

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



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: December 21, 2010

SUBJECT: Revised Fiscal Impact Statement – “Fiscal Year 2011 Supplemental Budget Support Act of 2010”

REFERENCE: Bill 18-810, Amendment-in-the-Nature-of-a-Substitute

This revised Fiscal Impact Statement reflects the changes made to the proposed legislation in the amendment-in-the-nature-of-a-substitute dated December 21, 2010, and replaces the fiscal impact statement issued by the OCFO on November 24, 2010.

Conclusion

Funds are sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the proposed Fiscal Year 2011 Supplemental Budget Support Act of 2010. The proposed FY 2011 through FY 2014 budget and financial plan accounts for the expenditure plan described in the subtitles included in the proposed legislation.

The proposed legislation implements the revised FY 2011 through FY 2014 budget and financial plan as proposed by the Mayor of the District of Columbia. Together with the actions in the proposed gap-closing plan, the combined initiatives in the Fiscal Year 2011 Supplemental Budget Support Act of 2010 provide sufficient funds to balance the estimated local fund expenditures of \$5.28 billion in the proposed FY 2011 budget and financial plan.

The proposed legislation, the “Fiscal Year 2011 Supplemental Budget Support Act of 2010,” is the legislative vehicle for adopting statutory changes needed to implement the Mayor’s proposed gap-closing plan for the FY 2011 through FY 2014 budget and financial plan period. The purpose and the impact of each subtitle are summarized in the following pages.

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TITLE I. GOVERNMENT DIRECTION

Subtitle (I)(A) – Health Benefit Plan District Contribution Amendment Act of 2010

Background

The proposed subtitle would amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978¹ to reduce the share of the subscription charge that the District government contributes to employee and retiree health benefit plans from 75 percent of the full cost of the plan to 72 percent.

Financial Plan Impact

Reducing the District’s annual contribution to employee and retiree health benefits by 3 percent of the plan cost would reduce general fund expenditures by \$5 million in FY2011 and by \$28.3 million over the financial plan period. This assumes that the new rate is implemented by January 1, 2011, which will require DCHR to notify employees of the change immediately after the Budget Request Act is approved. The impact of the proposed subtitle is incorporated in the proposed revisions to the FY 2011 through FY 2014 budget and financial plan.

It should be noted that given the D.C. Council vote on the Budget Request Act occurred on December 7, 2010, DCHR would have an extremely short implementation period to meet the January 1, 2011 implementation deadline. Each month implementation is delayed, savings will be reduced by \$500,000.

Fiscal Impact of Subtitle (I)(A) – Health Benefit Plan District Contribution Amendment Act of 2010					
Estimated Impact on the General Fund (in thousands)					
	FY 2011	FY 2012	FY 2013	FY 2014	Four Year Total
Total Cost Savings^a	\$5,017	\$7,204	\$7,759	\$8,357	\$28,337

^a The contribution reduction is assumed to be implemented by January 1, 2011.

Subtitle (I)(B) – Within-Grade Salary Increases, Cost-of-Living Adjustments, and Salary and Benefits Schedules Exemption Act of 2010

Background

The proposed subtitle would amend the Fiscal Year 2011 Budget Support Act of 2010² to exempt the University of the District of Columbia (UDC) from freezes of employee salaries, within-grade step increases, cost-of-living adjustments, and performance-related bonuses, special act pay, or service awards in FY 2011.

¹ Effective October 1, 1987 (D.C. Law 7-27; D.C. Official Code § 1-621.09(a)).

² Effective September 24, 2010 (D.C. Law 18-223; 57 DCR 6242)

Financial Plan Impact

Exempting UDC from the salary, step-increase, cost-of-living adjustment, and bonus freezes would have no fiscal impact. UDC receives funding from the District of Columbia through an annual UDC subsidy and is required to pay UDC employees with a combination of this subsidy and its own resources. Since the proposed subtitle does not affect the annual subsidy to UDC, it does not have an impact on the District's budget and financial plan.

Subtitle (I)(C) – Reprogramming Policy Reform Act of 2010

Background

The proposed subtitle would³ update budget terms and several provisions in existing law to reflect changes in the reprogramming policy that have been implemented. In addition, the subtitle would require the Office of the Chief Financial Officer to produce a quarterly summary of all reprogramming activities, intra-district transfers, and certain other budget modifications in excess of \$50,000.

Financial Plan Impact

Most of the analysis required by the subtitle and changes to the reprogramming policy is current practice. Implementing the proposed changes to the reprogramming policy would have no fiscal impact.

Subtitle (I)(D) – Financial Stability Measures Repeal Act of 2010

Background

The proposed subtitle would repeal the Financial Stability Measures Emergency Act of 2010⁴ and the Financial Stability Measures Clarification Emergency Amendment Act of 2010.⁵ The Financial Stability Measures Emergency Act of 2010 laid out various austerity measures that would ensure that the FY 2011 budget gap did not grow beyond the September projections provided by the Chief Financial Officer in September 2010. These austerity measures include freezes in hiring, travel, and training, quarterly apportionment requirements, and across-the-board cuts in non-personnel services, with some program-level exemptions. The Financial Stability Measures Clarification Emergency Amendment Act of 2010 made clarifying amendments to the quarterly apportionment requirement.

³ By amending Chapter 3 of Title 47 of the D.C. Official Code.

⁴ Effective October 19, 2010 (D.C. Act 18-588; 57 DCR 10140)

⁵ Effective November 3, 2010 (D.C. Act 18-588; 57 DCR 10475)

Financial Plan Impact

The Supplemental Budget Support Act of 2010 already codifies the measures necessary to balance the FY 2011 budget, thus these two provisions are no longer needed, and can be repealed without a fiscal impact.

TITLE II- ECONOMIC DEVELOPMENT AND REGULATION

Subtitle (II)(A) – Neighborhood Investment Fund Repeal Act of 2010

Background

The proposed subtitle would amend the Neighborhood Investment Act of 2004⁶ to establish the FY 2011 spending plan. The proposed subtitle would authorize a total of approximately \$8 million Neighborhood Investment Fund (NIF) dollars under the authority of the Deputy Mayor for Planning and Economic Development in FY 2011 to be allocated on a one-time basis as follows:

- \$2,293,502 for grants to not-for-profit organizations for project and programs;
- \$190,059 for personnel and administrative costs associated with implementing NIF, including, salary, fringe benefits, and supplies;
- \$1,100,000 to the Career Technical Training Fund; and
- \$2,000,000 for the New Communities Human Capital program.

The proposed subtitle would apply as of October 1, 2010.

Financial Plan Impact

The proposed subtitle would disburse a total of \$5,583,561 in NIF funds in FY 2011. There will be approximately \$8.2⁷ in available NIF Funds for FY 2011, which is adequate to cover the proposed expenditures.

TITLE III- PUBLIC SAFETY AND JUSTICE

There are no subtitles under this title.

⁶ Effective March 30, 2004 (D.C. Law 15-131; D.C. Official Code § 6-1071).

⁷ In FY 2011, \$6.8 million personal property taxes will be transferred to the NIF Fund. Also available is \$1.4 million available in unspent FY 2009 funds.

TITLE IV – PUBLIC EDUCATION SYSTEM

Subtitle (IV)(A) –Funding for Public Schools and Public Charter Schools Amendment Act of 2010

Background

The proposed subtitle, which would amend the “Uniform Per Student Funding Formula for Public Schools and Public Charter Schools and Tax Conformity Clarification Amendment Act of 1998,”⁸ would have four major effects.

First, the proposed subtitle would decrease the foundation level per pupil funding from \$8,945 in FY 2011 to \$8,770 (to its FY 2010 level, with a 2 percent decrease).

Second, it would provide the legislative authority for a supplemental allocation⁹ for “extended school days.” including its funding requirements among the “General Education Add-ons” with a weight of 0.1. However, implementation of this provision would be subject to the inclusion of its fiscal effect in an approved budget. The Office of the State Superintendent of Education (OSSE) would be authorized to prescribe standards for extended learning time beyond the regular school day for public schools, including public charter schools.¹⁰

Third, the proposed subtitle would disburse funds from the Education Jobs Fund¹¹ to the District of Columbia Public Schools (DCPS) and public charter schools¹² to restore reductions in the local budgets of the public schools and prevent any job loss of teachers or other public school education professionals that might occur due to lowered base funding per-student formula.

Fourth, the proposed subtitle would allow supplemental funding, in addition to the supplemental allocations, to be provided to local education agencies (LEAs)¹³ for special education services, including programs that increase the capacity of the LEA to provide special education services,¹⁴ and would authorize OSSE to issue grants from funds under its administration (including the non-public tuition paper agency) to LEAs in support of special education services.

The proposed subtitle would be effective as of October 1, 2010.

⁸ Effective March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2901 *et seq.*).

⁹ By adding a new paragraph (4) to D.C. Official Code § 38-2905(a).

¹⁰ By adding a new paragraph (8A) to D.C. Official Code § 38-2602(b).

