this Budget Support Act).
[18] Creative and Open Space Modernization Amendment Act of 2015, effective October 22, 2015 (D.C. Law 21-36;D.C. Official Code § 47-4665).
[19] Grant Administration Act of 2013, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 1-328.13).

Financial Plan Impact
The bill authorizes DMPED to issue grants to equity impact enterprises that operate in Wards 5, 7, or 8. There are no costs associated with giving DMPED this grant-making authority, but the fiscal year 2021 through fiscal year 2024 budget and financial plan does not include funding for these grants.

The subtitle also authorizes DMPED to issue grants in the amounts of $580,366 in fiscal year 2021 to support creative and open space modernization tax incentives, $200,000 annually to support procurement opportunities for District-based businesses, and $1 million in fiscal year 2021 for a District-chartered bank to support equitable economic recovery. The fiscal year 2021 through fiscal year 2024 budget and financial plan includes funding for these grants.

Subtitle (II)(G) – Tax Abatements for Affordable Housing in High-Need Areas Act of 2020

Background
The subtitle exempts from real property tax certain real property designated by the Mayor. To be eligible, at least one-third of the property's units must be rented by, and affordable to households at 80 percent of median family income[20] or below, and be located in an area designated through the District's Housing Equity Report[21] as having a high-need for affordable housing (Rock Creek West, Rock Creek East, Capitol Hill, and Upper Northeast). Further, the developer must enter into land covenants, agree to use Certified Business Enterprises[22] for 35 percent of project construction and operations, and agree to First Source hiring requirements[23] for project operations (but not construction costs). The Mayor shall use a competitive process to select eligible projects.

The exemption can begin in the tax year immediately following the year in which the project receives a certificate of occupancy and can continue for 30 years, or extended up to 40 years at the option of the Mayor. Exemptions are not available until fiscal year 2024. Total exemptions under the program are capped at $200,000 in 2024 and $4 million annually thereafter.

Financial Plan Impact
During the financial plan, the subtitle results in a one-time revenue loss of $200,000 in fiscal year 2024.

Subtitle (II)(H) – Healthcare Workforce Partnership Establishment Act of 2020

Background
This subtitle would establish and operate a healthcare sector partnership to provide guidance to the District, particularly to the Workforce Investment Council (WIC) about healthcare training. The purpose of the partnership is to increase the number of District residents employed in the healthcare industry—with a focus on jobs at the two new hospitals in the District that will be financed with

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[20] As set forth in section 101(5) of the Inclusionary Zoning Implementation Amendment Act of 2006, effective September 23, 2017 (D.C. Law 16-275; D.C. Official Code § 6-1041.01(5))
[21] https://planning.dc.gov/sites/default/files/dc/sites/housingdc/publication/attachments/Housing%20Equity%20Report.pdf
[22] Pursuant to the Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 et seq.).
[23] Pursuant to the First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code § 2- 219.03)

taxpayer dollars during the financial plan—and to meet the staffing needs of employers not only in the hospital sector but in the District's managed care organizations, private insurers, and other healthcare providers. The subtitle would fund an organization to facilitate the partnership and fund training for District residents in healthcare occupations.

The subtitle has three components. First, it establishes a Healthcare Workforce Partnership composed of healthcare employers and training providers to provide guidance to the District on healthcare workforce training. Second, the subtitle will create and fund an organization to serve as an "intermediary" to facilitate the Partnership's activities. An "intermediary is an organization that brings together employers and workforce training providers from the same industry to plan, develop, and implement strategies to link training to jobs. Finally, the subtitle creates a grant program at the WIC to fund training in the healthcare field. Finally, the subtitle establishes two potential methods for the WIC to arrange for training. The WIC may issue grants to training providers consistent with the Partnership's recommendations, or the WIC may partner with the University of the District of Columbia Community College and the Office of the State Superintendent of Education to provide training directly.

Financial Plan Impact
The subtitle will cost $530,000 in fiscal year 2021 and $2,628,426 over the four-year budget and financial plan. It will require a project manager, at a cost of $130,000 a year; an annual grant to an intermediary, which will cost approximately $250,000 a year; and grants to training programs, which will total approximately $300,000 a year (though in fiscal year 2021 the grant cost will be $150,000, since the grant will be issued mid-year.)

Subtitle (II)(H), Healthcare Workforce Partnership Establishment Act of 2020 Implementation Costs Fiscal Year 2021 – Fiscal Year 2024					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Four-Year Total**
Project Manager Position[1]	$130,000	$130,000	$130,000	$130,000	$520,000
Grant to Intermediary	$250,000	$254,375	$258,827	$263,356	$1,026,558
Two Grants for Training Programs[2]	$150,000	$305,250	$310,592	$316,027	$1,081,869
TOTAL COST	**$530,000**	**$689,625**	**$699,418**	**$709,383**	**$2,628,426**

Table Notes:
[1]Includes fringe benefits.
[2]Starts July 2021.

Subtitle (II)(I) – DC Infrastructure Academy Employer Engagement Amendment Act of 2020

Background
The subtitle requires the DC Infrastructure Academy (DCIA)[24] to provide training in industries for which there is a significant demand regionally or by a major employer, including the construction, internet technology, and infrastructure industries. It also creates committees of industry

[24] By amending the Youth Employment Act of 1979, effective January 5, 1980 (D.C. Law 3-46; D.C. Official Code § 32-241 et seq.)

representatives for each area of training. The committees must submit recommendations to DCIA on the occupational skills trainings it should offer, the number of District residents that should be trained, specific skills needed to obtain employment in an occupation, and tools needed for the trainings. DCIA must submit to the committees curricula taught by its staff and scopes of work for grants and contracts, and the committees must provide feedback on these items. DCIA must take into consideration this feedback when implementing a skills training taught by its staff or preparing statements of work for grants and contracts.

Financial Plan Impact
Funding for this subtitle has been included in the fiscal year 2021 proposed budget and financial plan. DOES will need one FTE, at a cost of approximately $129,000 a year, to oversee the industry committees and coordinate the feedback between the committees and DOES.

Subtitle (II)(I), DC Infrastructure Academy Employer Engagement Amendment Act of 2020 Implementation Costs Fiscal Year 2021 – Fiscal Year 2024					
	FY 2021	FY 2022	FY 2023	FY 2024	Four-Year Total
Industry Committee Coordinator (1 FTE, Grade 12), DOES[1]	$129,462	$129,823	$130,191	$130,564	$520,039

[1]Though cost-of-living increases are frozen we assume fringe benefits grow by 1.5% annually.

It is possible that contract costs for trainings could increase if DCIA chooses to request revisions to vendor curricula based on feedback from the industry committees. These potential costs are not included in the table above.

The requirement that DCIA provides training within three specific industries does not have a cost since its trainings already fall within these industries.

Subtitle (II)(J) – Workplace Leave Navigators Program Establishment Amendment Act of 2020

Background
The subtitle establishes a Workplace Leave Navigators program administered by the Department of Employment Services. The program will provide grants to organizations to assist individuals in obtaining workplace leave and benefits, and to assist employers in incorporating best practices into their administration of workplace leave. Funds may not be used to prosecute or defend claims in a lawsuit related to workplace leave. DOES must issue a request for grant applications no later than October 31, 2020.

Financial Plan Impact
The program will be funded from the Universal Paid Leave Administration Fund ("Fund"). Subtitle (II)(O) the Universal Paid Leave Fund Amendment Act of 2020 establishes the Fund and directs no less than $500,000 to the Workplace Leave Navigators program. The Fund will also be utilized to hire a grant administrator and cover associated non-personal services costs. DOES estimates these costs to be $185,000 annually and are broken out in the chart below.

Subtitle (II)(J), Workplace Leave Navigators Program Establishment Amendment Act of 2020 Implementation Costs Fiscal Year 2021 – Fiscal Year 2024					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Four-Year Total**
Grant Administrator (1 FTE, Grade 11), DOES	$101,522	$101,522	$101,522	$101,522	$406,088
Non-personnel costs including training, supplies, translation services and grant management system	$83,300	$83,300	$83,300	$83,300	$333,200
Minimum grant allocation	$500,000	$500,000	$500,000	$500,000	$2,000,000
TOTAL	**$684,822**	**$684,822**	**$684,822**	**$684,822**	**$2,972,595**

Subtitle (II)(K) – School Year Internship Pilot Program Amendment Act of 2020

Background

The subtitle requires[25] the Department of Employment Services (DOES) to create a pilot internship program for high school students in fiscal year 2021. The program will place 250 students, who attend a public or private high school or are home-schooled, in internships with private, non-profit, and government employers. Interns will remain matched with the employers between January 2021 and June 2021.

DOES will choose the interns through an application process that prioritizes at-risk students. DOES will pay the students $10 an hour.

DOES will also create an application process for prospective host employers. Prospective hosts must submit their application to DOES by December 1, 2020. DOES will prioritize hosts that will engage an intern in work experience activities, rather than work readiness activities, for the majority of an intern's time. Hosts must assess an intern's work readiness and provide a written assessment of an intern's work at the end of the internship using benchmarks for interns' growth and development created by DOES.

DOES must notify interns of their placement with a host by January 5, 2021.

The subtitle also requires[26] DOES to publish an annual report on its year-round youth programs starting December 15, 2020. The report will be on eight programs and will include participant demographics, program expenditures, and names of program partners, such as vendors, grantees, and host employers.

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[25] By amending Section 2a(a) of the Youth Employment Act of 1979, effective January 5, 1980 (D.C. Law 3-46; D.C. Official Code § 32-242(a)).

[26] By amending The Department of Employment Services Local Job Training Quarterly Outcome Report Act of 2012, effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 32–771).

Financial Plan Impact
Funding for this subtitle has been included in the fiscal year 2021 proposed budget and financial plan. The subtitle will cost approximately $887,000 in fiscal year 2021 and approximately $28,000 each year thereafter. The cost of the subtitle comes from three areas: new staff for DOES, wages paid to the student interns, and laptops for interns who may need to work remotely due to Covid-19.

DOES will need one program analyst to help develop host screening, student applications, benchmarks and assessments to measure students' growth, and training for hosts to assess students. This staff member will also write the newly required report on year-round youth programs. After the student internship pilot ends in fiscal year 2021, DOES will require only 0.25 FTE for this position in order to fulfill the new reporting requirements. Salary and benefits for this position will cost approximately $113,000 in fiscal year 2021 and $28,000 in subsequent years.

To recruit students and internship hosts and manage the student interns, DOES will need four recruitment and case management staff. We assume these positions will last from October 2020 through July 2021. The total cost of these positions is approximately $253,000 in fiscal year 2021.

Intern wages will cost approximately $355,000 in fiscal year 2021, assuming the 250 interns work an average of six hours a week for 22 weeks.

If Covid-19 requires that interns work from home, DOES may need to issue laptops with WiFi service. DOES estimates the cost of 150 laptops with WiFi to be $166,000. If more than 150 students need access to laptops, or students need software beyond what the $166,000 will provide, DOES may need to select hosts with the ability to lend students laptops or software.

Subtitle (II)(K), School Year Internship Pilot Program Amendment Act of 2020 Implementation Costs Fiscal Year 2021 – Fiscal Year 2024					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Four-Year Total**
Program Analyst (1 FTE, Grade 12), DOES[1]	$112,905	$28,304	$28,384	$28,464	$198,057
Recruitment and Case Management Staff (4 FTEs, Grade 9), DOES[2]	$253,293	$0	$0	$0	$253,293
Student Wages[3]	$355,245	$0	$0	$0	$355,245
Student Laptops with WiFi[4]	$166,000	$0	$0	$0	$166,000
TOTAL	**$887,443**	**$28,304**	**$28,384**	**$28,464**	**$972,595**

Table Notes
[1]This position reduces to a 0.25 FTE position in FY 2022 since many of the staff member's duties end with the internship pilot program in FY 2021. Though cost-of-living increases are frozen we assume fringe benefits grow by 1.5% annually.
[2]Positions are pro-rated for 10 months of the year, October 2020 through July 2021, since the internship program ends in June.
[3]Assumes the 250 interns work an average of 6 hours a week for 22 weeks. The $10 per hour wage includes a 7.65% FICA tax.
[4]Assumes 150 students will need to use a DOES-issued laptop with WiFi due to Covid-19.

Subtitle (II)(L) – Unemployment Insurance Modernization Requirements Act of 2020

Background

The Department of Employment Services (DOES) has a $45 million capital project[27] underway to modernize all aspects of the software systems through which the District's unemployment insurance program is run, including integration of the tax, benefits, and other systems. The project replaces outdated mainframe technology and allows the program to improve responses to updated legal requirements.

The subtitle sets a deadline of September 30, 2022 for completion of the project and includes requirements for mobile device and internet browser access, accessibility for people with disabilities, and compliance with the District's Language Access Act[28].

The subtitle also requires DOES to supply certain materials at the lobby of its headquarters, such as unemployment insurance applications and complaint forms for labor law violations.

Financial Plan Impact

The subtitle does not change DOES's plans for the unemployment insurance modernization project. The District's capital budget includes full funding for the project by fiscal year 2022[29].

Requiring DOES to supply materials in its lobby will have a small cost associated with furniture and date stamping devices. This cost can be absorbed in DOES's proposed budget.

Subtitle (II)(M) – District Government Transgender and Non-Binary Employment Study Act of 2020

Background

The subtitle requires the Mayor to conduct a study of District government agencies to analyze employment data, hiring and recruitment practices, and workplace climate for people who identify as transgender or non-binary. The subtitle establishes the requirements for the study and requires the selected contractor to partner with an entity that is experienced in sexual orientation and gender studies. The study must be completed by December 31, 2021.

Financial Plan Impact

The subtitle has a one-time cost of $150,000 to fund the expected cost of the study in fiscal year 2021.

Subtitle (II)(M), District Government Transgender and Non-Binary Employment Study Act of 2020 Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Estimated cost of study	$150	$0	$0	$0	**$150**

[27] CF0-UIM02-UI

[28] Language Access Act of 2004, effective March 14, 2007 1270 (D.C. Law 15-167; D.C. Official Code § 2-1931 et seq.

[29] As of fiscal year 2020, the project had received $37.5 million of allotments; the proposed fiscal year 2021 – fiscal year 2026 capital budget includes an additional $7.45 million of funding through fiscal year 2022.

Subtitle (II)(N) – Tipped Workers Fairness Clarification Amendment Act of 2020

Background

The subtitle changes the details of what must be reported by tipped wage employers on a quarterly basis to the Department of Employment Services. For example, current law requires weekly wages to be reported with gratuities, but the subtitle will require that gratuities be reported separately. The subtitle also changes the details of the content that employers must post in their public facing materials regarding tipped wage rights.

The subtitle establishes a $500 fine for employers who do not submit a quarterly wage report to DOES, unless the employer is using a third-party payroll business to process their payroll. Third party payroll businesses are reporting the data to DOES.

Financial Plan Impact

The subtitle does not have an impact on the budget and financial plan. Reports are currently provided to the Department of Employment Services; this changes the details required in those reports. Additionally, the fiscal year 2021 budget provides funding for DOES for enforcement, and for developing a new portal and database to better collect and analyze tipped wage reports. No revenue is certified for the new fines in fiscal year 2021. Collection rates will be reviewed in preparation for the fiscal year 2022 budget.

Subtitle (II)(O) – Universal Paid Leave Fund Amendment Act of 2020

Background

The Universal Paid Leave Implementation Fund[30] managed by the Department of Employment Services (DOES) collects payroll tax revenues from most private employers to cover the cost of benefits and administrative expenses associated with the District's Universal Paid Leave program[31]. Currently no more than ten percent of revenues may be spent on administration of the program[32], and no more than an additional 0.25 percent[33] of revenues may be spent on public education.

