MEMORANDUM

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

FROM: Fitzroy Lee
       Chief Financial Officer

DATE: June 22, 2022


REFERENCE: Draft Bill as provided to the Office of Revenue Analysis on June 2, 2022

Conclusion

Funds are sufficient in the fiscal year 2022 budget and the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

Background

The bill expands the Deputy Mayor for Planning and Economic Development’s (DMPED) grant-making authority to include the establishment of a State Small Business Credit Initiative DC Venture Capital Program (VC Program) to facilitate loans and equity investments in the District’s local businesses. DMPED can select a program administrator to manage an investment fund outside of the District government. The bill requires any grants issued using federal funds to comply with the requirements of the State Small Business Credit Initiative Act of 2010.¹

Financial Plan Impact

Funds are sufficient in the fiscal year 2022 budget and the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. DMPED applied for $26 million through the federal American Rescue Plan Act² to fund the VC Program. A portion of the federal funding can be used to pay the fees of the program administrator and fund managers. The VC Program is revolving, and the program administrator can reinvest any repayments as further loans and equity investments.

² Approved March 11, 2021 (Public Law 117-2).
DMPED can absorb the costs of overseeing the VC Program within the agency’s existing budgeted resources.