¹¹ Established by section 101 of An Act To modernize the air traffic control system, improve the safety, reliability, and availability of transportation by air in the United States, provide for modernization of the air traffic control system, reauthorize the Federal Aviation Administration, and for other purposes, approved August 10, 2010 (Pub. L. 111-226; 124 Stat. 2389) (“Act”). The Act is also popularly known as the Education Jobs and Medicaid Fund Bill, as it imposes an additional tax on bonuses received from certain TARP recipients and authorizes \$10 billion to support school districts to prevent layoffs due to state revenue shortfalls. The fund allocation to the District is \$18 million.

¹² By amending D.C. Official Code § 38-1804.03(a)(2)(A) and requiring that the funds would be disbursed to public charter schools at such times as are consistent with the requirements of the Act, its implementing regulations, and other applicable federal regulations.

¹³ In the District, DCPS and public charter schools are each considered as LEAs.

¹⁴ By adding a new subparagraph (E) to D.C. Official Code § 38-1804.01(b)(3).

The reduced per pupil allocations and supplemental amounts for FY 2011 are shown in the tables below:

Weighting and Per Pupil Allocation, Grade Levels		
Grade Level	Weighting	Per Pupil Allocation in FY 2011
Pre-School	1.34	\$11,752
Pre-Kindergarten	1.30	\$11,401
Kindergarten	1.30	\$11,401
Grades 1-3	1.00	\$8,770
Grades 4-5	1.00	\$8,770
Ungraded ES	1.00	\$8,770
Grades 6-8	1.03	\$9,033
Ungraded MS/JHS	1.03	\$9,033
Grades 9-12	1.16	\$10,173
Ungraded SHS	1.16	\$10,173
Alternative Program	1.17	\$10,261
Special Education	1.17	\$10,261
Adult	0.75	\$6,578

General Education Add-ons			
Level/Program	Definition	Weighting	Per Pupil Supplemental FY 2011
LEP/NEP	Limited and non-English proficient students	0.45	\$3,947
Summer	An accelerated instructional program in the summer for students who do not meet literacy standards pursuant to promotion policies of DCPS and the Charter Schools	0.17	\$1,491
Extended school day	Extended learning time beyond the regular school day	0.1	n/a ¹⁵

Special Education Add-ons			
Level/Program	Definition	Weighting	Per Pupil Supplemental FY 2011
Level 1: Special Education	Eight hours or less per week of specialized services	0.52	\$4,560
Level 2: Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services	0.79	\$6,928
Level 3: Special Education	More than 16 hours and less than or equal to 24 hours per school week of specialized services	1.56	\$13,681
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	2.83	\$24,819
Residential	DCPS or Charter School that provides students with room and board in a	1.70	\$14,909

¹⁵ Implementation of this provision would be subject to the inclusion of its fiscal effect in an approved budget.

Special Education Add-ons			
Level/Program	Definition	Weighting	Per Pupil Supplemental FY 2011
	residential setting, in addition to their instructional program.		

Special Education Residential Add-ons			
Level/Program	Definition	Weighting	Per Pupil Supplemental FY 2011
Level 1: Special Education – Residential	Additional funding to support the after-hours Level 1 special education needs of students living in a DCPS or Charter School that provides students with room and board in a residential setting	0.374	\$3,280
Level 2: Special Education - Residential	Additional funding to support the after-hours Level 2 special education needs of students living in a DCPS or Charter School that provides students with room and board in a residential setting	1.360	\$11,927
Level 3: Special Education - Residential	Additional funding to support the after-hours Level 3 special education needs of students living in a DCPS or Charter School that provides students with room and board in a residential setting	2.941	\$25,793
Level 4: Special Education – Residential	Additional funding to support the after-hours Level 4 special education needs of students living in a DCPS or Charter School that provides students with room and board in a residential setting	2.924	\$25,643
LEP/NEP – Residential	Additional funding to support the after-hours Limited and non-English proficiency needs of students living in a DCPS or Charter School that provides students with room and board in a residential setting	0.680	\$5,964

Special Education Add-ons for Students with Extended School Year (ESY) Indicated in their Individualized Education Programs (IEPs)			
Level/Program	Definition	Weight	Per Pupil Supplemental FY 2011
Special Education Level 1 ESY	Additional funding to support the summer school/program need for students who require ESY services in their IEPs	0.064	\$561
Special Education Level 2 ESY	Additional funding to support the summer school/program need for students who require ESY services in their IEPs	0.231	\$2,026
Special Education Level 3 ESY	Additional funding to support the summer school/program need for students who require ESY services in their IEPs	0.500	\$4,385
Special Education Level 4 ESY	Additional funding to support the summer school/program need for students who require ESY services in their IEPs	0.497	\$4,359

Sixth, the Public Education Finance Reform Commission Establishment Amendment Act of 2010¹⁶ would be amended to postpone its full implementation by one year, to Fiscal Year 2013. Under this law, DCPS and D.C. Public Charter Schools would have equal access to services provided by D.C. government, and services paid for by other means in the District budget, such as direct allocations to various non-school agencies, would be taken out of the *Uniform per Student Funding Formula*. Additionally, under the proposed subtitle, the Mayor, and not the Council, would be responsible for retaining the Public Education Finance Reform Commission (“Commission”). The Commission is charged with improving the *Uniform per Student Funding Formula*, and make recommendations to achieve the foretasted equality requirements. The Commission would be responsible for providing an equity report by March 31, 2011 (as opposed to the original target day of January 31, 2011) and a final report by September 30, 2011 (the original legislation stated a target day of June 30, 2011).

Financial Plan Impact

Reducing foundation level per pupil funding by \$175 would reduce the local budgeted funds by approximately \$11 million for DCPS and \$6.8 million for the public charter schools. Thus, General Fund expenditures would decrease by approximately \$17.8 million in FY 2011.

The subtitle proposes that in FY 2011, these local fund reductions could be offset by the disbursements from the Education Jobs Fund. The District has received \$18 million in these funds, but has spent none.¹⁷ OSSE would disburse the funds from the Education Jobs Funds, but can do so only after LEAs provide evidence of expenditure and request for reimbursement, consistent with the requirements of the federal grant.¹⁸ Thus, while local funding cuts could be replaced by federal fund disbursements under the proposed subtitle, unlike per pupil funding, federal funds would not automatically follow the students.

The proposed supplemental allocation for extended school days with a weight of 0.1 is subject to appropriations; no funding is provided in the proposed revisions to the FY 2011 through FY 2014 budget and financial plan to support this provision. The proposed 0.1 weight would provide an additional \$877 per student to support a 30-minute extended day. The experience of various public charter schools that provide expanded hours of learning suggests that the proposed funding level could be sufficient to cover such costs. However, at present, sufficient information to evaluate the cost of extended school days does not exist since the detailed standards that OSSE would issue under the proposed subtitle could affect the implementation of extended day. Thus, more research and analysis are needed to understand the full fiscal implications of this provision

The provision in the subtitle that allows OSSE to provide supplemental funding to LEAs for special education services is required to support the Mayor’s gap closing proposal, which increases local funds to use to pay special education costs by \$31.7 million.

¹⁶ Effective September 24, 2010 (D.C. Law 18-0223; D.C. Official Code § 38-2905 (115))

¹⁷ Please see <http://www.ed.gov/sites/default/files/edjobsfund-allocations.pdf>. The funds from the Education Jobs Fund Program federal grant are not permitted to be used directly or indirectly to fund or supplement a rainy-day fund, to reduce of retire debt obligations, or for general administrative expenses or for other support services expenditures, such as for equipment, utilities, renovation, or transportation.

¹⁸ These federal funds cannot be advanced through uniform per student funding formulas. If the federal funds are disbursed prior to evidence of expenditure, they would be considered as advances and LEAs would be required to pay interest.

Postponing the implementation of the Public Education Finance Reform Commission Establishment Amendment Act of 2010 has no fiscal impact.

Subtitle (IV)(B) – Healthy Schools Amendment Act of 2010

Background

The proposed subtitle would amend the Healthy Schools Act of 2010¹⁹ to allow grants to be made when funds are available to assist public schools and public charter schools with increasing student physical activity and supporting school garden.

Financial Plan Impact

The proposed subtitle has no fiscal impact. Grants can only be made when funds are available.

Subtitle (IV)(C) – University of the District of Columbia Expansion Act of 2010

Background

The proposed subtitle would give the University of the District of Columbia (UDC) permanent exclusive use of the closed Patricia R. Harris Educational Center School building and site located at 4600 Livingston Road, S.E., in Ward 8, to continuing to provide Vocational Education and Community College of the District of Columbia courses.

Financial Plan Impact

The fiscal impact of the proposed subtitle is unknown at this time.

This provision had originally been enacted by the Fiscal Year 2010 Balanced Budget Support Emergency Act of 2010.²⁰ At the time, the OCFO noted that because the language in the proposed subtitle is unclear on what the term “exclusive use” would entail in terms of the rights to use and responsibilities to maintain the building. The same uncertainty is present in the proposed subtitle.

UDC currently occupies 60,000 square feet of the 348,000 square foot facility, and pays Department of Real Estate Services (DRES) \$531,202 for fixed services under a Memorandum of Understanding. The FY 2010 fixed costs for Patricia R. Harris is approximately \$620,000, excluding security. UDC currently pays for its own security, but when inquired in June 2010, UDC noted that it would not be able to continue doing so in FY 2011.