The subtitle moves all paid family leave program administrative costs and public education costs to a new fund called the Universal Paid Leave Administration Fund ("Fund") and changes the implementation fund name to the Universal Paid Leave Fund. The subtitle maintains a cap of 10 percent of revenues that can be dedicated to administrative costs, but moves public education costs within the cap. Instead of dedicating a maximum of 10 percent of revenues to administrative costs and 0.25 percent of revenues dedicated to public education, the subtitle dedicates 10 percent of revenues to both administrative cost and public education.

The subtitle breaks down the spending of 10 percent of revenues into three categories of allowable spending: no more than 8.75 percent of revenues is dedicated to administrative costs by DOES, no more than 0.75 percent is dedicated to enforcement and public education costs at the Office of Human Rights, and 0.5 percent is dedicated to hearing of claim appeals at the Office of Administrative

[30] D.C. Official Code § 32–551.01.
[31] https://dcpaidfamilyleave.dc.gov/
[32] D.C. Official Code § 32–551.01(b).
[33] D.C. Official Code § 32–541.06.

Hearings. The subtitle also requires that no more than six percent of total appropriated funding for administrative costs may be used for public education, and that at least $500,000 of that public education funding must be set aside for the Workplace Leave Navigators Program, which is established under Subtitle II(J).

The subtitle requires enforcement and complaints related to unlawful interference with paid leave rights or employer retaliation to be enforced by the Office of Human Rights (OHR). OHR's role may also include education and outreach on individuals' rights under the Universal Paid Leave Act of 2016. Appeals of claims determinations will continue to heard by the Office of Administrative Hearings (OAH). The subtitle requires DOES to execute Memoranda of Understanding with OHR and OAH to transfer funding for their roles from the Fund.

Financial Plan Impact
The subtitle has no impact on the budget and financial plan. The DOES universal paid leave administrative budget[34] is approximately seven percent of expected Universal Paid Leave Fund revenues in fiscal year 2021, well below the subtitle's ten percent cap. This leaves sufficient room under the administrative funding cap to fund the subtitle's minimum allocation of $500,000 to the Workplace Leave Navigators program. The subtitle's requirement to send funding to OAH and OHR was already part of DOES's administrative cost plans. Additionally, there is sufficient funding for growth in administrative cost for DOES, OHR and OAH. With program benefits set to begin in summer 2020, the agencies may determine additional resources are required to successfully administer the program.

Subtitle (II)(P) – Shared Work Compensation Program Clarification Amendment Act of 2020

Background
The subtitle makes permanent the legislative language needed to implement the Shared Work Compensation Program found in the Coronavirus Support Temporary Amendment Act of 2020[35], temporary legislation enrolled on June 9, 2020. The Shared Work Compensation Program allows[36] eligible employers in certain circumstances to avoid laying off a portion of its workforce by instead temporarily reducing the hours of all employees or a certain group of employees. The employees working reduced hours will then be eligible for a portion of the unemployment benefits they would be due if they were laid off. To be eligible for the program, an employer must meet certain criteria and have a shared-work plan approved by the Department of Employment Services.

States are allowed, but not required, to implement shared work programs under the Federal Unemployment Tax Act (FUTA), which refers to such programs as "short-time compensation". Typically unemployment insurance benefits for hours reduced through shared work programs are

[34] $20.75M is budgeted in DOES special purpose revenue fund 620 (known as UPL Administration Fund). https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/cf_does_tables_2021m.pdf
[35] See https://lims.dccouncil.us/Legislation/B23-0758
[36] By amending the Keep D.C. Working Act of 2010, effective October 15, 2010 (D.C. Law 18-238; D.C. Official Code § 51-171 et seq.)

paid by a state's unemployment insurance trust fund[37], but the federal CARES Act, passed due to COVID-19, allows these benefits to temporarily be paid by the federal government[38].

For the District to get federal payments for its shared work program during Covid-19, it must make the legislation implementing its Shared Work Compensation Program permanent instead of temporary. Although a state can qualify for reimbursement of short-time compensation costs without permanent legislation, a state will not be eligible for a short-time compensation grant under the CARES Act if its short-time compensation law is subject to discontinuation.

Financial Plan Impact

The subtitle does not have a fiscal impact on the fiscal year 2021 proposed budget and financial plan. If the subtitle is approved, the Department of Employment Services (DOES) estimates it will receive $431,513 in federal grants for its Shared Work Compensation Program. Without the federal grants, payments for shared work unemployment claims will be paid from the unemployment insurance trust fund, which is typically funded through business payroll taxes. The shared work program is unlikely to negatively impact the trust fund since the alternative for businesses enrolled in the program would be laying off a portion of their workforce. Additionally, some research shows that businesses participating in the shared work program pay the equivalent of the benefits back through taxes or reimbursements.[39]

Subtitle (II)(Q) - Equitable Impact Assistance for Local Businesses Act of 2020

Background

The subtitle establishes the Equity Impact Fund (Fund) to facilitate investments in businesses that lack access to capital and to make direct investments into businesses based on the Fund's investment strategy. The Fund will be established with $1.25 million in fiscal year 2021 and will be managed by a fund manager that is a private financial organization with experience working with and investing in economically disadvantaged individuals and businesses and equity impact enterprises.[40] The fund manager should demonstrate how it will structure the Fund, raise money for the Fund, the target eligible businesses,[41] varied financing vehicles, and investment strategies. The fund manager can expend up to 15 percent of the Fund's initial investment annually to administer the Fund and provide technical assistance to businesses.

Any eligible business that receives investments from the Fund must agree to receive technical assistance from the fund manager and follow a twelve-month individualized business plan developed with the fund manager. The fund manager should only distribute funds to the businesses in installments based on achieving milestones established in the business plan.

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[37] According to the Center for Law and Social Policy. See: https://www.clasp.org/sites/default/files/public/resources-and-publications/files/Work-Sharing-An-Alternative-to-Layoffs.pdf

[38] According to the U.S. Department of Labor in its Unemployment Insurance Program Letter No. 21-20: https://wdr.doleta.gov/directives/attach/UIPL/UIPL_21-20.pdf

[39] See https://www.clasp.org/sites/default/files/public/resources-and-publications/files/Work-Sharing-An-Alternative-to-Layoffs.pdf.

[40] As defined in the Equity Impact Enterprise Establishment Amendment Act of 2020 (Subtitle (II)(E) of this Budget Support Act).

[41] The subtitle defines eligible businesses as equity impact enterprises with $2 million or less in annual revenue and are unable to obtain conventional financing.

The subtitle establishes a quarterly reporting requirement for the fund manager to report to the Mayor the amount of funds invested, the number of businesses receiving investment, copies of the agreed upon business plans, descriptions of the technical assistance provided, and an accounting of the expenditure of the Fund's resources.

The subtitle authorizes the Mayor to recover the amount of its initial investment if the Mayor determines that the fund manager has not invested the initial funding amount within a time period as determined by the Mayor.

Financial Plan Impact
The subtitle establishes a Fund to support investments in eligible equity impact enterprises. The fiscal year 2021 budget includes $1.25 million for the Deputy Mayor for Planning and Economic Development to establish and launch the Fund.

Subtitle (II)(R) – Affordable Housing Loan Fund Authorization Amendment Act of 2020

Background
The subtitle authorizes the Department of Housing and Community Development to submit an application to the U.S. Department of Housing and Urban Development (HUD) to access funds from the Section 108 Loan Guarantee Program[42]. The Section 108 program allows recipients of HUD's Community Development Block Grants (CDBG) to leverage their CDBG grants to secure low-interest loans from HUD to finance development projects that meet certain criteria.[43]

The subtitle requires funds from Section 108 loans to be used for affordable housing acquisition and rehabilitation projects in Fiscal Year 2021 that meet the criteria for spending from the Housing Preservation Fund or the Housing Production Trust Fund.

Costs associated with the application for or implementation of Section 108 loan money will not be counted as project delivery costs for the Unified Fund or administrative costs for the Housing Production Trust Fund, both of which are capped.[44]

Financial Plan Impact
Repayments to HUD for Section 108 loans may be made from future awards of CDBG grants or revenues of the project receiving the loan funding. While $5 million has been included for debt service in the federal grant budget, it is likely that such debt service will not be due in fiscal year 2021 due to project timelines.

Subtitle (II)(S) – Rent Stabilization Extension Amendment Act of 2020

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[42] Authorized by section 108 of the Housing and Community Development Act of 1952 1974, approved August 22, 1974 (88 Stat. 647; 42 U.S.C. § 5308).
[43] See https://www.hud.gov/hudprograms/section108.
[44] By amending Section 2009(d) of the Department of Housing and Community Development 1961 Unified Fund Establishment Act of 2008, effective August 16, 2008 (D.C. Law 17-219; D.C. 1962 Official Code § 42-2857.01(d)) and Section 3(b)(10) of the Housing Production Trust Fund Act of 1988, effective 1970 March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2802(b)(10)).

Background
The subtitle extends [45] the expiration of rent control in the District from December 31, 2020 to December 31, 2030. Rent control applies to certain rental units, mostly those in buildings built before 1976 with more than 4 units. Rent control limits the annual increase in rent for an occupied unit to 2 percent plus the increase in the consumer price index, with larger increases allowed once the units become vacant. [46]

Financial Plan Impact
The subtitle has no fiscal impact on the fiscal year 2021 through fiscal year 2024 budget and financial plan. The revenue estimates produced by the OCFO assume that rent control laws will continue unchanged throughout the financial plan.

Subtitle (II)(T) – Expenditures from the Public Housing and Structural Transformation Capital Account Act of 2020

Background
The subtitle requires the District of Columbia Housing Authority (DCHA) to get Mayoral approval of a spending plan before spending money from the Public Housing and Structural Transformation capital account (capital project DHA00C), which holds capital funding for the rehabilitation and maintenance the District's public housing stock. DCHA must also submit a copy of the spending plan to the D.C. Council.

For contracts of $100,000 or more funded from this capital account, DCHA must award preferences to certified business enterprises[47], have at least 50 percent of the total annual value of such contracts be awarded to certified business enterprises, and have at least 50 percent of the value of contracts awarded to certified business enterprises be awarded to small business enterprises.

Financial Plan Impact
The subtitle has no fiscal impact on the fiscal year 2021 through fiscal year 2024 budget and financial plan. The subtitle does not change the amount of funding available in the Public Housing and Structural Transformation capital account.

Subtitle (II)(U) - DC Central Kitchen Facility Grant Amendment Act of 2020

Background
The subtitle requires the Workforce Investment Council to issue a grant to the DC Central Kitchen in the amount of $1,000,000 to build a new training facility that will provide culinary training services and community nutrition programming and to aid in the relocation of its headquarters.

Financial Plan Impact
The fiscal year 2021 budget includes one-time funding of $1 million for the Workforce Investment Council to make the grant to DC Central Kitchen.

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[45] By amending Section 907 of the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3509.07).
[46] See https://dhcd.dc.gov/service/rent-control.
[47] According to section 2343 of the Small and Certified Business Enterprise Development and Assistance Act of Su2010 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.43).

<u>Subtitle (II)(V) C& O Canal Grant Act of 2020</u>

Background
The subtitle requires the Office of Planning to issue a grant of not less than $500,000 to an organization partnering with the National Park Service to complete concept design plans for the Chesapeake and Ohio (C&O) Canal in Georgetown.

Financial Plan Impact
The fiscal year 2021 budget includes one-time funding of $500,000 for the Office of Planning to make the grant regarding C&O Canal concept design.

TITLE III – PUBLIC SAFETY AND JUSTICE

Subtitle (III)(A) – Criminal Code Reform Commission Amendment Act of 2020

Background

In fiscal year 2017, the Criminal Code Reform Commission (Commission) was created as a separate commission by removing the criminal code review component from the Sentencing and Criminal Code Revision Commission.[48] In 2019, the Council extended the Commission's report delivery deadline to September 30, 2020 and established a new sunset date for the Commission's activities of October 1, 2020.[49]

The subtitle eliminates the Commission's sunset date and makes it a permanent independent agency. The subtitle further requires that the Commission deliver an annual report by March 31st to the Council. The subtitle also eliminates the need for the Commission to file quarterly reports of its activities as of March 31, 2021.

Financial Plan Impact

The Commission is comprised of five employees, including an executive director and four attorneys. The fiscal year 2021 through fiscal year 2024 budget and financial plan makes these employees permanent at a cost of $666,000 in fiscal year 2021 and $2.7 million over the four-year financial plan period. The budget also includes $47,000 annually for the commission to produce its reports and other activities.

Subtitle (III)(A), Criminal Code Reform Commission Amendment Act of 2020 Implementation Costs Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
Personnel	$666	$668	$669	$671	$2,674
Administrative Costs	$47	$47	$47	$47	$188
Total	**$713**	**$715**	**$716**	**$718**	**$2,862**

[48] Fiscal Year 2017 Budget Support Act of 2016, effective October 8, 2016 (D.C. Law 21-160; D.C. Official Code 3-151 et seq.).
[49] Fiscal Year 2020 Budget Support Act of 2019, effective September 11, 2019 (D.C. Law 23-16; D.C. Official Code § 3-151 et seq.).

Subtitle (III)(B) – Restorative Justice Collaborative Amendment Act of 2020

Background

Restorative justice programs and principles bring together all individuals affected by the harm done by an individual or individuals and uses a value-based approach toward repairing that harm, solving conflicts, and community building. The principles are often used in addressing problems in schools, the justice system, and other community organizations.

The subtitle expands the programs and responsibilities of the Office of Neighborhood and Safety Engagement (ONSE)[50] to include a restorative justice collaborative, which should coordinate and foster restorative justice programs both within the District government and community organizations. The subtitle directs these efforts to focus on residents aged 18 years to 35 years old.

Financial Plan Impact

The subtitle enhances ONSE's required functions to include a restorative justice collaborative, but gives the agency flexibility to launch a program that works for the District. The fiscal year 2021 through fiscal year 2024 budget and financial plan includes resources for five new ONSE employees to develop the restorative justice collaborative and coordinate efforts across the District. These employees will cost $403,000 in fiscal year 2021 and $1.6 million over the four-year financial plan period.

Subtitle (III)(B), Restorative Justice Collaborative Amendment Act of 2020 Implementation Costs Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
Personnel	$403	$404	$405	$406	$1,618

Subtitle (III)(C) – Emergency Medical Services Transport Contract Authority Amendment Act of 2020

Background

In 2016, the District gave the Mayor the authority to enter into a third-party contract of the provision of pre-hospital medical care and transport services in the District.[51] This authority is set to expire on September 30, 2021.[52]

The subtitle delays the sunset date and authorizes the Mayor to enter into a third-party contract for these services until September 30, 2023.

[50] Neighborhood Engagement Achieves Results Amendment Act of 2016, effective June 30, 2016 (D.C. Law 21-125; D.C. Official Code § 7-2411).
[51] Emergency Medical Services Contract Authority Temporary Amendment Act of 2015, effective January 30, 2016 (D.C. Law 21-55; 62 DCR 15597).
[52] As extended in the Fiscal Year 2019 Budget Support Act of 2018, effective October 30, 2018 (D.C. Law 22-168; 65 DCR 9388).

Financial Plan Impact
The subtitle delays the sunset date for the Mayor's authority to enter into a contract with a third-party provider of pre-hospital medical care and transport services. The fiscal year 2021 through fiscal year 2024 budget and financial plan includes approximately $13.1 million annually to fund the contract. The District has contracted with a third-party ambulance provider since early 2016.