According to UDC, the only large tenant in the building in FY 2010, the Patricia R. Harris building needs various repairs and updates. First, an estimated \$2 million to \$5 million is needed to make

¹⁹ Effective July 27, 2010 (D.C. Law 18-209; 57 DCR 4779).

²⁰ Enacted on June 28, 2010 (D.C. Act 18-0450; 57 DCR5635). This provision was reenacted by the Budget Support Act Clarification and Technical Amendment Temporary Amendment Act of 2010 (D.C. Act 18-0568; 57 DCR 10080) but never passed permanently.

the building compliant with basic code requirements. Second, in order to address long term problems, and specifically be ADA compliant, the university estimates that it would need \$20 million for renovations.

Additionally, the Department of Fire and Emergency Medical Services is currently building a training facility. The contract for building of this facility was approved in April 2010; the move is scheduled for FY 2011. Under the proposed legislation, it is not clear what would happen to the training facility. Would it continue to be the subject of a use or lease agreement between DRES and FEMS? Would FEMS be required to sublease the space from UDC? Would UDC be required to maintain the training facility? The FY 2011 estimated fixed cost expenditure for Patricia R. Harris, under the assumption that the Training facility would be operational, is approximately \$1.5 million. The increase mainly comes from additional janitorial services that DRES would be required to provide to FEMS. It is not clear whether the language in the legislation permits the stay of the Training facility in Patricia R. Harris. If the intent is to make PR Harris entirely available for exclusive UDC use, and no other use, then the District Government would have to face additional costs of reallocating this training facility.

Regardless of the definitional concerns, and existing plans for the use of the Patricia R. Harris facility, federal and District anti-deficiency laws prohibit District officers and employees from exceeding agency appropriations in any fiscal year.²¹

Subtitle (IV)(D) – African-American Civil War Museum Clarification Emergency Act of 2010

Background

The proposed subtitle would authorize the District of Columbia Public Library (DCPL) to issue grants and execute contracts pursuant to its authority granted in the Reserve for African-American Civil War Records Act of 2009.²²

Temporary grant authorization had been granted to DCPL for this purpose by the Fiscal Year 2010 Balanced Budget Support Emergency Act of 2010.²³ The proposed legislation would make this authority permanent.

Financial Plan Impact

Implementation of the proposed subtitle would not impact the District's budget and financial plan.

²¹ 31 U.S.C.A §1341 (2000); D.C. Code §47.355.01 et. seq. (2003).

²² Effective March 3, 2010 (D.C. Law 18-111; 57 DCR 181).

²³ Enacted on June 28, 2010 (D.C. Act 18-0450; 57 DCR5635).

TITLE V- HEALTH AND HUMAN SERVICES

Subtitle (V)(A) – Grandparent Caregivers Program and Long-Term Permanent Guardianship Subsidies Amendment Act of 2010

Background

The proposed subtitle would amend the Grandparent Caregivers Pilot Program Establishment Act of 2005²⁴ to change the range the subsidy²⁵ provided to eligible grandparents for the care and custody of a child residing in their home. The legislation would change the range the subsidy must fall within from “no less than 95% and no more than 105%” to “at least 66%, but no more than 105%” of the regular daily rate of the subsidy for a long-term permanent Level 1 guardianship.²⁶

This subtitle would apply as of January 1, 2011.

Financial Plan Impact

Implementing the proposed subtitle would result in an estimated cost savings of \$1.8 million in FY 2011. This comes from reducing the amount spent on subsidies by \$1,784,000 and reducing contractual support to the program by \$16,000. The impact of the proposed subtitle is incorporated in the proposed revisions to the FY 2011 through FY 2014 budget and financial plan.

Subtitle (V)(B) – Hospital Assessment Amendment Act of 2010

Background

The proposed subtitle would amend the Hospital Assessment Act of 2010²⁷ to increase the per licensed bed assessment for fiscal years 2011 through 2014 from \$1,500 to \$2,000. This assessment was established in Bill 18-732, “Fiscal Year 2010 Balanced Budget Support Emergency Act of 2010,” and Bill 18-731 “Fiscal Year 2011 Budget Support Act of 2010.”²⁸ This subtitle would apply as of October 1, 2010.

Financial Plan Impact

Implementation of the subtitle is estimated to increase revenues by \$2.1 million in FY 2011 and \$8.39 million over the four-year budget and financial plan period. These revenues would be deposited into the Hospital Fund, a non-lapsing account within the General Fund used to fund Medicaid services in the District. The impact of the proposed subtitle is incorporated in the proposed revisions to the FY 2011 through FY 2014 budget and financial plan.

²⁴ Effective March 8, 2006 (D.C. Law 16-69; D.C. Official Code § 4-251.04(b)).

²⁵ All subsidies are subject to the availability of appropriations and as such, are not an entitlement.

²⁶ Established under section 29-6103.3 of the District of Columbia Municipal Regulations.

²⁷ Effective September 24, 2010 (D.C. Law 18-223; 57 DCR 6242).

²⁸ Effective June 28, 2010 and September 24, 2010, respectively.

Fiscal Impact of Subtitle (V)(B) – Hospital Assessment Amendment Act of 2010					
Estimated Impact of Assessment on the Hospital Fund (in thousands)					
	FY 2011	FY 2012	FY 2013	FY 2014	Four Year Total
Annual Revenues*	\$2,098	\$2,098	\$2,098	\$2,098	\$8,390

* Assumes no change in the current number of licensed beds.

Subtitle (V)(C) – District of Columbia Public Assistance Amendment Act of 2010

Background

The proposed subtitle would amend The District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4-101; D.C. Official Code § 4-201.01 *et seq.*) to limit Temporary Assistance for Needy Families (TANF) benefits for an individual who has received TANF benefits for more than 60 months in the District of Columbia, whether or not consecutive and regardless of the funding source,²⁹ to 80 percent of the current payment level for the assistance unit.³⁰ It also would:

- Require the Mayor to issue proposed rules on sanctions within 90 days of the effective date of the District of Columbia Public Assistance Emergency Amendment Act of 2010, passed on emergency basis on December 21, 2010, and submit them to the Council for a 45-day period of review.
- Repeal sanction language that prohibited the Mayor from taking into account the noncompliant TANF applicant's or recipient's needs in determining the TANF assistance unit's need for assistance and the amount of the TANF payment until certain requirements were met.
- Require TANF recipients, who fail to complete their annual review or are otherwise terminated while under sanctions and who make a new application for benefits, undergo an assessment, and remain under the same level of sanction until in compliance.
- Require that a nonexempt customer who fails to participate or complete an Individual Responsibility Plan be subject to a progressive, graduated 3-level sanction policy, as established by DHS.
- Require the Mayor to submit a draft of the TANF Universal Service Delivery Model ("Model") created by the Department of Human Service (DHS) to the Council by March 1, 2011, and adopt and fully implement the Model no later than September 30, 2011.

Lastly, the proposed subtitle would amend Title 29 (Public Welfare) of the District of Columbia Municipal Regulations to include the new level of payments for those who have received TANF benefits for over 60 months. As discussed above, these new payments levels would equal 80 percent of the current levels.

This subtitle would apply as of February 1, 2011.

²⁹ That is, whether the funding source was federal or local.

³⁰ Assistance unit means "all individuals whose needs, income, and resources are considered in determining eligibility for, and the amount of, public assistance." (See D.C. Official Code § 4-201.01).

Financial Plan Impact

Implementation of the proposed subtitle is estimated to result in cost savings of \$4,627,427 in FY 2011. This savings is based on two key pieces of data: 1) there are currently 7,733 individuals who have been receiving TANF benefits for over 60 months; and 2) the current average monthly TANF benefits payment is \$374. The impact of the proposed subtitle is incorporated into the proposed revisions to the FY 2011 through FY 2014 budget and financial plan.

Subtitle (V)(D) – Health Professional Recruitment Program Amendment Act of 2010

Background

The proposed subtitle would amend the District of Columbia Health Professionals Recruitment Program Act of 2005³¹ to repeal the provision that provides that all loan repayment awards received through the Recruitment Program³² are considered income for federal tax purposes; and to put the District's breach of contract terms on par with federal terms by increasing the amount participants would be required to repay. The latter change is necessary in order for the Department of Health (DOH) to receive an estimated \$245,000 in federal matching funds for FY 2011³³ and to be able to access such funds in the future.

Financial Plan Impact

Implementation of the proposed subtitle is estimated to result in \$245,000 in federal matching funds for FY 2011, as well as in unspecified future federal matching funds over the budget and financial plan period. In addition, given that breach of contract repayment amounts would be increased by this legislation, DOH could subsequently see an increase in revenue if such breaches occurred.

Repealing the provision concerning federal taxes would not have a fiscal impact on the District. Payments received under the Recruitment Program are already exempt from income taxation under current D.C. law. The impact of the proposed subtitle is incorporated into the proposed revisions to the FY 2011 through FY 2014 budget and financial plan.

³¹ Effective March 8, 2006 (D.C. Law 16-71; D.C. Official Code § 7-751.01 *et seq.*).

³² The Program serves as a recruitment tool for health professionals within the District of Columbia. Based on the availability of funds, it pays for the cost of education necessary to obtain a health professional degree. More specifically, it pays toward the outstanding principal, interest, and related expense of loans obtained by the participant for school tuition, required fees, and reasonable educational expenses.