Subtitle (III)(D) – Senior Police Officers Retention Amendment Act of 2020

Background
The Metropolitan Police Department (MPD) rehires retired police officers as fully sworn officers with no impact on their retirement benefits. These officers are paid on the Police Service pay schedule as officers,[53] detectives,[54] and sergeants.[55] The program to rehire officers at the detective and sergeant pay levels will sunset on October 1, 2020, but allows an officer to be rehired under the program for up to five years.

The subtitle changes the sunset date for rehiring a retired officer at the detective and sergeant pay levels from October 1, 2020 to October 1, 2023.

Financial Plan Impact
MPD rehires retired officers into positions that are included in MPD's budget in the fiscal year 2021 through fiscal year 2024 budget and financial plan. MPD can accommodate the extended sunset provision for the detective and sergeant program within the budget and financial plan.

Subtitle (III)(E) – Moving the Office of Returning Citizens Affairs Amendment Act of 2020

Background
The Mayor's Office on Returning Citizen Affairs (ORCA)[56] provides services and information for previously incarcerated District residents. ORCA runs programs for returning citizens including family reunification trips and various driver's license related efforts. ORCA is an office within the Mayor's Office of Community Affairs.

The subtitle moves oversight of ORCA to be subordinate to the Deputy Mayor for Public Safety and Justice (DMPSJ).[57]

Financial Plan Impact
The subtitle moves ORCA's oversight to be a subordinate office under the DMPSJ, but does not change the ORCA's operations or budget. ORCA is budgeted at approximately $1.1 million in fiscal year 2021.

[53] The pay grade and step for an officer is class 1, step 5.
[54] The pay grade and step for a detective is class 3, step 4.
[55] The pay grade and step for a sergeant is class 4, step 3.
[56] Office on Ex-Offender Affairs and Commission on Re-Entry and Ex-Offender Affairs Establishment Act of 2006, effective March 8, 2007 (D.C. Law 16-243; D.C. Official Code § 24-1302).
[57] Office of the Deputy Mayor for Public Safety and Justice Establishment Act of 2011, effective September 14, 2011 (D.C. Law 19-21; D.C. Official Code § 1-301.191).

Subtitle (III)(F) – Concealed Pistol Licensing Review Board Membership Amendment Act of 2020

Background

In 2015, the District established a Concealed Pistol Licensing Review Board (Board).[58] 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 seven members, including three federal or local government officials, a former sworn law enforcement officer, and three members of the public.[59]

The subtitle expands the Board to include four additional District residents with professional experience in the field of gun violence prevention (2 members), victim services or advocacy, and an attorney with criminal law experience. The subtitle also removes a requirement for specific Board members to be present to constitute a quorum to conduct a hearing panel.

Financial Plan Impact

The subtitle expands the size of the Board from seven members to eleven members by adding four new resident members. There are no costs associated with expanding the size of the Board.

Subtitle (III)(G) – Litigation Support Fund and Grant-Making Authority Amendment Act of 2020

Background

The Office of the Attorney General (OAG) administers the Litigation Support Fund (Fund)[60] into which OAG deposits recoveries from claims or litigation brought by OAG. In fiscal year 2020, the Council expanded the Fund's allowable uses to included up to $4 million for personnel and related expenses and up to $3 million for crime reduction and violence interruption efforts. Council also increased OAG's fund balance limit from $5 million to $10 million and allowed OAG to carry a balance of $11.6 million through fiscal year 2020.[61]

The subtitle further increases the amounts available to cover personnel costs to $6 million and authorizes OAG to also expend these funds for retirement and separation pay. The subtitle further increases the amounts available for crime reduction and violence interruption to $7 million and authorizes OAG to expend these funds on broader public safety initiatives. The subtitle also increases the amount of fund balance that OAG can carry overall from $10 million to $17 million and extends the fiscal year 2020 $11.6 million balance authorization to $19.1 million through fiscal year 2021.

The subtitle requires OAG to transfer the first $500,000 collected into the Fund in fiscal year 2021 to the Office of Victims Services and Justice Grants (OVSJG) to fund victim services grants.

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[58] License to Carry a Pistol Amendment Act of 2014, effective June 16, 2015 (D.C. Law 20-279; D.C. Official Code § 7-2509.08).
[59] These members currently include one mental health professional and two District residents with experience in the operation, care, and handling of firearms.
[60] Attorney General Authority and Litigation Fund Establishment Amendment Act of 2015, effective October 22, 2015 (D.C. Law 21-36; D.C. Official Code § 1-301.86b).
[61] Attorney General Support and Restitution Funds Amendment Act of 2019, effective September 11, 2019 (D.C. Law 23-16; 66 DCR 12631).

The subtitle authorizes the expenditure of an approximately $12 million settlement[62] expected in fiscal year 2021 and deposited into the Fund pursuant to Subtitle (III)(I) of this Budget Support Act; $7,339,659.91 of the settlement is directed to pay attorney's fees and costs to the May Firm/EKM Association on Polychlorinated Biphenyl,[63] while the remaining $4.7 million is retained by OAG for the Fund's authorized uses.

Financial Plan Impact
Fund revenues will depend upon recoveries successfully collected by OAG and can be unpredictable on an annual basis. The Fund ended fiscal year 2019 with approximately $10.9 million in fund balance. The subtitle increases the limits and allowable expenditures associated with using Fund resources on personnel costs and crime prevention efforts. The subtitle also increases the overall balance that OAG can carry in the Fund to $17 million ($19.1 million in fiscal year 2021). The fiscal year 2021 through fiscal year 2024 budget and financial plan anticipates $5.4 million in annual revenues.[64] OAG will be limited in its expenditures to the revenues it receives despite the increased overall cap and expenditure allowances.

The subtitle also requires OAG to transfer the first $500,000 collected in fiscal year 2021 to OVSJG for victim services grants. OAG does not expect this transfer to negatively impact its ability to pay for its planned fiscal year 2021 activities supported by the Fund. OVSJG will use this funding as part of a one-time $3 million fiscal year 2021 allocation to support domestic violence transitional housing.

Subtitle (III)(H) – Chief of Police Term of Office Amendment Act of 2020

Background
The Mayor of the District of Columbia appoints the Chief of Police (Chief) of the Metropolitan Police Department (MPD) with the advice and consent of the Council of the District of Columbia. The subtitle establishes a term of office for the Chief of four years, retroactive to May 2, 2017. The subtitle does not prohibit the Mayor from terminating the Chief prior to the end of the four-year term.

Financial Plan Impact
The subtitle sets a four-year term of office for the Chief effective May 2, 2017, but maintains that the position serves at the pleasure of the Mayor. The Mayor may terminate a sitting Chief and hire a new Chief under a four-year term at any point, or at the end of the term, re-nominate the sitting Chief. The Chief's salary is included in the fiscal year 2021 through fiscal year 2024 budget and financial plan and setting a four-year term will have no impact on the MPD budget.

Subtitle (III)(I) – Monsanto Settlement Act of 2020

Background
On June 24, the company Bayer, a subsidiary of the Monsanto corporation, reached a settlement agreement to resolve Polychlorinated Biphenyl river pollution claims filed by attorneys general in New Mexico, Washington state, and the District of Columbia[65]. The District of Columbia's share of the

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[62] *District of Columbia v. Monsanto Co.,* Superior Court Case No. 2020 CA 002445 B.
[63] Pursuant to District contract number DCCB-2019-C-0008.
[64] The fiscal year 2021 budget anticipates expending $4.6 million of Fund's prior-year balances for total expenditures of $10 million in fiscal year 2021.
[65] *District of Columbia v. Monsanto Co.,* Superior Court Case No. 2020 CA 002445 B.

collective $170 million settlement is $52 million, and Bayer has agreed to pay the settlement during calendar year 2020.

The subtitle changes the current direction of funds received from settlements and judgments so that $12,039,660 goes to the Litigation Support Fund[66] at the Office of the Attorney General; $30,000,000 is deposited into the Department of Energy & Environment's Clean Land Fund[67], and the remaining $9,960,340 will be deposited in Local Funds. The Clean Land Fund is a non-lapsing special purpose revenue fund that can be used for the Department of Energy & Environment's activities in its Voluntary Cleanup Program for brownfield revitalization.

Financial Plan Impact
The fiscal year 2021 through fiscal year 2024 budget and financial plan includes $9.96 million of new Local Funds revenue, $12 million in the Litigation Support Fund, and $30 million in the Clean Land Fund. Of these revenues, OAG requires $7,339,660 to pay attorney's fees associated with the case.

Subtitle (III)(J) – Ethics Enforcement Amendment Act of 2020

Background
The Board of Ethics and Government Accountability (BEGA) investigates violations of ethics laws and the District's Code of Conduct by government employees and public officials. After the presentation of evidence by the Director of the Office of Government Ethics, BEGA may issue a penalty, dismiss the action, or refer the matter to the United States Attorney for the District of Columbia or the Attorney General for the District of Columbia (OAG) for enforcement or prosecution.

The subtitle clarifies that the prosecutorial authority for ethics violations that substantially threaten the public trust lies with OAG and reduces the maximum fine from $25,000 to $5,000. These violations include conflict of interest laws[68] and pay-to-play in contracting prohibitions.[69]

Financial Plan Impact
BEGA has not referred any ethics cases that substantially threaten the public trust for prosecution by OAG or the United States Attorney in recent years as it often settles those cases or stays its reviews while a concurrent criminal investigation is underway. The subtitle clarifies OAG's authority to prosecute any cases referred by BEGA in the future and OAG can prosecute those cases with the resources provided in the fiscal year 2021 through fiscal year 2024 budget and financial plan.

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[66] Attorney General Authority and Litigation Fund Establishment Amendment Act of 2015, effective October 22, 2015 (D.C. Law 21-36; D.C. Official Code § 1-301.86b).
[67] Brownfield Revitalization Amendment Act of 2000, effective June 13, 2001(D.C. Law 13-312; D.C. Official Code § 8-633.08).
[68] Board of Ethics and Government Accountability Establishment and Comprehensive Ethics Reform Amendment Act of 2011, effective April 27, 2012 (D.C. Law 19-124; D.C. Official Code § 1-1162.23).
[69] Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-354.16).

TITLE IV – PUBLIC EDUCATION SYSTEMS

Subtitle (IV)(A) – Funding for Public Schools and Public Charter Schools Increase Amendment Act of 2020

Background

The subtitle sets[70] the base level funding for the Uniform Per Student Funding Formula (UPSFF) at $11,310. This is a three percent increase over fiscal year 2020. 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 1.44 to 1.445 and the at-risk add on from 0.225 to 0.2256.

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

Weightings applied to counts of students enrolled at certain grade levels		
Grade Level	**Weighting**	**Per Student Allocation in FY 2021**
Pre-Kindergarten 3	1.34	$15,155
Pre-Kindergarten 4	1.30	$14,703
Kindergarten	1.30	$14,703
Grades 1-5	1.00	$11,310
Grades 6-8	1.08	$12,215
Grades 9-12	1.22	$13,798
Alternative program	1.445	$16,343
Special education school	1.17	$13,233
Adult	0.89	$10,066

Special Education Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Student Supplemental Funds**
Level 1: Special Education	Eight hours or less per week of specialized services.	0.97	$10,971
Level 2: Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services.	1.20	$13,572
Level 3: Special Education	More than 16 hours and less than or equal to 24 hours per school week of specialized services.	1.97	$22,281

[70] 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.).

Special Education Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Student Supplemental Funds**
Level 4: Special Education	More than 24 hours per week which may include instruction in a self-contained (dedicated) special education school other than residential placement.	3.49	$39,472
Special Education Compliance Funding	Weighting provided in addition to special education level add-on weightings on a per-student basis for Special Education compliance.	0.099	$1,120
Attorney’s Fees Supplement	Weighting provided in addition to special education level add-on weightings on a per student basis for attorney’s fees.	0.089	$1,007
Residential	DCPS or public charter school that provides students with room and board in a residential setting, in addition to their instructional program.	1.67	$18,888

General Education Add-ons			
Level / Program	**Definition**	**Weighting**	**Per Student Supplemental Funds**
ELL	Additional funding for English Language Learners	0.49	$5,542
At-Risk	Additional funding for students in foster care, who are homeless, on TANF or SNAP, or behind grade level.	0.2256	$2,552

Residential Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Student Supplemental Funds**
Level 1: Special Education - Residential	Additional funding to support the after-hours Level 1 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	0.37	$4,185

Residential Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Student Supplemental Funds**
Level 2: Special Education - Residential	Additional funding to support the after-hours Level 2 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	1.34	$15,155
Level 3: Special Education - Residential	Additional funding to support the after-hours Level 3 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	2.89	$32,686
Level 4: Special Education – Residential	Additional funding to support the after-hours Level 4 special education needs of limited and non-English proficient students living in a DCPS or public charter school that provides students with room and board in a residential setting.	2.89	$32,368
LEP/NEP - Residential	Additional funding to support the after-hours limited and non-English proficiency needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	0.668	$7,555

Special Education Add-ons for Students with Extended School Year (ESY) Indicated in Their Individualized Education Programs (IEPs)			
Level/ Program	**Definition**	**Weighting**	**Per Student Supplemental Funds**
Special Education Level 1 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.063	$713
Special Education Level 2 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.227	$2,567

Special Education Add-ons for Students with Extended School Year (ESY) Indicated in Their Individualized Education Programs (IEPs)			
Level/ Program	**Definition**	**Weighting**	**Per Student Supplemental Funds**
Special Education Level 3 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.491	$5,553
Special Education Level 4 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs	0.491	$5,553

Financial Plan Impact

The proposed three percent increase, combined with the effects of growth in the projected enrollments, will increase the formula-driven local fund expenditures. The proposed fiscal year 2021 budget includes approximately $1.76 billion for instructional budgets: $982.02 million for the District of Columbia Public Schools, and $780.98 million for the public charter schools. Charter schools will receive $153.93 million for facilities allowances in fiscal year 2020, bringing the collective public charter school local budget to $934.91 million.

Subtitle (IV)(B) – Education Facility Colocation Amendment Act of 2020

Background

The subtitle allows[71] existing public charter schools to use space and co-locate in District of Columbia Public Schools (DCPS) facilities where space is underutilized. Public charter schools must pay DCPS for the space allocation in an amount agreeable to both DCPS and the charter school. The subtitle also establishes a non-lapsing DCPS School Facility Colocation Fund to be administered by DCPS. All payments that are received from public charter schools to occupy DCPS facility space will be deposited into this fund. Money in the fund must be used to fund additional school programming, supplemental staff, and special initiatives at schools where charter schools are co-located. The fund must also be used to perform maintenance or improve the school facility where the public charter school is co-located.

Financial Plan Impact

The subtitle does not have a financial impact. Currently there are no plans to co-locate a public charter school and a DCPS school in the same facility. In the event that a co-location agreement is established between a DCPS school and public charter school, funds will be deposited into the DCPS School Facility Colocation Fund for use by DCPS.

[71] By amending Section 4022 and Section 3422 of the Public School and Public Charter School Facilities Sharing Act of 2002, effective October 1, 2002 (D.C. Law 14-190; DC Official Code § 38-1831.01).

Subtitle (IV)(C) – Grantmaking Authority to Expand Access to Quality Child Care Amendment Act of 2020

Background

The subtitle authorizes[72] the Office of the State Superintendent of Education (OSSE) to issue grants to non-profit and community-based organizations to increase the quality of childcare in the District.

Financial Plan Impact

The fiscal year 2021 budget includes $3.4 million in local funds to provide grants to organizations that provide services to early childcare facilities.

Subtitle (IV)(D) – University of the District of Columbia Matching Grant Act of 2020

Background

The subtitle dedicates up to $1.5 million to the University of the District of Columbia (UDC) subsidy account. For every $1 that UDC raises by April 1, 2021, the District will donate $1 up to a maximum of $1.5 million. Of the amount transferred by the District, at least one-third must be dedicated to UDC's endowment fund.

Financial Plan Impact

The budget and financial plan includes $1.5 million in the non-departmental budget agency to fund the matching grant.

Subtitle (IV)(E) – Adult and Residential Public Charter School Funding Stabilization Amendment Act of 2020

Background

The subtitle authorizes[73] the District to base the school year 2020-2021 adult and residential public charter schools' Uniform Per Student Funding Formula payments on projected enrollment rather than audited enrollment.

Financial Plan Impact

The fiscal year 2021 budget includes funding to support adult and residential public charter schools based on their projected enrollment.

Subtitle (IV)(F) – School Financial Transparency Amendment Act of 2020

Background

The subtitle makes changes to the way in which public school financial information is reported and presented to the public. Specifically, the subtitle:

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[72] 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)).

[73] By amending Section 107b of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools and Tax Conformity Clarification Amendment Act of 1998, effective March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2906.02).

- Requires[74] the Deputy Mayor of Education (DME) to establish common financial reporting standards for public schools and public charter schools by May 31, 2021;
- Requires[75] the Office of the State Superintendent of Education (OSSE) to electronically publish the previous school year's expenditures for all public and public charter schools in a comparable manner beginning in May of 2024;
- Requires[76] the District of Columbia Public Schools (DCPS) to review the school level funding model in conjunction with its strategic planning and goal setting; and
- Requires the Public Charter School Board (PCSB) to publish the detailed budget and end of year expenditures of each public charter school by November 1, 2022.

The subtitle also requires[77] each public charter school's Board of Trustees to comply with the Open Meetings Amendment Act of 2010.

Financial Plan Impact

The fiscal year 2021 budget and financial plan includes funding to implement the subtitle. The subtitle will cost $759,000 in fiscal year 2021 and $3.6 million over the financial plan.

In order to develop common financial reporting system, DME will need to partner with an outside organization with expertise in public education finance. DME also needs an additional staff member to assist with implementation of the common financial reporting system. In total, DME will need $320,000 in fiscal year 2021 and $683,000 over the financial plan.

OSSE needs funding to create an electronic application that allows the public to compare published school expenditures. The total cost of developing and maintaining this application is $85,000. OSSE will first need these funds in fiscal year 2023 to develop the application in time for a fiscal year 2024 launch.

Public charter schools will spend additional resources to both comply with new financial reporting requirements and to subject public charter school Board of Trustees' meetings to open meetings requirements. In order to implement the financial reporting requirement in the subtitle, public charter school will need to update financial reporting systems to break out budgets and expenditure data at the school level. This will cost $1.31 million in fiscal year 2022 so that charters have ample time to implement new systems ahead of the reporting requirements in fiscal year 2023. The subtitle's open meetings requirements are estimated to cost public charters $324,000 in fiscal year 2021 and $1.3 million over the financial plan to cover the cost of additional legal fees, broadcast and storage of meetings, and transcription services. The fiscal year 2021 increase in the UPSFF can be used to cover these costs.

The Office of Open Government (OOG) also requires an additional attorney advisor to provide advice and trainings to the 665 charter Board of Trustees members that will be required to follow open

[74] By amending Section 201 of the Department of Education Establishment Act of 2007, effective June 12, 2007 (D.C. Law 17-9; D.C. Official Code § 38-191).
[75] 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)).
[76] By amending Section 6 of the Board of Education Continuity and Transition Amendment Act of 2004, effective March 21, 2009 (D.C. Law 15-211; D.C. Official Code § 38-2831).
[77] By amending The Open Meetings Amendment Act of 2010, effective March 31, 2011 (D.C. Law 18-614; D.C. Official Code § 2-571 et seq.).

meetings requirements. OOG needs $115,000 in fiscal year 2021 and $462,000 over the financial plan to cover the salary and fringe costs of the attorney advisor.

Subtitle (IV)(F), School Financial Transparency Amendment Act of 2020 Total Cost Fiscal Year 2021 – Fiscal Year 2024					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
DME Costs[a]	$320,000	$121,000[b]	$121,000	$121,000	$683,000
OSSE Costs	$0	$0	$85,000	$85,000	$170,000
Public Charter School Costs	$324,000	$1,314,000[c]	$324,000	$324,000	$2,286,000
Office of Open Government Salary and Fringe Costs[d]	$115,000	$115,000	$116,000	$116,000	$462,000
Total Cost	$759,000	$1,550,000	$646,000	$646,000	$3,601,000

Table Notes:
(a) Includes salary for one employee and a fringe rate of 20.2 percent. Assumes fringe benefit cost growth of 1.5 percent.
(b) The elimination of one-time costs results in a decrease in costs starting in fiscal year 2022.
(c) Includes one-time cost increase of $990,000 for financial systems upgrades at public charter schools.
(d) One Grade LS-12, Step 5 Attorney Advisor and a fringe benefit rate of 20.6 percent. Assumes fringe benefit cost growth of 1.5 percent.

Subtitle (IV)(G) – Healthy School Fund Restoration Amendment Act of 2020

Background
The subtitle increases[78] the annual amount of sales tax revenue dedicated to the Healthy Schools Fund from $5.11 million to $5.59 million.

Financial Plan Impact
The subtitle increases the amount of sales tax dedicated to the Healthy Schools Fund by $480,000 in fiscal year 2021 and by $1.92 million over four-year financial plan. The increased dedication reduces Local Fund revenue by the same amount.

Subtitle (IV)(H) – Wilkinson School Disposition Process Amendment Act of 2020

Background
The subtitle allows[79] the Mayor to give the right of first offer to purchase, lease, or use the former Wilkinson Elementary School building to a charter school facility incubator or a public charter school that occupied, all or a portion of, the former Birney Elementary School as of May 12, 2020.

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[78] By amending Section 102(f) of the Healthy Schools Act of 2010, effective July 27, 2010 (D.C. Law 18-209; D.C. Official Code § 38-821.02(f)).
[79] By amending Section 2209(b)(1) of the District of Columbia School Reform Act of 1995, approved April 26, 1996 (110 Stat. 1321; D.C. Official Code § 38-1802.09(b)(1)).

Financial Plan Impact

Granting a charter school incubator or public charter school the right of first offer to purchase, lease, or use the former Wilkinson Elementary School does not have a financial impact. The subtitle also requires[80] the Mayor to hold only one public hearing on the disposition of Wilkinson Elementary School. Under normal disposition procedures, the Mayor would be required to have two public hearings.

Subtitle (IV)(I) – Academic Middle Mentoring Initiative Act of 2020

Background

The subtitle directs the Office of State Superintendent for Education (OSSE) to issue a competitive grant of $200,000 in fiscal year 2021 to support a mentoring program for low-income high school students and low-income, first-generation college students in the academic middle (students earning mostly B and C grades), to provide them with skills and experiences necessary to successfully complete college and excel in the workplace.

Financial Plan Impact

The fiscal year 2021 budget includes one-time funding of $200,000 to implement the subtitle. OSSE can manage the grant program with existing staff.

Subtitle (IV)(J) – Truancy Prevention and Literacy Pilot Funding Extension Amendment Act of 2020

Background

The subtitle allows Truancy Prevention and Literacy grants awarded in fiscal year 2020 that were not expended to be available to the grant recipients until September 30, 2021.

Financial Plan Impact

The subtitle does not have a cost since funding was allocated in fiscal year 2020 to support the Truancy Prevention and Literacy Grant Pilot Program. Any unspent funds in fiscal year 2020 will be available for use by grant recipients in fiscal year 2021.

Subtitle (IV)(K) – DCPS Authority for School Security Amendment Act of 2020

Background

The subtitle transfers[81] the oversight of the District of Columbia Public Schools (DCPS) school security contract from the Metropolitan Police Department (MPD) to DCPS. The subtitle also requires MPD and DCPS to enter a Memorandum of Agreement to effectuate the transfer of the current security-related contract and requires DCPS to develop a curriculum for training school security personnel.

[80] By amending Section 1 of An Act Authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code § D.C. Code § 10-801).

[81] By amending The School Safety and Security Contracting Procedures Act of 2004, effective April 13, 2005 (D.C. Law 15-350; D.C. Official Code § 5-132.01 et seq.),

Financial Plan Impact

DCPS will need to hire three employees to provide oversight and manage the school security contract. In total the employee salaries and fringe will cost $385,000 in fiscal year 2021 and $1.55 million over the financial plan. The fiscal year 2021 increase in the UPSFF can be used to cover these costs.

Subtitle, (IV)(K), DCPS Authority for School Security Amendment Act of 2020 Total Cost Fiscal Year 2021 – Fiscal Year 2024					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Salary[(a)]	$332,000	$332,000	$332,000	$332,000	$1,328,000
Fringe[(b)]	$53,000	$54,000	$55,000	$56,000	$218,000
Total	**$385,000**	**$386,000**	**$387,000**	**$388,000**	**$1,546,000**

Table Notes:

(a) Assume two Grade-15 and one Grade-16 FTEs.
(b) Assume fringe rate of 16.1 percent and annual cost growth of 1.5 percent.

TITLE V – HUMAN SUPPORT SERVICES

Subtitle (V)(A) – Medicaid Hospital Supplemental and Directed Payments Amendment Act of 2020

Background

The Department of Health Care Finance (DHCF) assesses a fee on District hospitals' outpatient gross revenue and inpatient net revenue. The outpatient revenues are deposited in the Hospital Provider Fee Fund and the inpatient revenues are deposited in the Hospital Assessment Tax Fund. The Hospital Provider Fee Fund is used to make Medicaid outpatient hospital access payments (supplemental payments) to private hospitals in the District, with the District receiving reimbursement of 70 percent of the cost from federal funds. The Hospital Assessment Tax Fund is be used to support fee-for-service Medicaid rates.

In fiscal year 2021, the District will begin to transition Medicaid beneficiaries enrolled in the Fee-for-Service (FFS) program to Managed Care Organizations (MCOs). This change will result in a decline in the District's Medicaid Upper Payment Limit and lost federal Medicaid funding for the supplemental payments to hospitals. The subtitle changes the methodology for collecting the hospital outpatient fee in order to generate, on an ongoing basis, the same amount of revenue collected by DHCF in fiscal year 2020. The subtitle also allows DHCF to direct outpatient supplemental payments to MCOs in order to partially fund capitation payments. The subtitle requires MCOs to pass on these supplemental payments to hospitals by paying them an outpatient rate that is at least 130 percent of the rate paid to providers for fee-for-service patients. Hospitals will collectively receive the same amount of Medicaid supplemental payments they received in fiscal year 2020, although the funding will be paid by MCOs rather than by DHCF.

The subtitle also updates District law to specify the amount of revenue that will be collected from the fee on each hospital's inpatient net patient revenue and to update the uses of the Hospital Assessment Tax Fund.[82] The uses of the Hospital Assessment Tax Fund will be expanded to include support for managed care rates.

Financial Plan Impact

DHCF's budget includes a policy change to move FFS Medicaid beneficiaries into MCOs. Without the subtitle, the policy change would result in reduced dedicated tax revenue and federal Medicaid funding. The subtitle maintains the current level of dedicated tax revenue and federal Medicaid funding. The hospital outpatient fee is estimated to generate $5.80 million in dedicated tax revenue and approximately $15.99 million in federal Medicaid funding. The hospital inpatient fee is estimated to generate $8.45 million in dedicated tax revenue and approximately $19.7 million in federal Medicaid funding. The revenue from dedicated taxes and federal funds is included in the proposed fiscal year 2021 budget.

[82] Inpatient net patient revenue is the amount calculated in accordance with generally accepted accounting principles for hospitals as derived from each hospital's filed Hospital and Hospital Health Care Complex Cost Report.

Subtitle (V)(B) – Medical Marijuana Program Administration Amendment Act of 2020

Background

The subtitle transfers[83] all functions in the Department of Health (DOH) related to the Medical Marijuana and Integrative Therapy (MMIT) program to the Alcoholic Beverage Regulation Administration (ABRA). The subtitle establishes a non-lapsing Medical Cannabis Administration Fund to collect all funds received from medical cannabis licensing, permitting, and registration fees. The fees are currently being collected in the Other Medical Licenses and Fees Fund.

The subtitle also increases the preference awarded to a medical cannabis certified business enterprise from 20 points or 7.5 percent of the available points, to 50 points or 20 percent of the available points. Medical cannabis enterprise must maintain at least 80 percent of its assets in the District, must have an office located in the District, and 60 percent of the ownership of a medical cannabis enterprise must belong to an economically disadvantaged District resident(s) or one who has suffered racial, ethnic, or cultural prejudice or bias, and whose income does not exceed $349,999.

Financial Plan Impact

The fiscal year 2021 budget transfers $360,000 of local funds, $597,000 of special purpose revenue, and six full time employees from DOH to ABRA. DOH will no longer operate MMIT programs and will no longer collect revenue for MMIT programs. There is no cost to increasing the medical cannabis certified business point preference.

Subtitle (V)(C) – Stevie Sellows Direct Support Professionals Quality Improvements Amendment Act of 2020

Background

The subtitle increases[84] the rate of the provider assessment paid by all intermediate-care facilities for the intellectually disabled (ICF/IDD) from 5.5 percent to 6.0 percent. All funds collected from the provider assessment are deposited into the Stevie Sellows Quality Improvement Fund which is used to fund quality of care improvements and administrative costs at the Department of Health Care Finance (DHCF).

Financial Plan Impact

The subtitle will result in an additional $462,000 in dedicated tax revenue on an annual basis starting in fiscal year 2021. The assessment rate increase will result in an additional $1.8 million of dedicated tax revenue over the financial plan. DHCF will be able to use this revenue to secure an additional $1.1 million in federal Medicaid matching funds in fiscal year 2021 and $4.4 million over the financial plan. Both the local and federal funds will be used to enhance wages for direct service provider staff that work in ICF/IDD facilities.

[83] By amending The Legalization of Marijuana for Medical Treatment Initiative of 1998, effective February 25, 2010 (D.C. Law 13-315; D.C. Official Code § 7-1671.01 et seq.).
[84] By amending § 47-1273 of the D.C. Official Code.

Subtitle (V)(D) – Medicaid Reserve Re-establishment Amendment Act of 2020

Background

The subtitle reestablishes[85] the Medicaid Reserve as a paper agency of the Department of Health Care Finance to pay for expenses associated with increased Medicaid enrollment or service utilization. If sufficient funds are still available within the Medicaid reserve to ensure a deficiency will not occur at the Department, reserve funds can be used to implement a Medicaid Buy-In Program, telehealth programs, funding the Postpartum Coverage Expansion Act of 2020, and issuing contracts or grants to expand District health care providers' digital or telehealth capacity. The reserve can also be used to fund reforms to the DC Healthcare Alliance Program.

Financial Plan Impact

The fiscal year 2021 Medicaid Reserve Fund budget includes $17.54 million in one-time local funds and $40.93 in federal Medicaid funding. Federal Medicaid funds are unable to be used for non-Medicaid expenses. If local funds are not needed to fund Medicaid expenses, the subtitle permits DHCF to spend reserve local funds on several initiatives. The OCFO must certify that funding is sufficient to implement these proposals before any of programs can move forward.

Subtitle (V)(E) – Telehealth Reimbursement Amendment Act of 2020

Background

The subtitle changes[86] the definition of telehealth medicine so that Medicaid payments can be made to providers for audio-only medical appointments. Audio-only appointments are essentially a telephone call between a provider and patient.