³³ DOH has not been able to access the one-to-one federal match to strengthen health care access in underserved parts of the District because it has not met the breach of contract requirements.

TITLE VI. PUBLIC WORKS

Subtitle (VI)(A) – Streetscape Fund Amendment Act of 2010

Background

The proposed subtitle would eliminate the capital project to support small businesses during construction of any streetscape improvement³⁴ and transfer \$7 million back into the General Fund in FY 2011. In addition, the proposed subtitle would establish a non-lapsing fund called the Streetscape Loan Relief Fund (“Fund”) to be used solely to make interest-free loans to any individual or entity that operates a retail business inside or adjoining a streetscape construction or rehabilitation project. Finally, the proposed subtitle would repeal the Department of Transportation Streetscape Construction Survival Fund Emergency Act of 2010.³⁵

Financial Plan Impact

The proposed subtitle will transfer \$7 million from Paygo capital to the unrestricted balance of the General Fund in FY 2011. The impact of this transfer is included in the proposed FY 2011 through FY 2014 budget and financial plan.

In addition, \$723,000 would be appropriated to the Fund in FY 2011. Fiscal Year 2011 Supplemental Budget Request Act recognizes the \$723,000 needed to implement the proposed relief program as a tax expenditure—the original plan was to provide tax abatements to the businesses operating inside or adjoining a streetscape construction or rehabilitation project. The proposed subtitle requires that the relief is provided as interest-free loans, which are expenditures that require appropriations. Therefore the implementation of the proposed subtitle is subject to additional appropriations that can be secured through an amendment to the Budget Request Act, or by a future reprogramming, which would allow otherwise approved budget authority to be used for the proposed loans.

Subtitle (VI)(B) – Clean and Affordable Energy Second Amendment Act of 2010

Background

The proposed subtitle would³⁶ modify the funding levels for the Sustainable Energy Trust Fund (SETF) and Energy Assistance Trust Fund (EATF) programs in FY 2011. Specifically, it would reduce funding in the SETF for operating the renewable energy rebate program, the activities of the SEU Advisory Board, existing electricity and natural gas programs, and the renewable energy incentive. In addition, the proposed subtitle would reduce funding in FY 2011 for the EATF that supports existing low-income programs.

³⁴ By amending the Capital Projects Modification Act of 2010, September 24, 2010 (D.C. Law 18-223; 57 DCR 6389).

³⁵ Bill 18-1096, passed on an emergency basis on December 7, 2010.

³⁶ By amending the Clean and Affordable Energy Amendment Act of 2008, effective October 22, 2008 (D.C. Law 17-250; D.C. Official Code § 8-1773.01 *et seq.*).

Financial Plan Impact

This proposed subtitle will reduce the obligations to be paid from the SETF and EATF by approximately \$1.73 million in FY 2011. The impact of the proposed subtitle is incorporated in the proposed revisions to the FY 2011 through FY 2014 budget and financial plan

Subtitle (VI)(C) –District Department of Transportation Omnibus Act of 2010

Background

The proposed subtitle would³⁷ eliminate the District Department of Transportation Unified Fund (“Unified Fund”); amend existing law to change how revenues flow to funds overseen by the District Department of Transportation (“DDOT”); change the Local Roads Construction and Maintenance Fund to the Local Transportation Fund (“Local Transportation Fund”);³⁸ and establish³⁹ the “District Department of Transportation Enterprise Fund for Transportation Initiatives (“Transportation Initiatives Fund”), a special, non-lapsing account within the General Fund to be used for capital projects.

Financial Plan Impact

The proposed subtitle would eliminate the Unified Fund and would make major changes to how certain transportation related revenues are distributed to the Highway Trust Fund, General Fund, Local transportation Fund, and Transportation Initiative Fund. As a result:

- Revenue from public space permits and parking and moving violations issued by DDOT would go directly to the General Fund;
- Parking Sales and Use Tax and parking meter revenues would go directly to the WMATA Operating Subsidy;
- Revenue from taxes on motor fuel, all right of way occupancy revenues, and federal aid would go directly to the Highway Trust Fund;
- Any right of way occupancy revenues that are not necessary for the 22 percent local contribution to match the federal entitlement grant would go into the Local Transportation Fund;
- Other fees collected from special purpose utility marking services, special purpose inconvenience fees, equipment leases, and bond proceeds would go into the Local Transportation Fund; and
- Any revenue generated from the enforcement of truck safety and size, weight, and noise regulations and any revenues, grants, or gifts dedicated to this from time-to-time would go into the Transportation Initiative Fund.

³⁷ By amending the Department of Transportation Establishment Act of 2002, effective October 20, 2006 (D.C. Law 14-137; D.C. Official Code § 50-921.01 *et seq.*).

³⁸ By amending the Fiscal Year 2002 Budget Support Act of 2001, effective October 3, 2001 (D.C. Law 14-28; D.C. Official Code § 9-111.01a)

³⁹ By amending the Department of Transportation Establishment Act of 2002, effective May 21, 2002 (D.C. Law 14-137; D.C. Official Code § 50-921.01 *et seq.*)

Eliminating the Unified Fund changes how revenues are distributed, but these changes will not have a fiscal impact. The proposed changes to the way DDOT is funded would be implemented by October 1, 2011, thus would be reflected in the District’s FY 2012 through FY 2015 budget and financial plan.

TITLE VII- FINANCE AND REVENUE

Subtitle (VII)(A) – Reciprocal State-Federal Offset⁴⁰ Act of 2010

The proposed subtitle would amend Title 47 of the D.C. Official Code to authorize the District of Columbia to enter into an agreement with the United States Secretary of the Treasury (“Secretary”) to participate in the Treasury Offset program (TOP).⁴¹ The TOP would allow the federal government to collect any debt owed to the District or District agencies by reducing federal payments to vendors, contractors, and taxpayers by the amount of the debt owed, and remitting the funds to the District. The agreement in turn would allow the District to collect any federal debt of District taxpayers, vendors, and contractors by reducing District payments to such recipients and remitting these funds to the federal government.

As part of the agreement, the Secretary would provide the Office of the Chief Financial Officer with certification of debtors’ delinquent, nontax debt owed to the federal government, and the District would provide similar certification to the Secretary.

Financial Plan Impact

The proposed subtitle would allow the U.S. Treasury to collect outstanding debt owed to the District by taxpayers, vendors, and contractors. It is estimated that the District would collect approximately \$1.2 million in FY 2011 and \$14.9 million over the FY 2011 through FY 2014 financial plan period. The fiscal impact of the subtitle is incorporated into the proposed revisions to the FY 2011 through FY 2014 budget and financial plan.

Estimated Fiscal Impact of Subtitle (VII)(A) – Reciprocal State-Federal Setoff Act of 2010, FY 2011-FY 2014 (in thousands)					
	FY 2011*	FY 2012	FY 2013	FY 2014	Four-Year Total
Past debt collection	\$1,250	\$4,750	\$3,750	\$2,250	\$12,000
New debt collection	\$0	\$1,000	\$1,000	\$1,000	\$3,000
Total debt collection	\$1,250	\$5,750	\$4,750	\$3,250	\$15,000
Administrative costs	(\$30)	(\$120)	0	0	(\$150)
Net Fiscal Impact	\$1,220	\$5,630	\$4,750	\$3,250	\$14,850

*Assumes an implementation date of July 1, 2011.

⁴⁰ The FY 2011 Supplemental Budget Support Act of 2010 refers to this proposal as the Reciprocal State-Federal Setoff Act of 2010; this fiscal impact statement refers to the intended name, which follows the name of the federal program on which the proposal is based.

⁴¹ 31 U.S.C. §3716.

The Honorable Vincent C. Gray

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The Secretary identified 1,596 recipients of federal payments who collectively owe the District approximately \$21 million in outstanding debt. It is not known whether the amount of federal payments owed to these individuals is greater or less than \$21 million. Given this lack of certainty and the collection patterns in other states that participate in the program, it is estimated that the District would recoup only a portion of the total outstanding debt each year. In addition, it is estimated that the District would collect \$1 million each year in new debt starting in FY 2012.

The Office of Tax and Revenue (OTR) estimates that they would need approximately \$150,000 in one-time programming costs to implement the program. OTR anticipates that any annual administrative costs would be offset by annual administrative costs savings resulting from implementation of the proposed program.

Subtitle (VII)(B) – Budget Financing Contingencies Act of 2010

Background

The proposed subtitle would remove the subsection to appropriations provisions of Bill 18-828, “800 Kenilworth Avenue Northeast Redevelopment Project Real Property Limited Tax Abatement Assistance Act of 2010,”⁴² Bill 18-628 “2323 Pennsylvania Avenue Southeast Redevelopment Project Real Property Limited Tax Abatement Assistance Act of 2010,”⁴³ Act 18-483, “Renovation Penalty Abatement Act of 2010,”⁴⁴ and the “District Job Growth Incentive Act of 2010.”⁴⁵

Bill 18-828 amends the D.C. Official Code to provide a 10-year real property tax exemption for Lot 8, Square 5058, located at 800 Kenilworth Avenue, NE. This property contains a multi-unit residential apartment complex that was completed in 2006. The building contains 173 rental units affordable to households with incomes at or below 60 percent of the Area Median Income. The property and the building, to date, have not received any District subsidy.

Bill 18-628 amends Chapter 46 of Title 47 of the D.C. Official Code to abate for 10 years real property taxes imposed on Lot 55, Square 5560,⁴⁶ and any improvements thereto, in any amount in excess of the amount of the real property taxes imposed on the property for tax year 2009.⁴⁷ As a result, the only property taxes that will be paid on this property for each of the next ten years are the property taxes imposed in 2009. This property is a mixed-use project that includes *The Grays*—118 rental units that are targeted to individuals and households earning 60 percent of the Area Median Income⁴⁸—and a *Yes! Organic* grocery store. *The Grays* opened in June 2010 and the *Yes!*

⁴² The final vote on the bill was on November 11, 2010. The bill has been transmitted to the Mayor for signature on November 16, 2010.

⁴³ This bill passed on second reading on November 9, 2010. The bill was transmitted to the Mayor for his signature on November 16, 2010.

⁴⁴ Enacted by the DC Council on July 19, 2010, and signed by the Mayor on July 18, 2010. Currently under congressional review.

⁴⁵ Effective July 27, 2010 (D.C. Law 18-202; 57 DCR 4746).

⁴⁶ This is a residential property located at 2323 Pennsylvania Avenue, SE and currently owned by 2300 Pennsylvania Avenue LLC Chapman Development.

⁴⁷ At that time, the assessed value of \$945,000 was equal only to the value of the land.

⁴⁸ The monthly rent for each of the 110 one bedroom apartments is \$1,155 and \$1,386 for the 8 two bedroom apartments.

Organic grocery store opened in late August 2010. Both of these projects have already received subsidies from the District during the construction phase.⁴⁹

Act 18-483 exempts Class 1 Property⁵⁰ that has been renovated, has a new or newly renovated addition, is in the midst of construction, or for which a certificate of occupancy has been issued from a supplemental assessment.⁵¹ Under current law, such Class 1 Property is exempt from a supplemental assessment only if the increase in its estimated market value resulting from the renovation, addition, or construction is less than 10 percent of its assessed value. Notwithstanding Act 18-483, a supplemental assessment would still be conducted on Class 1 Property that had been renovated, had a new or newly renovated addition, on which 65 percent of ongoing construction had been completed, or that had been converted; *and* had its estimated market value increase by \$100,000 or more as a result of these changes.

The Job Growth Incentive Act of 2010 gives the Mayor the discretion to allow for an annual job tax credit, for income tax years starting on or after January 1, 2010, but prior to January 1, 2015, that would be applied to the franchise taxes of any trade or business that meets certain requirements. While this bill was passed subject to appropriations, it was later funded. Thus, removing the subject to appropriations language would only be a technical change.

Financial Plan Impact

Implementation of the proposed subtitle is estimated to reduce real property tax collection by \$257,000 in FY 2011 and \$1.2 million over the FY 2011 through FY 2014 budget and financial plan. The fiscal impact of the subtitle is incorporated into the proposed revisions to the FY 2011 through FY 2014 budget and financial plan.

Fiscal Impact of Subtitle (VII)(B) – Budget Financing Contingencies Act of 2010 FY 2011 – FY 2014 (in thousands)					
	FY 2011²	FY 2012	FY 2013	FY 2014	Four-Year Total
800 Kenilworth Avenue	\$134	\$142	\$150	\$159	\$585
2323 Pennsylvania Avenue Southeast ¹	\$88	\$91	\$94	\$97	\$371
Renovation Penalty Abatement Act ³	\$35	\$69	\$69	\$69	\$242
Job Growth Incentive Act of 2010 ⁴	NA	NA	NA	NA	NA
Total Negative Fiscal Impact	\$257	\$302	\$313	\$325	\$1,198

⁴⁹ The District provided \$7.5 million from the Housing Production Trust Fund, \$1.9 million in Low Income Housing Tax Credits, and a \$900,000 Great Streets grant for *Yes! Organic*. Also, *Yes! Organic* is taking advantage of provisions of the Supermarket Tax Exemption Act of 2000, which provide: 1) a 10-year real property tax exemption; 2) a 10-year exemption from business license fees; 3) a 10-year personal property tax exemption; and 4) a sales and use tax exemption on the purchase of all building materials (See D.C. Official Code § 47-3802; also see <http://www.dc.gov/mayor/news/release.asp?id=1906&mon=201005>).

⁵⁰ As defined under § 47-813(c-8)(1).

⁵¹ A supplemental assessment is conducted in addition to the annual assessment of real property. A supplemental assessment of real property conducted between January 1 and June 30 becomes effective October 1 and payable March 31, and a supplemental assessment conducted between July 1 and December 31 becomes effective April 1 and payable September 15.

Table Notes

¹ This estimate excludes any real property taxes for *Yes! Organic*, as they would be exempt from these taxes for the next 10 years under the Supermarket Tax Exemption Act of 2000.⁵²

² FY 2011 assessed value provided by the Office of Tax and Revenue; the assessed values for FY 2012 through FY 2014 are based on projections for property tax values.

³ This estimate is based on data provided by the Office of Tax and Revenue on the additional value assessed through supplemental assessments for Tax Years 2008 through 2010. The residential tax rate of \$0.85 per \$100 of assessed value was applied to the increase in assessed value to determine the reduction in property tax revenue collections.⁵³

⁴ The funding required to implement this legislation had already been incorporated into the FY 2011 through FY 2014 budget and financial plan, but the removal of the subject-to-appropriations clause was inadvertently left out of the Fiscal Year 2011 Budget Support Act of 2010. This provision is a purely technical change, the proposed subtitle would not have any impact on the budget and financial plan.

Additionally, because the real property tax exemptions would be in outside the financial plan period, the proposed subtitle would continue to have a fiscal impact beyond the financial plan period. Between FY 2015 and FY 2020 (the last year of its authorized abatement), 800 Kenilworth Avenue Northeast Redevelopment Project Real Property Limited Tax Abatement Assistance Amendment Act of 2010 is estimated to reduce property tax collections by an additional \$1,025,356.

Estimated Negative Fiscal Impact outside the financial plan period 800 Kenilworth Avenue Northeast Redevelopment Project Real Property Limited Tax Abatement Assistance Amendment Act of 2010, FY 2015 – FY 2020 (in thousands)	
FY 2015	\$163
FY 2016	\$166
FY 2017	\$169
FY 2018	\$172
FY 2019	\$176
FY 2020	\$179
Total	\$1,025

Between FY 2015 and FY 2020, 2323 Pennsylvania Avenue, S.E., Southeast Redevelopment Project Real Property Tax Abatement Assistance Amendment Act of 2010 is estimated to reduce property tax collections by an additional \$630,041, bringing the total reduction in revenues to \$1,000,556.

Estimated Negative Fiscal Impact outside the Financial Plan Period 2323 Pennsylvania Avenue, S.E., Southeast Redevelopment Project Real Property Tax Abatement Assistance Amendment Act of 2010, FY 2015 – FY 2020 (in thousands)	
Year	Value of Abatement
FY 2015	\$99

⁵² The property tax exemption would apply to the total area of the retail space and the 25 parking spaces of *Yes! Organic*. This amounts to approximately 10 percent of the total square footage of the property. Also see previous footnote.

⁵³ As such, the estimate assumes that no properties were subject to an assessment cap, property tax exemption or subject to senior citizen or any other exemptions, and/or subsequently reduced through appeal.

Estimated Negative Fiscal Impact outside the Financial Plan Period 2323 Pennsylvania Avenue, S.E., Southeast Redevelopment Project Real Property Tax Abatement Assistance Amendment Act of 2010, FY 2015 – FY 2020 (in thousands)	
Year	Value of Abatement
FY 2016	\$102
FY 2017	\$104
FY 2018	\$106
FY 2019	\$108
FY 2020	\$111
Total	\$630

Subtitle (VII)(C) – 4427 Hayes Street, N.E., Real Property Tax Abatement Act of 2010

Background

The proposed subtitle would amend Chapter 46 of Title 47 of the D.C. Official Code is to abate real property taxes for 4427 Hayes Street, N.E. (Square 5129, Lot 120), and any improvements thereon during tax years 2011, 2012, 2013, 2014, and 2015; provided, that the total tax exemption not exceed \$140,000.

In September 2009, construction began to turn the vacant 29,000 square feet building located on this property into an apartment building with 26 two and three bedroom units. Nine of these units will be reserved for residents currently living in District public housing⁵⁴ and will be priced accordingly; the other 17 units will be for those earning 60 percent of the Area Median Income. The building is expected to be completed by the end of 2010.

Financial Plan Impact

Implementation of the proposed subtitle is estimated to reduce real property tax collections by \$39,391 in FY 2011 and \$140,000 over the budget and financial plan period. While the proposed subtitle would allow for the property tax abatement in tax years 2011 through 2015, taxes would only be completely abated in FY 2011 and FY 2012 and 87 percent abated in FY 2013 as a result of the \$140,000 cap. The fiscal impact of the subtitle is incorporated into the proposed revisions to the FY 2011 through FY 2014 budget and financial plan.