Financial Plan Impact

The subtitle does not have a cost since audio-only medical appointments will substitute for in-person medical appointments.

[85] 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.).

[86] By amending Section 2(a)(4) of the Telehealth Reimbursement Act of 2013, effective October 17, 2013 (D.C. Law 20-26; D.C. Official Code § 31-3861(a)(4)).

TITLE VI – OPERATIONS AND INFRASTRUCTURE

Subtitle (VI)(A) – Opportunity Accounts Expansion Amendment Act of 2020

Background

The Department of Insurance, Securities, and Banking (DISB) offers income- and asset-eligible District residents[87] the ability to participate in the DC Opportunity Accounts savings program,[88] which after a period of dormancy was restarted in fiscal year 2020. Qualified residents make regular deposits into a savings account up to $1,500 and the District and private funders will each match those deposits at two dollars for every one dollar deposited. The District's contribution is capped at $3,000 per account.

The subtitle allows the DISB Commissioner to waive the private funder matching contribution requirement. Under such a waiver, the District must make the additional match for a total of not more than four dollars for every one dollar saved. The use of the waiver also changes the District's maximum contribution limit to an account from $3,000 to $6,000.

DISB also restricts how a participant can use the funds in the DC Opportunity Accounts under both standard withdrawal circumstances and emergency circumstances. Participants can withdraw funds in standard situations to pay educational expenses, job training costs, for the purchase or repair of a primary residence, to start up a business, and to help with retirement planning. The subtitle expands the allowable uses for standard withdrawals to include any expense authorized by DISB through program rules.

Participants can also withdraw funds in emergency situations to pay medical expenses for the account holder or their immediate family, to prevent an eviction, and to help with living expenses following the loss of employment. When a participant withdraws funds under an emergency situation, they can only withdraw their own funds, not matching funds, and must repay the withdrawn funds within twelve months. The subtitle expands the allowable uses under emergency conditions to include payments for making health insurance premium payments in the event of an unexpected loss of income. The subtitle maintains the restriction on withdrawing matching funds to prevent eviction and for living expenses, but it allows a participant to withdraw matching funds for a medical emergency or to make insurance premium payments. The subtitle eliminates the requirement to repay the funds, but it requires a participant to resume regular deposits into the account within ninety days.

Financial Plan Impact

DISB relaunched the program in fiscal year 2020 and, with a combination of public and private funding, was able to support 130 DC Opportunity Accounts. The subtitle authorizes the District's matching contribution to increase up to four dollars with a waiver. The fiscal year 2021 budget includes $1.2 million from the Securities and Banking Fund that will support continuation of the existing 130 accounts and can support matching on an increased match basis approximately 130

[87] A resident must have earned income, a maximum household income not exceeding 85 percent of the District's median income ($54,250 for a one adult household and $62,000 for a two adult household), and have net assets not exceeding $10,000 (excluding a primary home or one vehicle).

[88] Opportunity Accounts Act of 2000, effective April 3, 2001 (D.C. Law 13-266; D.C. Official Code § 1-307.61 et seq.).

additional DC Opportunity Accounts.[89] If DISB can identify private funding, then DISB could increase the number of accounts available for eligible residents. There are no resources budgeted beyond fiscal year 2021.

Subtitle (VI)(B) – Green Building Fund Amendment Act of 2020

Background

The subtitle expands the types of allowable expenditures from the Department of Consumer and Regulatory Affairs Green Building Fund[90], to include costs incurred making green building materials accessible to low-income residents.

Financial Impact

Expanding the allowable uses of the Green Building Fund does not have a fiscal impact. The subtitle does not require any additional spending, and the agency must limit overall spending to the approved budget level.

Subtitle (VI)(C) – Game of Skill Machines Consumer Protection Act of 2020

Background

In early 2020, the Council of the District of Columbia passed emergency legislation[91] to legalize a new category of gaming devices that were seeking to operate in on-premises alcohol retailers,[92] called games of skill. These games are mechanical or electronic devices where the ability to win is not influenced by prior wins or losses, outside sources, chance, or unreasonable or unknown skill requirements. Players can win cash, gift cards, or vouchers. Under this legislation, the Office of the Attorney General (OAG) certifies that a particular device was a game of skill, and thus not gambling, and the Alcoholic Beverage Control Board (Board) would authorize a licensed establishment to host the game of skill.

The subtitle maintains many of the retailer operating parameters from the emergency law and establishes a more comprehensive games of skill regulatory structure managed by the Office of Lottery and Gaming (OLG). The subtitle authorizes OLG to issue rules to regulate games of skill that include standards for inspecting devices and retailers, payment and payout parameters, fees and taxation, accounting, posting requirements, record retention, penalties for violations, and device internal controls. OLG will license games of skill industry participants across four categories: manufacturers; distributors; suppliers; and retailers. No one may offer or allow a game of skill device in the District unless it has applied for, paid for,[93] and obtained the required OLG license. OLG should ensure that any license applicant receives and passes a background check, is in good standing pursuant to the District's clean hands policy, and does not have any interests in other licenses issued

[89] Approximately $400,000 is to support the commitments for existing accounts and $800,000 is to support new accounts.
[90] D.C. Official Code § 6-1451.07.
[91] COVID-19 Response Emergency Amendment Act of 2020, enacted March 17, 2020 (D.C. Act 23-247; 67 DCR 3093).
[92] Includes manufacturers with an on-site sales and consumption permit and Class C and D on-premises retailers (restaurants, taverns, hotels, multipurpose, and nightclubs).
[93] Manufacturers and distributors must pay $10,000 application and $5,000 renewal fees. Suppliers must pay $2,000 application and $1,000 renewal fees. Retailers must pay $300 application and renewal fees.

related to games of skill. OLG reserves the right to prohibit, suspend, or revoke any license for an applicant's failure to abide by the conditions laid out in the subtitle or rules issued by OLG. Any license fees will be deposited into OLG's Lottery, Gambling, and Gaming Fund.

Devices must be set to payout as winnings at least 80 percent of their earnings over the device's lifetime; should accurately portray game outcomes; record play and winning history for the prior ten plays; have a non-resettable meter; have accounting software that tracks cash inserted, winnings paid, and credits awarded and played; and be able to link to OLG's centralized accounting system described below. The subtitle gives a manufacturer one year from the subtitle's implementation to comply with these and other device operating requirements enumerated in the subtitle. The subtitle authorizes each retailer to register up to five game of skill devices[94] which must each display a registration sticker, be located within the retailer only in Alcoholic Beverage Regulation Administration's (ABRA) approved locations, and be near a properly posted warning sign.[95] Devices cannot dispense cash prizes, so the subtitle specifies the information that needs to be included on the award voucher that can be redeemed for cash at the licensed retailer. The subtitle also requires a distributor to maintain insurance on any devices it brings to the District.

The subtitle requires OLG to establish a centralized accounting system within one year that each device must be linked to track their operations, including game revenues, to ensure compliance with the subtitle and any related rules. The centralized accounting system should not track personal or financial information about individual players. Each retailer must file a monthly return with the District and pay a ten percent tax on the gross game revenues[96] generated by games of skill in their establishments. These tax payments will be deposited into the District's Local Fund.

The subtitle authorizes OLG to issue fines, suspend, or revoke a license for its failure to comply with any provisions in this subtitle or any rules issued by OLG. OLG should notify ABRA within 48-hours of any suspension or revocation of a license. The subtitle grants a licensee the right to appeal to OLG any actions by OLG and, upon affirmation of OLG's original action, the right to appeal to the Superior Court of the District of Columbia. The subtitle also authorizes OLG to seize any devices if the license has been suspended or revoked, the retailer ceases operations, or another government agency shuts down the retailer's operations. OLG can issue fines of up to $50,000. OAG is also authorized to bring action against any licensee that intentionally falsifies or misleads an individual's probability of winning. OAG can seek a civil penalty up to $50,000 for a violation.

The Board's and ABRA's responsibilities in certifying and overseeing the retail establishments that host game of skill devices will be mostly consistent with their authorized responsibilities in the emergency law. Board licensed establishments must continue to meet in-establishment location restrictions, including providing the Board with a diagram of device placement, providing the Board with proof of a manufacturer or distributor's OLG license, paying a $200 game of skill endorsement fee, and following all Board and ABRA signage and advertising requirements. The Board also requires establishments to restrict play by patrons who appear intoxicated or are under the age of eighteen. The Board prohibits a licensed establishment from entering into any alcohol sales revenue sharing agreements with a game of skill manufacturer or distributor unless otherwise approved by the Board.

[94] Retailers must pay $100 per device it registers with OLG, which will also be deposited into the Lottery, Gambling, and Gaming Fund.
[95] The warning sign should include the minimum age to play a game of skill (18 years of age), contact information for the District's gambling hotline, and OLG contact information for filing a complaint.
[96] Gross game revenues are the total cash or cash equivalents played into a game of skill device minus the value of any payouts.

The subtitle authorizes an ABRA investigator to request and check the identification of any player and to seize fake identification.

Financial Plan Impact

There are very few jurisdictions that regulate games of skill in the manner proposed by the District in this subtitle. In early 2020, OLG commissioned a study that determined the jurisdiction whose regulatory structure most resembled that proposed by the District was Georgia. Georgia provides a foundational understanding about what OLG will need to manage the regulatory structure, how prevalent games of skill could become in the District, and the steps that need to be taken to ensure a successful taxing regime.[97]

Approximately 40 establishments have applied to the Board to install nearly 120 game of skill devices, while only one game has received OAG certification as a game of skill under the emergency law. Under OLG regulation, a review of the Georgia program, and an evaluation of current economic conditions, the Office of Revenue Analysis (ORA) expects that the number of retailers and games in the District will ramp up slowly, but will result in significantly increased numbers over the financial plan period. These estimates assume there will be nearly 500 establishments and 1,500 game of skill devices by the end of fiscal year 2024.

OLG will need to license all participants in the District's games of skill industry, establish the centralized accounting system, and ensure compliance with the subtitle's requirements and any rules issued. OLG will need to hire a new licensing coordinator to process applications and a new investigator to ensure compliance with OLG's regulations. The new personnel will cost $225,000 in fiscal year 2021 and $909,000 over the four-year financial plan period. As part of the licensing process, OLG will also need to perform background checks and issue registration stickers for each device. These administrative costs are approximately $126,000 in fiscal year 2021 and $161,000 over the four-year financial plan period. While each device also needs to be tested in an accredited laboratory, the device manufacturers and distributors will be responsible for those costs. OLG expects that it will take a full year to implement the centralized accounting system with a third-party contractor. The cost of the contract is typically a percentage of the gross gaming revenues and is estimated to cost $832,000 in fiscal year 2022 and approximately $2.7 million over the four-year financial plan period.

The Board and ABRA began approving eligible retailers under the emergency law and can continue to provide license endorsements to new retailers, even as games of skill become more prevalent, with their existing budgeted resources.

The new regulatory structure imposes two new fees or taxes and maintains the Board endorsement fees. Any individual or entity looking to produce, distribute, or host a game of skill in the District must pay the appropriate license fees to OLG at the time it applies or renews its application. Manufacturers, distributors, and retailers are expected to pay approximately $135,000 in fiscal year 2021 and $846,000 over the four-year financial plan period in licensing fees to OLG. The retailers are also required to pay $100 per machine they install which will generate approximately $115,000 in fiscal year 2021 and $146,000 over the four-year financial plan period. All of these fees will be paid into the OLG Lottery, Gambling, and Gaming Fund. The ten percent tax on gross gaming revenues will generate approximately $1.2 million in fiscal year 2021 and $12 million over the four-year financial plan period. Despite gross gaming revenues averaging around $35 million annually over the financial

[97] The OLG study was substantially completed prior to the health emergency and any economic impacts on game of skill penetration from the emergency are reflected in this estimate, but not in the study.

plan period, the fiscal year 2021 tax revenues are expected to be lower than subsequent years because it will take OLG the full first year to establish the accounting system that will monitor game of skill activities and ensure full compliance with the tax requirements. This is consistent with the experience in Georgia prior to its establishment of a centralized accounting system. These taxes will be deposited into the District's Local Fund. Lastly, the Board will continue to collect a $200 endorsement fee from retailers hosting game of skill machines. This will generate approximately $77,000 in fiscal year 2021 and $351,000 over the four-year financial plan period. These revenues will be deposited into ABRA's special purpose revenue fund.

The following chart summarizes the costs to establish the games of skill regulatory structure, the revenues generated by the subtitle's provisions, the breakdown of where each of the revenues will be deposited, and the net impact on OLG.

Subtitle (VI)(C), Game of Skill Machines Consumer Protection Act of 2020 Fiscal Impact Summary Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)[a]					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
New Revenues					
Licensing and Endorsements	$326	$292	$344	$380	$1,343
10% Tax[b]	$1,210	$3,329	$3,662	$3,845	$12,045
Total Revenue	**$1,536**	**$3,621**	**$4,006**	**$4,225**	**$13,388**
Budget Needs					
OLG Staff	($225)	($227)	($228)	($229)	($909)
OLG Administrative Costs[c]	($126)	($13)	($14)	($8)	($161)
Centralized Accounting System	$0	($832)	($915)	($961)	($2,708)
Total Budget Needs	**($351)**	**($1,072)**	**($1,157)**	**($1,198)**	**($3,778)**
Overall Net Fiscal Impact	**$1,185**	**$2,549**	**$2,849**	**$3,027**	**$9,610**
Revenue Assignments					
Local Fund Revenues	$1,210	$3,329	$3,662	$3,845	$12,045
ABRA Special Purpose Revenues	$77	$84	$93	$97	$351
OLG Dedicated License Fees	$250	$208	$252	$283	$992
OLG Impact					
OLG Revenues	$250	$208	$252	$283	$992
OLG Costs	($351)	($1,072)	($1,157)	($1,198)	($3,778)
Net OLG Impact	**($101)**	**($864)**	**($905)**	**($915)**	**($2,786)**

Table Notes
[a] Numbers may not add due to rounding.
[b] Fiscal year 2021 will experience reduced revenues until the centralized accounting system is established by fiscal year 2022.
[c] Administrative costs include applicant background checks and device registration stickers.

Subtitle (VI)(D) – Pay-By-Phone Transaction Fee Fund Amendment Act of 2020

Background

In 2011, the District Department of Transportation (DDOT) launched a new pay-by-phone option for residents and visitors to pay for curbside parking. Residents and visitors pay the applicable parking rates by calling a phone number or through a mobile application. The pay-by-phone parking vendor also charges a $0.32 transaction fee. The District established the Department of Transportation Parking Meter Pay-by-Phone Transaction Fee Fund[98] as a special purpose revenue fund to deposit these transaction fees and remit them to the vendor.

The subtitle renames the Fund as the Parking Meter and Transit Services Pay-by-Phone Transaction Fee Fund (Fund) and expands its potential receipts to include transaction fees associated with the purchase of transit fares, Capital Bikeshare trips, and other shared mobility and transportation services paid for through a pay-by-phone system. DDOT can use the Fund's resources to pay a vendor providing these pay-by-phone services. The subtitle also directs any resources in the original fund, which is a lapsing fund, at the end of fiscal year 2020 to be deposited into the new Fund, which is established as non-lapsing.

Financial Plan Impact

The Fund currently collects approximately $3.3 million annually in transaction fees that are paid to the vendor managing the pay-by-phone system. DDOT has not launched an expanded pay-by-phone program to allow for the purchase of other transportation related fares or fees, so there are currently no new projected revenues for the Fund. Any transaction fees paid by users when DDOT launches an expanded program will be deposited into the Fund.