Estimated Fiscal Impact of Subtitle (VII)(D) – 4427 Hayes Street, N.E., Real Property Tax Abatement Act of 2010, FY 2011- FY 2014 (in thousands)					
	FY 2011	FY 2012	FY 2013	FY 2014	Four-Year Total
Property Taxes under Current Law	\$39	\$53	\$54	\$56	\$203
Property Taxes under Proposed Law	\$0	0	\$7	\$56	\$63
Tax Exemption	\$39	\$53	\$47	\$0	\$140

Assumptions

⁵⁴ Specifically in the Lincoln Heights/Richardson Dwellings community.

- Property tax abatement begins in January 2011.
- Property is completed in December 2010.
- New assessed value is based on the construction costs.
- Growth in assessed value is based on the Office of Revenue Analysis revenue estimates.

Subtitle (VII)(D) – IHOP Restaurant #3221 Tax Exemption Clarification Act of 2010

Background

The proposed subtitle would provide a real property tax exemption to the International House of Pancakes Restaurant #3221⁵⁵ located at Square 5912, Lot 819, in Ward 8, for the period beginning on October 1, 2007 and ending on September 7, 2009.⁵⁶

Financial Plan Impact

Implementation of the proposed subtitle would reduce tax collections by \$50,150 in FY 2011; there would be no other reductions in the budget and financial plan period. This amount represents the real property taxes that were paid for the specified period⁵⁷ and thus the amount the District would have to refund under the proposed subtitle. The impact of this subtitle is already included in the proposed FY 2011 through FY 2014 budget and financial plan.

Subtitle (VII)(E) – Tregaron Conservancy Tax Exemption Clarification Act of 2010

Background

The proposed subtitle would amend Chapter 10 (Property Exempt From Taxation) of Title 47 of the D.C. Official Code to clarify that the property tax exemption should apply to Lots 849 and 857 of Square 2084 and not Lots 842 and 843.

D.C. Law 17-119, effective March 20, 2008, amended Chapter 10 of Title 47 of the D.C. Official Code to exempt the property acquired and owned by Tregaron Conservancy, described as Lots 842 and 843 in Square 2084, from property taxes. However, these lots were subsequently subdivided and the new numbers assigned to the lots in question were 849 and 857.

Currently there is temporary legislation⁵⁸ in place that reflects these changes; this proposed subtitle would make these changes permanent

Financial Plan Impact

Clarifying the correct squares to be exempted from property taxes would have no effect on the District's budget and financial plan. The cost of exempting these two lots was funded in the Fiscal Year 2010 Budget Support Act of 2009.⁵⁹

⁵⁵ Owned by CHR, LLC, and leased to Fathers and Sons, LLC.

⁵⁶ By amending Chapter 46 of Title 47 of the District of Columbia Official Code.

⁵⁷ The taxes paid are as follows: \$13,888.14 for tax year 2008, and 36,261.91 for tax year 2009.

⁵⁸ Bill 18-686 Tregaron Conservancy Clarification Temporary Act of 2010, effective May 27, 2010.

Subtitle (VII)(F) – Limitation on Borrowing Amendment Act of 2010

Background

The proposed subtitle would amend the laws that govern the District's debt cap⁶⁰ to clarify the meaning of the term "debt service." Specifically, it would require that for calculating the debt service for tax-supported debt issued as variable-rate, the planned amortization of principal on such District Bonds, and not the stated maturity of principal on such District Bonds, will be used as the measure of maturity.

The proposed legislation would also require that the debt service calculations consider the entire Capital Improvement Plan (current year plus the subsequent five fiscal years), and not the financial plan (current fiscal year plus the three subsequent fiscal years).

Financial Plan Impact

The proposed amendments are technical changes that would affect the way the debt cap is calculated. These changes do not have an impact on the budget and financial plan.

Subtitle (VII)(G) – Lottery Modernization Act of 2010

Background

The proposed legislation would amend The Law to Legalize Lotteries, Daily Numbers Games and Bingo and Raffles for Charitable Purposes in the District of Columbia⁶¹ to allow the District of Columbia Lottery and Charitable Games Control Board ("Lottery Board") to offer games of skill and games of chance over the internet only within the geographical limits of the District of Columbia, provided that the ways in which such games were offered did not violate the Johnson Act⁶² or any other federal statute.

According to the Lottery Board and Intralot, its contractor, if this proposal were enacted, the District would offer online poker games (cash poker games and tournaments), bingo games, and fantasy sports. Players could access these games from home or at approved hubs such as hotels, bars, and restaurants. In both cases, players would be required to use their own computers to participate in the games.

To comply with federal laws, the Lottery Board would be required to make online gaming available only within the geographical limits of the District of Columbia. According to Intralot, verification of player location would be done through Internet Protocol (IP) address checks.

⁵⁹ Bill 18-203, effective March 03, 2010.

⁶⁰ Law 17-360 Limitation on Borrowing and Establishment of the Operating Cash Reserve Act of 2008 D.C. Official Code § 47-334(1) effective on March 25, 2009.

⁶¹ Effective March 10, 1981 (D.C. Law 3-172, D.C. Official Code §§ 3-1301 – 133).

⁶² Johnson Act (15 U.S.C. §§ 1171-1178) is the popular name of the Transportation of Gambling Devices Act of 1951(Act of January 2, 1951, ch. 1194, § 1, 64 Stat. 1134), which prohibits the shipment of gambling devices to a state where such a device is prohibited by law.

Intralot expects to start offering games within four months of the enactment of the legislation, and expects to reach full implementation in four years.

Financial Plan Impact

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the proposed legislation. The proposed legislation would allow the District to collect revenues from online gaming implemented by the Lottery Board and Intralot. These programs could generate approximately \$13.1 million General Fund revenue in the FY 2011 through FY 2014 financial plan period.

While the proposed subtitle could result in additional revenue, there are three important caveats with respect to this estimate.

1. **Legal concerns:** No consensus exists on whether federal statutes on gambling would prevent the states and the District of Columbia from implementing online gaming.
2. **Implementation risk:** Intralot has implemented online gaming in other countries, and stands to gain from successful implementation. But the company lacks online gaming experience in the United States, where technical challenges of implementing at the state and local level could be different from full nationwide implementation.
3. **Lack of data:** Estimates for gross revenues and player winnings rely on aggregated data from global online gaming trends. Player level data and estimation methods are not publicly available. The Office of Revenue Analysis does not have access to any other data for checks on plausibility, reliability, or validity of the revenue estimates presented here.

These points are discussed more extensively following the revenue table.

The District could realize revenue from the implementation of online gaming in two ways. First, the Lottery Board has a 50-50 revenue sharing agreement with Intralot. The Lottery Board could transfer its portion of the gaming revenues,⁶³ minus any associated marketing costs, to the General Fund. Second, the District could levy income taxes on the winnings of District residents.

The table below outlines the gross and net revenues that could be generated through online gaming. In FY 2011, the proposed programs are not expected to generate significant revenue. The Lottery Board's projected revenues of approximately \$400,000 would be mostly spent on marketing the new games. Income taxes levied of the winnings of DC residents would not be collected until the next fiscal year.

In subsequent years, the market could grow quickly if implementation goes in accordance with Intralot's plans and the proposed legislation could generate \$13.1 million in revenues in the FY 2011 through FY 2014 financial plan period. This estimate assumes that all federal and legal hurdles are cleared, and the District faces no significant market competition.

⁶³ Gaming revenues, commonly known as the rake, refer to the collections of the game operator from the pot. Winnings refer to the rest of the pot, which are won by a single player by the end of the game.

Lottery Modernization Act of 2010 - Estimated Net Revenue Impact ¹					
(in thousands of dollars)					
	FY 2011	FY 2012	FY 2013	FY 2014	Four Year Total
Gross Revenue from Gaming ²	\$815	\$5,381	\$8,494	\$11,810	\$26,500
Lottery Board Share (50%)	\$407	\$2,691	\$4,247	\$5,905	\$13,250
Marketing Costs	(\$400)	(\$750)	(\$750)	(\$750)	(\$2,650)
Transfer to General Fund	\$7	\$1,941	\$3,497	\$5,155	\$10,600
Income tax on winnings (DC residents only) ^{4,5}	\$0	\$274	\$889	\$1,320	\$2,483
Revenue Impact	\$7	\$2,215	\$4,386	\$6,475	\$13,083

Table Notes

¹Estimate assumes all federal and legal hurdles are cleared, and the District faces no significant market competition.

²Estimate based on data from H2 Gambling Capital of revenue generated by U.S. offshore players in 2009, adjusted for implementation plan. The legislation is assumed to be in place in January 2011, and Intralot is assumed to deploy games by the end of April 2011. The customer base growth is projected based on the experience in and customer data from Italy, where Intralot implemented online gaming.

³In FY 2011, marketing costs could exceed the revenues to the Lottery Board. It is assumed that the Lottery Board would share some of the costs with the contractor to eliminate any negative impact.

⁴Taxing of winnings would be similar to taxing of lottery winnings in the District. Currently only DC residents pay income taxes on lottery earnings to the District of Columbia government. Income taxes for winnings in a given calendar year would be collected the next fiscal year. Tax collection estimated at 6.6 percent of total winnings—the estimated effective income tax rate for the District.

⁵ Estimate based on data from H2 Gambling Capital of total winnings of potential player winnings (not including sports betting) under a regulated U.S. market.