Subtitle (VI)(E) – Environmental Special Purpose Funds Reestablishment Amendment Act of 2020

Background

The subtitle reestablishes under the Department of Energy and Environment (DOEE) three, non-lapsing special purpose revenue funds: the Lead Poisoning Prevention Fund, the Underground Storage Tank Trust Fund, and the Hazardous Waste and Toxic Chemical Source Reduction Fund (Funds). The Council repealed all three Funds in fiscal year 2012.[99]

DOEE will deposit into the Lead Poisoning Prevention Fund certification fees collected from lead-based paint abatement specialists and organizations that train them and any penalties from the enforcement of lead-based paint laws.[100] DOEE can expend the resources in this fund to administer lead-based paint laws and to provide lead-based paint abatement assistance to low-income residents.

DOEE will deposit into the Underground Storage Tank Trust Fund any registration fees from owners of underground storage tanks; any licensing and certification fees from businesses that install, remove or test tanks; and any penalties associated with violations of these registration, licensing, and

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[98] Fiscal Year 2013 Budget Support Act of 2012, effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 50-921.14).
[99] Fiscal Year 2012 Budget Support Act of 2011, effective September 14, 2011 (D.C. Law 19-21; D.C. Official Code §§ 8-103.09a, 8-231.09, and 8-113.05).
[100] Lead Hazard Prevention and Elimination Act of 2008, effective March 9, 2009 (D.C Law 17-381; D.C. Official Code §§ 8-231.10, 8-231.12, and 8-231.15-16).

certification requirements.[101] DOEE can expend the resources in this fund to implement underground storage tank licensing, certification, and enforcement programs and for assessment, clean up, and housing and relocation assistance.

DOEE will deposit into the Hazardous Waste and Toxic Chemical Source Reduction Fund all fines, fees, and penalties collected from the generators and emitters of hazardous waste and toxic chemicals[102] in the District and for permits issued to hazardous waste treatment, disposal, and storage facilities.[103] DOEE can expend the resources in this fund to implement and enforce the hazardous waste and toxic chemical permitting program.

Financial Plan Impact
The Council repealed all three Funds in fiscal year 2012 and directed that any funds received from the underlying DOEE programs be deposited in the District's Local Fund. The lead poisoning prevention program generates approximately $108,000 annually. The underground storage tank program generates approximately $308,000 annually. The hazardous waste and toxic chemicals program generates approximately $303,000 annually. The subtitle's implementation will reduce Local Fund revenues by a total of approximately $719,000 and increase special purpose revenues by the same amount through the reestablishment and dedication of program revenue to these Funds.

<u>Subtitle (VI)(F) –Alcoholic Beverage Sales and Delivery Amendment Act of 2020</u>

Background
The Alcoholic Beverage Control Board (Board) currently prohibits on-premises retailers (including manufacturers with an on-site sales and consumption permit) from serving alcoholic beverages between the hours of 2 a.m. and 8 a.m. Monday through Friday and between 3 a.m. and 8 a.m. on Saturday and Sundays. The Board provides some exceptions to these rules to allow sales until 4 a.m. and 24-hour operations on and around holidays[104] and other special events. The Board also restricts the sale and delivery of alcohol for off-premises consumption to between the hours of 7 a.m. and midnight.

The subtitle changes the restricted hours for on-premises retailers to allow those retailers to begin alcoholic beverage sales at 6 a.m. The subtitle increases the expanded hours exceptions to allow for sales until 4 a.m. and 24-hour operations to include the Saturday and Sunday adjacent to, prior to, or following[105] Veterans Day, Christmas Day, and Emancipation Day. The subtitle also increases the expanded hours opportunity around inauguration in January 2021 from January 15th to the 21st by nine days to January 9th to the 24th.

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101 District of Columbia Underground Storage Tank Management Act of 1990, effective March 8, 1991 (D.C. Law 8-242; D.C. Official Code §§ 8-113.06 and 8-113.09).
102 Toxic Source Reduction Business Assistance Amendment Act of 1990, effective March 8, 1991 (D.C. Law 8-229; D.C. Official Code § 8-1315).
103 D.C. Official Code § 8-1303.
104 Includes all federal or District holidays; Saturdays and Sundays around January 1st, Martin Luther King, Jr. Day, Washington's Birthday, Memorial Day, July 4th, Labor Day, and Columbus Day; the Friday, Saturday, and Sunday following Thanksgiving; and around inauguration.
105 If any of these holidays falls on a Monday or Tuesday, the expanded hours will take place on the preceding Saturday and Sunday. If the holiday falls on a Wednesday, Thursday, or Friday, the expanded hours will take place on the following Saturday and Sunday.

The subtitle also expands the sales and delivery hours for off-premises consumption for wholesalers, manufacturers, and off-premises retailers. The licensees will now be able to sell and deliver for off-premises consumption between the hours of 6 a.m. and 1 a.m.

In addition to the current allowances for on- and off-premises sales, consumption, and delivery, the District established additional alcohol delivery options for licensed establishments during the 2020 health emergency declaration. Through emergency legislation,[106] the Council authorized on-premises retailers to deliver and offer for take-out alcohol in closed containers with the purchase of food items. The emergency and temporary authorizations for alcohol take-out and delivery do not require Board approval, but do require the Alcoholic Beverage Regulation Administration (ABRA) to provide written authorization to each retailer requesting to operate under the new allowances. The emergency and temporary acts also allowed on-premises retailers located at the Walter E. Washington Convention Center (Convention Center) to register for alcohol take-out and delivery through ABRA. These locations typically receive their operating authorizations from the Washington Convention and Sports Authority (WCSA), and not the Board.

The subtitle continues these emergency and temporary authorizations on a permanent basis and establishes a timeframe of 6 a.m. to 1 a.m. for registered retailers to provide take-out and delivery alcohol, consistent with the subtitle's allowances for off-premises retailer's sales and delivery hours. The subtitle also requires an on-premise retailer to obtain Board approval and apply for a license endorsement for take-out and delivery of alcohol after March 31, 2021, unless it was registered with and approved by ABRA prior to April 1, 2021. Retailers registered with ABRA prior to April 1, 2021 can receive the endorsement – without application – through a request to the Board and payment of the endorsement fee, which is set at $200, if they do so prior to March 31, 2021. The subtitle extends all of these allowances and restrictions to retailers located at the Convention Center.

Financial Plan Impact

The subtitle increases the hours for both on- and off-premises alcohol establishments to sell and deliver alcohol to customers and expands the extended hours program to include the Saturday and Sunday around additional holidays and additional days around the 2021 presidential inauguration. The District collects a ten percent tax on both on- and off-premise alcohol sales, so the enhanced opportunities for sale and delivery will increase sales tax collections. The subtitle's provisions will generate $787,000 in fiscal year 2021 and $2.9 million over the four-year financial plan period. Sales tax collections from on-premises retailers offering alcohol for take-out and delivery began in fiscal year 2020 under the emergency and temporary laws and making these allowances permanent is expected to substitute for other projected sales. Therefore, the budget does not include any additional sales tax revenues from this provision.

The following chart outlines both the total increase in taxes collected from each proposed expansion and the accounting for those in the District's Local Fund and the dedication to WCSA.

Subtitle (VI)(F), Alcoholic Beverage Sales and Delivery Amendment Act of 2020 Increased Sales Tax Revenues Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
On-premise sales begin at 6 a.m.[a]	$525	$630	$679	$711	$2,545

[106] COVID-19 Response Supplemental Emergency Amendment Act of 2020, enacted April 10, 2020 (D.C. Act 23-286; D.C. Official Code § 25-113(a)(3)(C)).

Weekends around Veteran's Day, Christmas, and Emancipation Day[b]	$158	$114	$123	$161	$556
On-premise sales until 4 a.m. and 24-hour operations for 9 additional days around inauguration	$184	$0	$0	$0	$184
Expand off-premise sales by two hours	$7	$8	$9	$9	$33
Total Sales and Use Tax Revenues	**$874**	**$752**	**$811**	**$881**	**$3,318**
Local Fund	**$787**	**$678**	**$731**	**$794**	**$2,990**
WCSA Dedication[c]	**$87**	**$74**	**$80**	**$87**	**$328**

Table Notes
a Includes food sales from 6 a.m. to 8 a.m. in addition to alcohol sales.
b The holiday days themselves are already approved for extended hours and may fall on a Saturday or Sunday throughout the financial plan. Those projections are already included in the District's baseline revenue estimate.
c The WSCA dedication is ten percent of the on-premises sales tax collections.

Subtitle (VI)(G) – Third-Party Inspection Platform Amendment Act of 2020

Background

The subtitle authorizes the Department of Consumer and Regulatory Affairs (DCRA) to require all third-party inspections to be arranged through an exclusive DCRA online platform. It also authorizes the agency to charge a fee for using the platform.

Financial Plan Impact

The subtitle will increase local fund revenue by $1.1 million in fiscal year 2021 and $6.9 million over the financial plan. DCRA has begun working on building the website that will host the third-party inspection transactions and expects the project to be completed in calendar year 2020. The new revenue assumes that all third-party inspections will occur through the website beginning in January 2021 and will be charged a ten percent fee.

Subtitle (VI)(G), Third-Party Inspection Platform Amendment Act of 2020
Increased Fee Revenues
Fiscal Year 2021 – Fiscal Year 2024
($ thousands)

	FY 2021	FY 2022	FY 2023	FY 2024	Total
Additional revenue from Fees	$1,096	$1,680	$1,932	$2,222	**$6,933**

Subtitle (VI)(H) – Reciprocity Parking Fee Update Amendment Act of 2020

Background

The Department of Motor Vehicles (DMV) exempts certain temporary residents of the District of Columbia from its driver's license[107] and vehicle registration[108] requirements if those residents are properly licensed and their vehicles are properly registered in their home jurisdictions. One category of temporary residents includes federal elected officials and their personal staff, federal executive branch officers appointed by the President, United States Department of State registered foreign missions, nonresident service members, and any spouses or dependent minors associated with any of these individuals.[109] These individuals must purchase a reciprocity parking permit from the DMV at a cost of $50; the permit is valid for one year and may only be renewed during the individual's term of office or employment.

The subtitle increases the cost of the reciprocity permit from $50 to $100 for these exempt officials and employees.

Financial Plan Impact

The DMV issues approximately 1,200 reciprocity permits each year to elected officials and their personal employees, presidential appointees, foreign diplomats, members of the military, and their families. The subtitle doubles the cost of the permit from $50 to $100 and generates approximately $62,000 annually in new Local Fund revenue.

Subtitle (VI)(H), Reciprocity Parking Fee Update Amendment Act of 2020 New Local Fund Revenue Fiscal Year 2021 – Fiscal Year 2024 ($ thosuands)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
Reciprocity Permit Fee Increase	$61	$62	$62	$62	$247

Subtitle (VI)(I) – Tag Transfer Fee Update Amendment Act of 2020

Background

The Department of Motor Vehicles (DMV) generally requires that a vehicle's registration expires upon the sale or transfer of the vehicle to another owner. DMV allows the vehicle owner to transfer the unexpired portion of a registration to another vehicle owned by the owner, another vehicle owned by a joint owner of the original vehicle, or to a surviving joint owner upon the death of one joint owner. DMV also allows a spouse or domestic partner to be added as a joint owner.[110] In cases where the registration is transferred to another vehicle owned by the individual or upon the death of a joint owner, DMV requires the payment of a $7 tag transfer fee.

The subtitle increases the cost of the tag transfer fee from $7 to $12 for transfer cases where the fee is charged.

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[107] D.C. Official Code § 50-1401.01.
[108] D.C. Official Code § 50-1501.01.
[109] D.C. Official Code § 50-1401.02(c).
[110] District of Columbia Revenue Act of 1937, approved August 17, 1937 (50 Stat. 680; D.C. Official Code § 50-1501.02(e)).

Financial Plan Impact
The DMV generates approximately $45,000 in transfer tag fees each year. The subtitle increases the transfer tag fee from $7 to $12 and generates approximately $32,000 annually in new Local Fund revenue.

Subtitle (VI)(I), Transfer Tag Fee Update Amendment Act of 2020 New Local Fund Revenue Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
Transfer Tag Fee Increase	$31	$32	$32	$32	$127

Subtitle (VI)(J) – ATE Reporting Requirement Amendment Act of 2020

Background
The District's Automated Traffic Enforcement (ATE) program includes a network of over 125 traffic cameras that issue citations for speeding, red light, stop sign, and oversized vehicle violations.[111] The District recently transferred operational control of the ATE program from the Metropolitan Police Department to the District Department of Transportation (DDOT). DDOT manages the ATE program as part of its safety programs.

The subtitle requires DDOT to report to Council the top fifteen ATE locations by the value of citations generated, the registered jurisdictions of those receiving citations and those with outstanding ATE debt, the locations of new cameras added in the prior six months and the justification for those placements, and the total amount of citations issued and by location. DDOT must issue its first report by January 1, 2021 and semi-annually thereafter.

Financial Plan Impact
DDOT operates the ATE program, but the Department of Motor Vehicles (DMV) manages the traffic citation contract and data. DDOT will work with DMV to collect the required information and report to Council on a semi-annual basis. DDOT does not require any additional resources in the fiscal year 2021 budget to produce this report.

Subtitle (VI)(K) – Capacity Market Withdrawal Feasibility Study Act of 2020

Background
PJM Interconnection, L.L.C. (PJM) is a regional transmission organization that coordinates electricity movement, known as the transmission network, across thirteen states and the District of Columbia. PJM also runs a capacity market to ensure there is sufficient capacity to meet demand during peak times. To ensure sufficient electricity, PJM runs an auction three years prior to the peak demand period. This auction allows generators to bid and PJM accepts bids starting with the lowest cost until the projected demand is met. In 2019, the Federal Energy Regulatory Commission (FERC) decided in *Calpine Corporation, et al. v. PJM Interconnection, L.L.C.*[112] that PJM had to run its auction with a

[111] Fiscal Year 1997 Budget Support Act of 1996, effective April 9, 1997 (D.C. Law 11-198; D.C. Official Code § 50-2209.01 et seq.).
[112] 169 FERC § 61,239 (2019).

minimum offer price that would counteract any state subsidies provided to energy generators, such as renewable energy sources.

The subtitle requires the Department of Energy and the Environment (DOEE) to do a feasibility study on the possibility of the District withdrawing from the PJM capacity market. The study should evaluate the advantages and disadvantages of withdrawal, the impact of the FERC decision in *Calpine Corporation, et al. v. PJM Interconnection, L.L.C.*, withdrawal procedures, and any necessary legislative changes.

Financial Plan Impact
The subtitle requires DOEE to undertake a feasibility study on the possibility of the District's withdrawal from the PJM capacity market. The fiscal year 2021 budget includes $100,000 for DOEE to perform this one-time study.

<u>Subtitle (VI)(L) – Competitive Grants Act of 2020</u>

Background
The subtitle requires the Department of Energy and the Environment (DOEE) to award a competitive grant of up to $200,000 for the provision of wildlife rehabilitation services.

Financial Plan Impact
The subtitle requires DOEE to issue a grant for wildlife rehabilitation services in an amount not exceeding $200,000. The fiscal year 2021 through fiscal year 2024 budget and financial plan includes $200,000 annually for DOEE to issue this grant.

<u>Subtitle (VI)(M) – Urban Agriculture Funding Amendment Act of 2020</u>

Background
In 2015, the Council passed a comprehensive urban farming initiative that includes access to public land for urban farming through a land leasing program and real property tax abatements. The Department of Energy and Environment (DOEE) manages the land lease program and certifies applicants as eligible for the real property tax abatement. The implementation of all urban farming programs and initiatives is limited to $350,000 annually.

The subtitle applies the urban farming spending limit only to the real property tax abatements and reduces the expenditure limit to $150,000 annually.

The subtitle also clarifies that land leased under the land leasing program should have a base year of at least five years when it is currently set at five years.

Financial Plan Impact
DOEE manages the land lease program and certifies the tax abatements within its Office of Urban Agriculture (Office). The Office has certified or expects to certify in fiscal year 2020 nearly $60,000 in real property tax abatements. The subtitle reduces the District's expenditures on the urban farming real property tax abatements to $150,000 and allows the fiscal year 2021 through fiscal year 2024 budget and financial plan to realize $132,000 annually in revenues that will no longer be

available for tax abatements. There are no costs or revenue implications associated with the land lease program base lease term clarification.

Subtitle (VI)(M), Urban Agriculture Funding Amendment Act of 2020 Revenue Increase Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Revenue Increase	$132	$132	$132	$132	$528

<u>Subtitle (VI)(N) – Waste Disposal Fees Regulation Amendment Act of 2020</u>

Background

The Department of Public Works (DPW) charges private waste haulers a fee to dump their solid waste loads at District-operated waste transfer stations. In September 2019, DPW increased the full freight dumping fee from $50.62 to $60.62 per ton. Any loads less than one ton pay half the per ton rate.

The subtitle increases the cost of the solid waste disposal fee by $10 from $60.62 per ton to $70.62 per ton.

Financial Plan Impact

When DPW increased the fee by $10 in 2019, it saw very little negative impact on the tonnage of solid waste brought by private haulers, because at $60.62 DPW's rates were still on-par or below most of the District's neighboring jurisdictions. The new dumping fee of $70.62 will now put the District higher than most of its neighboring jurisdictions, so tonnage should decrease slightly over time as haulers look for more affordable alternatives. DPW expects to receive approximately 123,000 tons of solid waste in fiscal year 2021 from haulers. The subtitle's $10 increase will generate approximately $1.2 million in fiscal year 2021 and $4.6 million over the four-year financial plan period in new revenues. Solid waste dumping fees are dedicated to the Solid Waste Disposal Cost Recovery Special Account.[113]

Subtitle (VI)(N), Waste Disposal Fees Regulation Amendment Act of 2020 New Special Purpose Fund Revenue Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Waste Disposal Fee Increase[a]	$1,229	$1,168	$1,110	$1,055	$4,562

<u>Table Notes</u>
[a] Assumes a 5 percent decline in tonnage to account for the District's rate now being higher than its neighboring jurisdictions.

[113] Solid Waste Disposal Cost Recovery Act of 2007, effective September 18, 2007 (D.C. Law 17-20; D.C. Official Code § 1-325.91).

Subtitle (VI)(O) – Fast Ferry Grant Act of 2020

Background
The subtitle requires the District Department of Transportation (DDOT) to award a grant in fiscal year 2021 of no less than $250,000 to a regional transportation system supporting efforts to establish commuter fast ferry service on the Occoquan, Potomac, and Anacostia River System.

Financial Plan Impact
The fiscal year 2021 budget includes $250,000 for DDOT to award the grant.

TITLE VII – FINANCE AND REVENUE

Subtitle (VII)(A) – Personal Property Tax Amendment Act of 2020

Background

The subtitle clarifies[114] the definition of tangible personal property to include the value of prewritten and canned software integrated into business equipment and not commonly available separately. The subtitle will apply as of July 1, 2021.

Financial Plan Impact

The subtitle will increase revenue by $935,000 in fiscal year 2021 and $3.9 million over the financial plan.

Subtitle (VII)(A), Personal Property Tax Amendment Act of 2020 Revenue Gained Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
Increased Property Tax Revenue	$935	$958	$982	$1,007	**$3,882**

Subtitle (VII)(B) – Unincorporated Business Tax Amendment Act of 2020

Background

The subtitle clarifies[115] that taxable income includes gains from a sale or other disposition of assets, even if such sale results in the termination of an unincorporated business. The subtitle applies as of January 1, 2021.

Financial Plan Impact

The subtitle will increase revenue by $1.1 million in fiscal year 2021 and $11 million over the financial plan.

Subtitle (VII)(B), Unincorporated Business Tax Amendment Act of 2020 Revenue Gained Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
Increased Income Tax Revenue	$1,100	$3,300	$3,300	$3,300	**$11,000**

[114] By amending D.C. Official Code § 47-1508.
[115] By amending D.C. Official Code § 47-1808.02(1).

Subtitle (VII)(C) – Ballpark Revenue Fund Excess Revenue Amendment Act of 2020

Background

The subtitle amends[116] the allowed purposes for any revenue collected in the Ballpark Revenue Fund ("Ballpark Fund")to include transfers to the District's General Fund in fiscal years 2020, 2021, and 2022, provided sufficient revenue is first collected for debt service due on the Ballpark Revenue Bonds per bond covenants. The revenue dedicated to the Ballpark Fund includes utility gross receipts taxes, the Ballpark Fee, and sales taxes from sales of tickets, concessions, and merchandise at the stadium. The subtitle is applicable as of August 1, 2020.

Financial Plan Impact

Amending the allowable uses of the Ballpark Fund will result in a $25 million transfer in fiscal year 2020, a $40 million transfer in fiscal year 2021, and a total of $105 million over the financial plan. These transfers increase revenue available in Local Funds. In fiscal year 2023 and fiscal year 2024, any excess Ballpark Fund revenue will be used to pay principal on Ballpark Revenue Bonds before it is due. Such bond defeasance is assumed in the District's debt cap analysis.

Subtitle (VII)(C), Ballpark Revenue Fund Excess Revenue Amendment Act of 2020
Fiscal Impact
Fiscal Year 2021 – Fiscal Year 2024
($ thousands)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Transfer to Local Funds	$25,000	$40,000	$40,000	$0	$0	**$105,000**

Subtitle (VII)(D) – Events DC Authority Amendment Act of 2020

Background

The subtitle requires Events DC to issue at least $1 million in grants from the Convention Center Fund to support Go-Go music-related programming and marketing, provided funding is available after Events DC meets all its current liabilities and reserve requirements. The subtitle specifies that debt restructuring is not considered an allowable liability for determining whether the grants must be issued unless restructuring is done for the purpose of securing a lower cost of borrowing.

The subtitle also extends a prohibition[117] on purchasing the property comprised of the Robert F. Kennedy Memorial Stadium or spending to induce a National Football League (NFL) team to locate to the District. The current prohibitions expire at the end of fiscal year 2020, and the subtitle extends the prohibitions through fiscal year 2021.

Financial Plan Impact

The subtitle has no impact on the proposed budget or financial plan. The subtitle requires Events DC's other necessary obligations to be met prior to issuing grants. Extending the prohibition on purchasing the RFK Memorial Stadium property or spending to induce an NFL team relocation does not impact the budget or financial plan.

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[116] By amending § 102(d) of the Ballpark Omnibus Financing and Revenue Act of 2004, effective April 8, 2005 (D.C. Law 15-320; D.C. Official Code § 10-1601.02(d)).
[117] D.C. Official Code § 10–1202.04.

Subtitle (VII)(E) – Parkside Parcel E and J Mixed-Income Apartments Tax Abatement Amendment Act of 2020

Background

The Fiscal Year 2014 Budget Support Act of 2013[118] funded the Parkside Parcel E and J Mixed-Income Apartments Tax Abatement Act of 2012[119] ("Act"). The Act provided for a ten-year real property tax abatement for two parcels[120] on Kenilworth Terrace that were to be developed as apartments, in a total amount for both parcels together of up to $600,000 annually. The abatement was to be provided from the first month following a parcel's certificate of occupancy, and the abatement for each parcel was contingent on the parcel receiving its certificate of occupancy by September 30, 2018. In 2016, the certificate of occupancy deadline was extended[121] to September 30, 2020. The abatement period was later extended to 30 years[122].

The subtitle further extends the deadline for receiving a certificate of occupancy to September 30, 2022.

Financial Plan Impact

The subtitle does not have an impact on the proposed budget and financial plan. The property at 600 Kenilworth Terrace is already receiving its abatement. The extension will apply to the 800 Kenilworth Terrace project, and the revenue estimates assume the conditions for the tax abatement would have been met.

Subtitle (VII)(F) – Off Premises Alcohol Tax Rate Amendment Act of 2020

Background

Since fiscal year 2019, the tax rate for alcoholic beverages sold for consumption off-premises is 10.25 percent. The rate diverged from on-premises alcoholic beverage sales, which are taxed at 10.00 percent. In April 2020, the District granted, in emergency legislation,[123] the authority for on-premises retailers (such as restaurants and taverns) to sell alcoholic beverages for carry-out or delivery when included with the purchase of food. Subtitle II.F of this Budget Support Act makes such authorization permanent. This subtitle changes the applicable sales and use tax rate for alcoholic beverage sold by restaurants and taverns sales for consumption off-premises so that all alcoholic beverage sales are taxed at 10.0 percent, regardless of whether they are consumed on-premises or included with carry-out or delivery orders.

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[118] Effective December 24, 2013 (D.C. Law 20-61; 60 DCR 12472).
[119] Effective April 20, 2013 (D.C. Law 19-255; 60 DCR 9284).
[120] Lot 808 in Square 5041, that is now Lot 72 (600 Kenilworth Terrace, NE)and Lot 811 in Square 5056, that is now Lot 42 (800 Kenilworth Terrace, NE).
[121] Parkside Parcel E and J Mixed-Income Apartments Tax Abatement Amendment Act of 2016, effective October 8, 2016 (D.C Law 21-160; 63 DCR 12932).
[122] Parkside Parcel E and J Mixed-Income Apartments Tax Abatement Amendment Act of 2018, effective October 30, 2018 (D.C. Law 22-168; 65 DCR 13694).
[123] COVID-19 Response Supplemental Emergency Amendment Act of 2020, enacted April 10, 2020 (Act 23-286; 67 DCR 4178).

Financial Plan Impact
The subtitle has no impact on the proposed budget or financial plan. Sales of alcoholic beverages sold by restaurants and taverns for carry-out and delivery in fiscal year 2021 are presumed to substitute for on-premises consumption included in the District's revenue estimates.

Subtitle (VII)(G) – Subject-to-Appropriations Amendment Act of 2020

Background
The subtitle authorizes expenditures for seventeen 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. In addition, the subtitle restores "subject to appropriations" clauses in four laws, so the laws or the applicable sections of the law will only become effective if costs are included in a future budget and financial plan.

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. For the laws reverting to unfunded status, the table lists the savings that were included in the budget and financial plan.

Subtitle (VII)(G), Subject-to-Appropriations Amendment Act of 2020 Fiscal Impact Fiscal Year 2021 – Fiscal Year 2024					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
FUNDED					
Boxing and Wresting Commission Amendment Act of 2018 ***(funded in DCRA)***	$0	$0	$0	$0	$0
East End Certificate of Need Maximum Fee Establishment Amendment Act of 2018 ***(funded in DOH)***	$0	$0	$0	$0	$0
Tipped Wage Workers Fairness Amendment Act of 2018 ***(funded in OHR and DOH)***	$2,186,854	$959,811	$960,449	$961,096	$5,068,209
Sports Wagering Lottery Amendment Act of 2018 ***(funded in DSLBD)***	$250,000	$257,500	$265,225	$273,182	$1,045,907
Mypheduh Films DBA Sankofa Video and Books Real Property Tax Exemption Act of 2019 ***(revenue reduction - property tax)***	$67,000	$36,000	$38,000	$39,000	$180,000

Certificate of Need Fee Reduction Amendment Act of 2019 ***(funded in DOH)***	$352,000	$0	$0	$0	$352,000
Electronic Medical Order for Scope of Treatment Registry Amendment Act of 2019 ***(funded in DOH)***	$401,253	$246,676	$247,106	$247,543	$1,142,578
Housing Conversion and Eviction Clarification Amendment Act of 2020 ***(funded in DHCD and DCRA)***	$20,300	$10,200	$10,400	$10,600	$51,500
Urban Farming Land Lease Amendment Act of 2020 ***(funded in DOEE)***	$196,600	$133,202	$134,422	$135,665	$599,889
Strengthening Reproductive Health Protections Amendment Act of 2020 ***(funded in OHR)***	$244,000	$221,050	$222,118	$223,205	$910,374
Certified Professional Midwife Amendment Act of 2020 ***(funded in DOH)***	$105,338	$105,654	$105,974	$106,300	$423,266
Leave to Vote Amendment Act of 2020 ***(funded in BOE)***	$60,000	$60,168	$60,339	$60,513	$241,020
Transportation Benefits Equity Amendment Act of 2020 ***(funded in DDOT)***	$38,929	$39,046	$39,164	$39,284	$156,423
Office of Caribbean Affairs Establishment Act	$257,944	$258,933	$259,937	$260,957	$1,037,771
Professional Art Therapist Licensure Amendment Act of 2020 ***(funded in DOH)***	$38,929	$39,046	$39,164	$39,285	$156,424
Ivory and Horn Trafficking Prohibition Act of 2020 ***(funded in DOEE)***	$93,000	$93,261	$93,526	$93,794	$373,581
DC Healthcare Alliance Program Recertification Simplification Amendment Act of 2017 ***(funded in DHCF and DHS)***	$7,427,271	$5,464,576	$5,615,521	$5,819,558	$24,326,926
REVERTED TO UNFUNDED OR PARTIALLY UNDFUNDED					
Birth-to-Three for All DC Amendment Act of 2018 ***(reduced at OSSE)***	($4,000,000)	($4,000,000)	($4,000,000)	($4,000,000)	($16,000,000)
Ensuring Community Access to Recreational	($571,000)	($580,992)	($591,159)	($601,505)	($2,344,656)

Spaces Act of 2018 ***(reduced at DGS)***					
Senior Strategic Plan Amendment Act of 2018 ***(reduced at DACL)***	($336,000)	($341,880)	($347,863)	($353,951)	($1,379,694)
Public Restroom Facilities Installation and Promotion Act of 2018 ***(reduced at DSLBD)***	($62,000)	($63,085)	($64,189)	($65,312)	($254,586)
TOTAL BUDGET IMPACT	$6,770,418	$2,939,166	$3,088,135	$3,289,212	$16,086,931

Subtitle (VII)(H) – Council Period 23 Rule 736 and Other Repeals Amendment Act of 2020

Background
Council Rule 736 requires laws approved subject to appropriation to be funded within two fiscal years or they will be subject to repeal. Due to this rule, the following 15 laws or parts of laws will be repealed:

Unfunded Laws Repealed Pursuant to Council Rule 736	
Law or Section of Law Repealed	**Corresponding Law Number and D.C. Code or D.C. Register Reference**
Section 202 of the Ballpark Omnibus Financing and Revenue Act of 2004, effective April 8, 2005	D.C. Law 15-320; D.C. Official Code § 10-1602.02
Sections 103 and 105(c) of the Employee Transportation Amendment Act of 2012, effective March 5, 2013	D.C. Law 19-223; D.C. Official Code §§ 50-211.03 and 50-4072 211.05(c)
Section 3602(d) of the Restrictions on the Use of Official Vehicles Act of 2000, effective October 19, 2000	D.C. Law 13-172; D.C. Official Code § 50-204(d)
The Exhaust Emissions Inspection Amendment Act of 2017, effective January 25, 2018	D.C. Law 22-47; 64 DCR 12403
The Public School Health Services Amendment Act of 2017, effective February 17, 2018	D.C. Law 22-61; 65 DCR 127
The DC Healthcare Alliance Re-Enrollment Reform Amendment Act of 2017, effective February 17, 2018	D.C. Law 22-62; 65 DCR 9
The Ballpark Fee Forgiveness Act of 2017, effective February 28, 2018	D.C. Law 22-64; 65 DCR 328
Section 2(nn) and (oo) of the Homeless Services Reform Amendment Act of 2017, effective February 28, 2018	D.C. Law 22-65; 65 DCR 331

The East End Commercial Real Property Tax Rate Reduction Amendment Act of 2018, effective March 29, 2018	D.C. Law 22-81; 65 DCR 1582
The Relieve High Unemployment Tax Incentives Act of 2018, effective April 25, 2018	D.C. Law 22-85; 65 DCR 1805
Section 1013(g) of the Innovation Fund Establishment Act of 2013, effective December 24, 2013	D.C. Law 20-61; D.C. Official Code § 1-325.222(g)
The Health Care Provider Facility Expansion Program Establishment Act of 2018, effective May 5, 2018	D.C. Law 22-97; D.C. Official Code § 7-1941.01 et seq.
The School Health Innovations Grant Program Amendment Act of 2018, effective May 5, 2018	D.C. Law 22-98; D.C. Official Code § 38-671.01 et seq.
The Telehealth Medicaid Expansion Amendment Act of 2018, effective July 3, 2018	D.C. Law 22-126; 65 DCR 5110
The Expenditure Commission Establishment Act of 2019, effective September 11, 2019	D.C. Law 23-16; 66 DCR 8621

Financial Plan Impact
The subtitle had no fiscal impact on the fiscal year 2021 through fiscal year 2024 budget and financial plan. Since these laws had not been funded, their repeal has no impact on the District budget.