Discussion of Caveats

1. No consensus exists on whether the proposal is permissible under federal laws.

The Office of the General Counsel at the OCFO provided the following legal opinion: “Several federal laws potentially regulate online gaming. The Unlawful Internet Gambling Enforcement Act of 2006 (“UIGEA”)⁶⁴ specifically exempts “placing, receiving, or otherwise transmitting a bet or wager where the bet or wager is initiated and received or otherwise made exclusively within a single State” from its prohibitions. There remains some ambiguity in federal law concerning situations in which a state-authorized bet or wager placed and received within a single state with its electronic data intermediately routed outside of the state triggers the application of certain federal anti-gambling statutes, such as the Wire Act.⁶⁵ Because of this ambiguity, at least two states, Illinois and New York, have requested clarification from the U.S. Department of Justice (USDOJ). To date, USDOJ has not provided a written response to those inquiries; nor have they made any efforts to curtail procurements in these states for these types of games since enactment of the UIGEA. Finally, Section 1175 of the Johnson Act makes it unlawful to ‘manufacture, recondition, repair, sell, transport, possess, or use any gambling device’ within the District of Columbia. There is no legal opinion determining that the computer server or related equipment would fall within the definition of a gambling device. However, should a

⁶⁴ 31 U.S.C. § 5361 et seq.

⁶⁵ 18 U.S.C. § 1084

determination be made in the future that such equipment does fall within this definition a change in federal law would be required to make the implementation of the proposed legislation legally permissible.”

The Office of the Attorney General is currently reviewing the proposal and will provide a legal opinion.

2. The District’s unique geography could pose implementation challenges.

The Lottery Board and Intralot did not present to ORA a detailed technical implementation plan. Once such a plan is made available, the District must ensure that it is technologically feasible, and can be implemented given the unique geographical characteristics of the District of Columbia.

Intralot has discussed some aspects of the technical implementation plan with ORA, and these discussions give rise to some concerns. For example, Intralot informed ORA that it plans to use IP address checks to enforce geographical restrictions. This might prove to be a difficult challenge in the District (especially in contrast to European countries where Intralot has implementation expertise). First, it is ORA’s understanding that geolocation, or the practice of determining the physical location of a person based on information processed through the internet, is not always reliable at the city and state level.⁶⁶ Whether the practice is sufficiently reliable to fulfill legal requirements remains to be seen. Second, Intralot plans to require static IP addresses from residential players to increase the reliability of geolocation. Static IP addresses are not always available for DC area consumers, and when available, require subscription to business level services, which are considerably more expensive than residential services.⁶⁷

These constraints might delay the implementation of at-home play or require alternative and potentially costlier verification systems, which might lower both gross revenues and the potential income tax collections.

3. Data are lacking for testing the reliability, validity, and plausibility of the revenue model.

Data on offshore gaming are available from H2 Gambling Capital, a market research firm. According to their published data, internet gambling revenue (excluding sports betting) for offshore companies was estimated to be \$3.7 billion in 2009 from players in the United States.⁶⁸ Under a regulated U.S. market, H2 Gambling Capital estimates annual gross winnings in the U.S.

⁶⁶ The estimates vary from 99 percent at the country level to less than 80 percent at the city level. No reliable estimate exists at the ZIP code level, because service areas of providers do not always coincide with ZIP codes. For details, see Svantesson, D. J. B. (2008). How does the accuracy of geo-location technologies affect the law? Masaryk University journal of law and technology, 2(1), 11-21. Available at http://mujlt.law.muni.cz/storage/1234798550_sb_02_svantesson.pdf. Accessed on November 15, 2010.

⁶⁷ ORA’s research of pricing among the top three internet service providers in the District shows that business level services could be \$20 to \$30 more expensive on a monthly basis. Additionally business subscribers generally have to pay for the cost of installation, and might be required to pay a monthly fee on equipment.

⁶⁸ Email communication on November 4, 2010 with Simon Holliday, Director, H2 Gambling Capital. The widely cited number is \$5.4 billion with sports betting. Sports betting is illegal in the District of Columbia.

to be \$14.4 billion.⁶⁹ The revenues presented here are solely based on the H2 Gambling Capital estimates, prorated by the District's share in US adult population, adjusted for visitor population (See the appendix table). ORA does not have player level data or information on player profiles, and does not have a means for conducting sensitivity analysis on these estimates.

Derivation of DC revenues from US projections, full implementation

Derivation of DC revenues from US projections, full implementation*	
Gross Revenues to Lottery Board	
US Population (18 and over) ¹	232,509,573
Total Gross Rev. from US players ²	\$3,700,000,000
Gross Rev. per capita in US	\$16
Effective DC population (including estimated visitors) ³	868,843
Total Gross Rev. from DC Players	\$13,826,187
Lottery Board's Share (50%)⁴	\$6,913,093
Income tax on winnings (DC Residents only)	
Total winnings in US ²	\$14,400,000,000
Winnings per capita in US	\$62
Effective DC population (DC adults only) ¹	485,947
Total Winnings from DC players	\$30,096,123
Income Tax on Winnings⁵	\$1,986,344
TOTAL REVENUES TO DISTRICT	\$8,899,438

Table Notes

* Expected to reach full implementation in 2015.

¹Data from US Census; ²Data from H2 Gambling Capital; ³ Data from US Census and Destination DC;

⁴Per contract between the Lottery Board and Intralot; ⁵Estimated at 6.6 percent of winnings.

Subtitle (VII)(H) – Authorization of Rhode Island Station PILOT Financing Act of 2010

Background

The proposed subtitle would fund the fiscal impact of Bill 18-1070, The Rhode Island Avenue Plaza Revenue Bonds Amendment Act of 2010, which was passed “subject to appropriations.” The bill allows revenue from the Downtown TIF area to be used as a source of repayment for debt service on a Payment in Lieu of Taxes (PILOT) note issued to support the Rhode Island Avenue Metro Plaza project. The cost of Bill 18-1070 was \$625,000 for a one year’s debt service to be reserved in the District’s budget and transaction costs associated with issuing the PILOT note, to be incurred in FY 2011.

Financial Plan Impact

The proposed subtitle identifies and authorizes expenditure of funds to cover the cost of the fiscal impact of Bill 18-1070. The fund established pursuant to section 168 of the District of Columbia

⁶⁹ H2 Gambling Capital expects growth in winnings over time. This fiscal impact statement does not include any growth in winnings as the assumptions underlying the growth prediction are unknown to ORA.

Appropriations Act of 2000, approved November 29, 1999 (Pub. L. No. 106-113; 113 Stat. 1531) has a sufficient balance that was not previously included in the Fiscal Year 2011 budget.

Subtitle (VII)(I) – Ballpark Debt Repayment Amendment Act of 2010

Background

The proposed subtitle would require that excess revenues in the Ballpark Revenue Fund be used, beginning in fiscal year 2015, to pre-pay interest and principal due on the Ballpark Revenue Bonds. The proposed subtitle would not affect any authorized transfers of revenue to the District's General Fund. Currently, revenues projected for Ballpark Revenue Fund in excess of debt service payments and required reserves are authorized as transfers to the general fund in FY 2011 and continue through FY 2014.

Fiscal Impact

Requiring excess revenues from the Ballpark Revenue Fund to be used to pre-pay debt service on the Ballpark Revenue bonds will have no fiscal impact. All projected revenues for FY 2011 through FY 2014 in excess of required debt service and bond reserves have been previously authorized as transfers to the General Fund, and the proposed subtitle does not affect these transfers. If current trends of Ballpark Revenue Fund collections continue, the Ballpark Revenue Fund will have excess revenue for pre-payments of debt service beginning in FY 2015. If Ballpark Revenue Fund collections exceed current estimates and, subsequently, there is additional balance in the Fund remaining after authorized general fund transfers, the subtitle would result in pre-payments of debt service prior to FY 2015.

Subtitle (VII)(I) – Budget Support Act Technical Amendment Act of 2010

Background

The proposed subtitle would reinstate language⁷⁰ that would allow the District to negotiate with the appropriate bargaining unit concerning compensation rules for employees' overtime work in excess of the basic non-overtime workday. The Fiscal Year 2011 Budget Support Act of 2010 had repealed language that allowed negotiating for such overtime work.

It would also make a technical change so that the calculations of the local funds to be deposited in the Pay-as-you-go Capital Account will be based on the budget and financial plan approved on December 7, 2010.

Fiscal Impact

The proposed changes are technical, and do not have an impact on the District's budget and financial plan.

⁷⁰ By amending 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.*).

TITLE VIII–SPECIAL PURPOSE AND DEDICATED FUND TRANSFERS: Fiscal Year 2011 Transfer of Special Purpose Funds Act of 2010

Background

The proposed title would transfer from certified fund balances, revenues, or both, from various accounts to the unrestricted fund balance of the General Fund to recognize as revenue in the dollar amounts and fiscal years as specified in the chart below.

Additionally, the proposed subtitle would amend the Community Access to Health Care Amendment Act of 2006⁷¹ requiring that \$16.5 million instead of the \$20 million currently required under law be granted to the D.C. Cancer Consortium from the Community Health Care Financing Fund (“Fund”).⁷² As described in section 802(a), this \$3.5 million from the “Tobacco Fund,” so named because the money in the Fund comes mainly from the tobacco settlement, would be transferred to the General Fund.