<u>Subtitle (VII)(I) – District History Grant Act of 2020</u>

Background
The subtitle requires the Washington Convention and Sports Authority ("Events DC") to award a grant to a nonprofit organization occupying space in the Carnegie Library building that is engaged in collecting, interpreting, and sharing the history of the District and provides local funding to transfer to Events DC for such purpose.

Financial Plan Impact
The proposed budget and financial plan includes one-time funding in fiscal year 2021 of $100,000 in the Non-Departmental Account to be transferred to Events DC for the purpose of the grant.

<u>Subtitle (VII)(J) – National Cherry Blossom Festival Fundraising Match Act of 2020</u>

Background
The subtitle establishes a matching grant program of up to $1,000,000, administered by the Washington Convention and Sports Authority, to support the 2021 National Cherry Blossom Festival.

A matching grant shall be awarded to a nonprofit organization that organizes and produces an event that is part of the festival. The grant is worth $2 for every $1 that an organization raises in corporate donations by April 30, 2021.

Financial Plan Impact
The proposed budget and financial plan includes one-time funding of $1,000,000 in the Non-Departmental (Agency DO0) budget in fiscal year 2021 to allow for the possibility of this matching grant.

Subtitle (VII)(K) – Motor Vehicle Fuel Tax Amendment Act of 2020

Background
In fiscal year 2014, the District transitioned its motor fuel tax rate on motor fuel importers from an excise tax of $0.235 per gallon to an *ad valorem* tax of eight percent of the regular gasoline wholesale price.[124] The *ad valorem* tax set a floor price of $2.94 to be equivalent to the previous $0.235 per gallon rate. Motor fuel taxes are dedicated to the Highway Trust Fund[125] to match federal transportation grant funds to maintain and rebuild the District's non-local roads and highways.

The subtitle returns the motor fuel tax rate to the $0.235 per gallon excise tax. The subtitle also adds a surcharge of $0.053 per gallon beginning in fiscal year 2021 and $0.103 per gallon in fiscal year 2022; the total motor fuel tax with surcharge will be $0.288 in fiscal year 2021 and $0.338 in fiscal year 2022. The subtitle maintains the dedication of the motor fuel tax to the Highway Trust Fund and dedicates the surcharge to the District's Capital Improvements Program to support the renovation, repair, and maintenance of the District's local transportation infrastructure. The subtitle applies a cost-of-living increase to the surcharge amount beginning in fiscal year 2023.

Financial Plan Impact
The six-month average of the wholesale regular gasoline price has not exceeded the floor price of $2.94 at any point since the District switched to the *ad valorem* tax. Thus, the motor fuel tax rate has been effectively maintained at $0.235 per gallon and there are no cost or revenue impacts associated with the subtitle's return to a flat $0.235 per gallon excise tax rate.

The subtitle establishes a new motor fuel surcharge and dedicates the surcharge to local infrastructure projects through the Capital Improvements Program. The surcharge will generate approximately $5.6 million in fiscal year 2021 and $43.8 million over the four-year financial plan period.

Subtitle (VII)(K), Motor Vehicle Fuel Tax Amendment Act of 2020 Motor Fuel Surcharge Revenue Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Surcharge	$5,558	$11,934	$12,700	$13,651	$43,843

[124] Motor Vehicle Fuel Tax Act of 2013, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 47-2301).
[125] Highway Trust Fund Establishment Act and Water and Sewer Authority Amendment Act of 1996, effective April 9, 1997 (D.C. Law 11-184; D.C. Official Code § 9-111.01 et seq.).

Subtitle (VII)(L) – New Communities Bond Clarification Amendment Act of 2020

Background

The New Communities Initiative (NCI) is a District government program designed to revitalize severely distressed subsidized housing and redevelop neighborhoods into vibrant mixed-income communities. NCI includes four neighborhoods in the District of Columbia: Barry Farm in Ward 8, Lincoln Heights - Richardson Dwelling in Ward 7, Northwest One in Ward 6, and Park Morton in Ward 1. The District is authorized to issue bonds to assist in financing, refinancing, or reimbursing costs of developing projects situated in the New Communities areas. The subtitle is a clarification of the existing authorization.

Financial Plan Impact

The subtitle has no impact on the proposed budget or financial plan.

Subtitle (VII)(M) – QHTC Tax Incentives Modification Amendment Act of 2020

Background

The subtitle repeals a number of provisions of the District's tax incentives for Qualified High-Technology Companies (QHTCs). The amendment:

- Repeals QHTC personal property tax exemptions;[126]
- Disallows special deduction for real property improvement depreciation for QHTCs;[127]
- Requires QHTCs to have a minimum of ten (rather than two) employees;[128]
- Reduces the QHTC income tax credits for retraining qualified disadvantaged employees from $20,000 to $10,000;[129]
- Repeals a carry-forward of income tax credits for disadvantaged employee retraining and wages paid;[130]
- Repeals beneficial income tax rates and exemptions for QHTCs;[131]
- Eliminates a rollover of capital gain from qualified QHTC stock to other qualified QHTC stock;[132]
- Repeals tax credits for employee relocation;[133]
- Repeals preferential capital gains treatment for investors in QHTCs;[134] and
- Repeals tax credits for Qualified Social E-commerce Companies.[135]

Financial Plan Impact

The subtitle increases District personal property and income tax revenue, as follows:

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[126] By repealing D.C. Official Code § 47-1508(a)(10).
[127] By amending D.C. Official Code § 47-1803.03(a)(18).
[128] By amending D.C. Official Code § 47-1817.01(5)(A)(ii).
[129] By amending D.C. Official Code § 47-1817.04(d).
[130] By repealing of D.C. Official Code §47-1817.05(c) and § 47-1817.04(e).
[131] By repealing of D.C. Official Code § 47-1817.06.
[132] By repealing D.C. Official Code § 47–1817.07.
[133] By repealing D.C. Official Code § 47-1817.02.
[134] By amending D.C. Official Code § 47–1817.07a.
[135] By repealing D.C. Official Code § 47-1818.06(3).

Subtitle (VII)(M), QHTC Tax Incentives Modification Amendment Act of 2020 Fiscal Impact Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Personal Property Tax Revenue Increase	$662	$679	$696	$713	**$2,750**
Income Tax Revenue Increase	$27,497	$34,866	$35,884	$36,931	**$135,178**
Total Revenue Increase	**$28,159**	**35,545**	**$36,580**	**$37,644**	**$137,928**

Subtitle (VII)(N) – Adams Morgan Business Improvement District Amendment Act of 2020

Background
The subtitle allows the Board of the Adams Morgan Business Improvement District (BID) to change its BID taxes according to the provisions for by-law and tax amendments provided for in the D.C. Code[136]. Previously this provision did not apply to the Adams Morgan BID tax rate of $0.21 per $100 of assessed value[137].

Financial Plan Impact
The subtitle does not have an impact on the budget or financial plan. BID taxes are collected by the Office of Tax and Revenue on behalf of the BID and paid out to the BID in the amount taxed.

Subtitle (VII)(O) – Skyland Tax Exemption Amendment Act of 2020

Background
The subtitle provides an abatement of deed recordation and/or transfer taxes for properties[138] located with the Skyland redevelopment project. The total abatement of taxes imposed for deed recordation or transfer may not exceed $420,840 in total, and the transactions being taxed must take place prior to December 31, 2020.

Financial Plan Impact
The subtitle results in a one-time loss of revenue of $420,840 in fiscal year 2021. Of that loss, $358,000 is from Local Funds and $63,000 is from taxes dedicated to the Housing Production Trust Fund.

[136] D.C. Official Code § 2–1215.08(b)(1).
[137] D.C. Official Code § 2–1215.56(c).
[138] Square 5633, Lots 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 7000, 7009, and 7010.

Subtitle (VII)(P) - Combined Reporting Tax Deduction Delay Amendment Act of 2020

Background

In fiscal year 2011, when District enacted combined reporting laws, it allowed publicly-traded companies a future deduction if the implementation of combined reporting resulted in an increase in a combined group's net deferred tax liability. Under these rules, publicly-traded companies would be able to take deductions starting fiscal year 2016 for seven years.[139] In 2016, the District delayed the deductions by an additional five years, so companies would not be able to take these deductions until fiscal year 2021. The subtitle further delays the deductions for an additional five years.

Financial Plan Impact

The subtitle increases the District's corporate income tax revenue by $7.443 million in fiscal year 2021 and annually, for a total of $29.772 million over the four-year financial plan.

Subtitle (VII)(Q) - Estate Tax Adjustment Amendment Act of 2020

Background

The subtitle reduces the amount of assets that can be excluded from District taxes when transferred from a deceased person's estate. District law currently excludes $5.682 million; the subtitle decreases such amount to $4.0 million when the death occurs on or after January 1, 2021. The $4 million exclusion shall increase annually from 2022 based on a cost-of-living adjustment.

Financial Plan Impact

The subtitle increases District transfer tax revenue from estates as follows:

Subtitle (VII)(Q), Estate Tax Adjustment Amendment Act of 2020 Fiscal Impact Fiscal Year 2021 – Fiscal Year 2024 ($ thousands)					
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**Total**
Revenue Increase	$1,784	$2,408	$2,457	$2,510	**$9,159**

Subtitle (VII)(R) – District of Columbia Low-Income Housing Tax Credit Clarification Amendment Act of 2020

Background

The subtitle will allow investors in affordable housing developments that receive an allocation of federal Low Income Housing Tax Credits[140] (LIHTC) after October 1, 2021[141] to take a District income or franchise tax credit or an insurance premium tax credit, equal to 25 percent of the annual federal tax credit[142]. The credits will be nonrefundable although unused credits may be carried forward. Tax credits against premium taxes may not be taken against taxes dedicated to the Healthy DC Fund.

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[139] D.C. Official Code § 47-1810.08(b).
[140] Pursuant to Section 42 of the Internal Revenue Code of 1986
[141] Per amendment by Councilmember Allen, provided to the Office of Revenue Analysis July 28, 2020
[142] By amending D. C. Official Code, Chapter 48 of Title 47

District law previously allowed for a similar, pilot program, subject to available funding, which was never implemented.

The federal LIHTC are currently awarded to certain low-income and mixed-income housing construction or rehabilitation projects through an allocation from the Department of Housing and Community Development (DHCD) or when projects use certain bond financing from the District of Columbia Housing Finance Agency (DCHFA).

The District tax credits could be taken over a ten-year period beginning once the housing project is placed in service and meets certain leasing thresholds. Owners of the housing development may also sell, transfer, or assign the District credits, provided they file an affidavit with DHCD that they have received at least 80 percent of the value of their federal LIHTCs and that the proceeds have been used to ensure the financial feasibility of the project.

Financial Plan Impact

The proposed budget and financial plan accounts for the costs of the subtitle. The subtitle is estimated to reduce District income, franchise, or premium insurance tax revenue for each project in the District newly qualified to receive federal LIHTC beginning from fiscal year 2022. The amount of federal LIHTC allocated to District housing projects varies each year depending on the construction timeframe for DHCD-awarded projects and the number and types of projects using DCHFA bond financing. However, average federal LIHTC use in the District indicates that $5 million of District LIHTC would be available once projects are completed and leased up. Since the credit can be taken over ten years, the estimated number of credits available each subsequent year would increase by $5 million during the first ten years of the program. The subtitle will apply only as of fiscal year 2022 and only for projects that are completed and leased-up from fiscal year 2023. Since construction timelines are often longer than one year, the estimated revenue loss in fiscal year 2023 is based only on 20 percent of the average annual amount for new projects.

The portion of credits that may be claimed against insurance premium taxes versus income or franchise taxes is unknown at this time and will depend on the types of investors seeking District LIHTCs.

The Office of Tax and Revenue will need to hire, in fiscal year 2023, a compliance specialist to verify returns claiming the District credit and funding in fiscal year 2022 for information technology and forms changes. DHCD will require one-time funding in fiscal year 2022 for legal analysis to assist them in writing rules and regulations for the program. DHCD will also require an additional staff person to coordinate information flow between DHCD, OTR, and the Department of Insurance, Securities and Banking (DISB), including annual certifications of project compliance with the rules. DISBwill administer any tax credits taken against insurance premium taxes and can absorb such work without additional funding.

Subtitle (VII)(R), District of Columbia Low-Income Housing Tax Credit Clarification Amendment Act of 2020 Fiscal Impact ($ thousands)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
Revenue Decrease from Tax Credits	$0	$0	$1,000	$6,000	**$7,000**

OTR compliance specialist	$0	$0	$102	$102	**$204**
OTR programming changes	$0	$100	$0	$0	**$100**
DHCD legal analysis	$0	$100	$0	$0	**$100**
DHCD specialist	$0	$0	$130	$130	**$260**
Total Cost	$0	$200	$1,232	$6,232	**$7,200**

TITLE VIII

Subtitle (VIII)(A) – Designated Fund Transfer Act of 2020

Background

The subtitle allows the District to use fund balance available in seventeen funds as a source of funding for the proposed fiscal year 2021 through fiscal year 2024 budget and financial plan. The affected funds and transfer amounts are listed in the chart below:

Fund Name	**Amount ($)**
Basic Business License Fund	6,000
Corporate Recordation Fund	12,500
SHPDA Fees	4,000
Pharmacy Protection	5,393
Radiation Protection	3,500
Board of Medicine	145,493
EMS Fees	5,250
Stormwater Fees	2,000
Renewable Energy Development Fund	30,000
Sustainable Energy Trust Fund	40,000
ABC - Import and Class License Fees	245,368
DC Surplus Personal Property Sales Operation	10,000
HMO Assessment	17,763
Insurance Assessment	120,790
Securities and Banking Fund	370,403
Captive Insurance	82,741
Public Vehicles for Hire	21,000
Total	**1,122,201**

Financial Plan Impact

The subtitle provides approximately $1.1 million annually to balance the proposed fiscal year 2021 through fiscal year 2024 budget and financial plan.