Account Number	Account Name	FY 2011	FY 2012	FY 2013	FY 2014
Office of the Chief Financial Officer (AT0)					
0602	Payroll Service Fees	\$8,440	\$8,440	\$8,440	\$8,440
0603	Service Contracts	\$12,443	\$12,443	\$12,443	\$12,443
0605	Dishonored Check Fees	\$35,392	\$35,392	\$35,392	\$35,392
Office of the Attorney General (CB0)					
0603	Child Support - TANF/AFDC Collections	\$447,000	\$447,000	\$447,000	\$447,000
0611	Consumer Protection Fund	\$26,000	\$26,000	\$26,000	\$26,000
0612	Antifraud Fund	\$10,000	\$10,000	\$10,000	\$10,000
Office of Contracting and Procurement (PO0)					
4010	Surplus Personal Property Sales	\$29,000	\$0	\$0	\$0
Office of the Tenant Advocate (CQ0)					
6005	Condominium Conversion	\$386,266	\$0	\$0	\$0
Department of Consumer and Regulatory Affairs (CR0)					
6006	Nuisance Abatement	\$101,711	\$101,711	\$101,711	\$101,711
6010	OPLA - Special Account	\$81,000	\$81,000	\$81,000	\$81,000
6013	Basic Business License Fund	\$62,056	\$62,056	\$62,056	\$62,056

⁷¹ Effective March 14, 2007 (D.C. Law 16-288; 54 DCR 976)

⁷² The Community Health Care Financing Fund is a special nonlapsing interest earning account within the General Fund into which the Chief Financial Officer is to deposit: 1) Proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006; 2) Receipts from any fees and taxes specifically identified by District law to be paid into the Fund; 3) All payments received from Greater Southeast Investment, L.P., relating to its loans of approximately \$49 million to Specialty Hospitals of America, LLC, or certain of its subsidiaries; and 4) The District's share of any proceeds arising from a disposition of all or any part of the land and improvements on Lots 3 and 4, Square 5919. (D.C. Official Code § 7-1931).

Account Number	Account Name	FY 2011	FY 2012	FY 2013	FY 2014
6030	Green Building Fund	\$208,871	\$208,871	\$208,871	\$208,871
Office of Cable Television (CT0)					
0600	Cable Franchise Fees	\$287,814	\$0	\$0	\$0
Department of Housing and Community Development (DB0)					
0602	Home Purchase Assistance Program Repayment	\$14,224	\$14,224	\$14,224	\$14,224
0610	DHCD Unified Fund	\$29,557	\$29,557	\$29,557	\$29,557
Office of the Deputy Mayor for Planning and Economic Development (EB0)					
0011	Neighborhood Investment Fund	\$1,125,996	\$1,125,996	\$1,125,996	\$1,125,996
0609	Industrial Revenue Bond Program	\$70,800	\$70,800	\$70,800	\$70,800
0632	Economic Development Special Account	\$128,495	\$128,495	\$128,495	\$128,495
Alcoholic Beverage Regulation Administration (LQ0)					
6017	ABC - Import and Class License Fees	\$239,000	\$0	\$0	\$0
Department of Insurance, Securities, and Banking (SR0)					
2100	HMO Assessment	\$32,806	\$0	\$0	\$0
2200	Insurance Assessment	\$878,871	\$0	\$0	\$0
2600	Securities Registration Fees	\$344,639	\$0	\$0	\$0
2800	Captive Insurance	\$53,465	\$0	\$0	\$0
2900	Banking Trust Fund	\$89,045	\$0	\$0	\$0
Metropolitan Police Department (FA0)					
1660	Automated Traffic Enforcement	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Office of Unified Communications (UC0)					
1630	911 and 311 Assessments	\$3,325,565	\$472,000	\$472,000	\$472,000
	P25 Radio System Upgrade	\$1,600,000	\$0	\$0	\$0
District of Columbia Public Library (CE0)					
6110	Miscellaneous	\$60,000	\$0	\$0	\$0
Office of Public Education Facilities Modernization (GM0)					
0603	Lease Income	\$10,000	\$10,000	\$10,000	\$10,000
Department of Health (HC0)					
0612	Food Handlers Certification	\$17,000	\$17,000	\$17,000	\$17,000
0617	Office of Professional Licensing	\$4,000	\$4,000	\$4,000	\$4,000
0632	Pharmacy Protection	\$184,000	\$184,000	\$184,000	\$184,000
0633	Radiation Protection	\$9,000	\$9,000	\$9,000	\$9,000
0638	Animal Control Dog License Fees	\$10,000	\$10,000	\$10,000	\$10,000
0643	Board of Medicine	\$366,000	\$366,000	\$366,000	\$366,000
0649	Health Facility Fee	\$3,000	\$3,000	\$3,000	\$3,000
0661	ICF/MR Fees and Fines	\$6,000	\$6,000	\$6,000	\$6,000
0662	Civil Monetary Penalties	\$7,000	\$7,000	\$7,000	\$7,000
Department of Transportation (KA0)					
6900	DDOT Unified Fund	\$6,090,205	\$6,090,205	\$6,090,205	\$6,090,205
Department of the Environment (KG0)					
0600	General Enforcement Fines and Fees	\$16,594	\$16,594	\$16,594	\$16,594

Account Number	Account Name	FY 2011	FY 2012	FY 2013	FY 2014
0607	Underground Storage Tank Fines and Fees	\$20,464	\$20,464	\$20,464	\$20,464
0609	Leaking Underground Storage Tanks Trust Fund	\$9,600	\$9,600	\$9,600	\$9,600
0634	Soil Erosion/ Sediment Control	\$239,257	\$239,257	\$239,257	\$239,257
0645	Pesticide Product Registration	\$554,541	\$554,541	\$554,541	\$554,541
0646	Storm Water Fees	\$2,040	\$2,040	\$2,040	\$2,040
0648	Asbestos Certification and Abatement Fee	\$73,227	\$73,227	\$73,227	\$73,227
0662	Renewable Energy Development Fund	\$344,459	\$200,000	\$200,000	\$200,000
0664	Adjudication Hearings (Air Quality)	\$6,480	\$6,480	\$6,480	\$6,480
0665	Adjudication Hearings (Water Quality)	\$480	\$480	\$480	\$480
0667	Wetlands Fund	\$600	\$600	\$600	\$600
0668	Lead Poisoning Prevention Fund	\$9,600	\$9,600	\$9,600	\$9,600
0669	Lead Based Certification Fees	\$20,764	\$20,764	\$20,764	\$20,764
0674	Hazardous Generator Fees	\$22,041	\$22,041	\$22,041	\$22,041
6101	Stripperwell	\$7,254	\$7,254	\$7,254	\$7,254
6201	Economy II	\$29,661	\$29,661	\$29,661	\$29,661
6202	Residential Aid Discount	\$19,680	\$19,680	\$19,680	\$19,680
6203	Residential Essential Services	\$22,080	\$22,080	\$22,080	\$22,080
6204	WASA Utility Discount Program	\$28,800	\$28,800	\$28,800	\$28,800
6400	DC Municipal Aggregation Program	\$12,000	\$12,000	\$12,000	\$12,000
6700	Sustainable Energy Trust Fund	\$1,401,187	\$1,401,187	\$1,401,187	\$1,401,187
6800	Energy Assistance Trust Fund	\$231,974	\$231,974	\$231,974	\$231,974
Department of Motor Vehicles (KV0)					
6258	Motor Vehicle Inspection Station	\$424,000	\$424,000	\$424,000	\$424,000
Taxicab Commission (TC0)					
2200	Taxicab Assessment	\$20,529	\$20,529	\$20,529	\$20,529
Tobacco Fund					
n/a	Tobacco Fund	\$3,500,000	\$0	\$0	\$0

Financial Plan Impact

The proposed title will increase unobligated General Fund revenue by \$27.5 million in FY 2011 and by \$78.4 million in the four-year financial plan period. The table below shows the sources by revenue type (special purpose revenue, special purpose fund balance, and dedicated taxes). The fiscal impact of the proposed title is incorporated to the proposed revisions to the FY 2011 through FY 2014 budget and financial plan.

Fiscal Impact of Title VIII – Fiscal Year 2011 Transfer of Special Purpose Funds Act of 2010					
FY 2011 – FY 2014 (in thousands)					
	FY 2011	FY 2012	FY 2013	FY 2014	Four Year Total
Special Purpose Revenue Transfer	\$22,736	\$15,815	\$15,815	\$15,815	\$70,182
Special Purpose Fund Balance Transfer	\$3,668	\$14	\$14	\$14	\$3,711
Dedicated Tax Transfer	\$1,126	\$1,126	\$1,126	\$1,126	\$4,504
Total Revenue Impact to the General Fund	\$27,530	\$16,956	\$16,956	\$16,956	\$78,397

TITLE IX– CAPITAL PROJECT MODIFICATIONS: Capital Project Modifications Act of 2010

Background

The proposed title makes various changes to the Capital Improvement Plan. Specifically, it increases the funding for *11th Street Bridge* (project KA0-EW002 - East Washington Street Traffic Relief) by \$4,171,000 in Paygo capital funds. It also authorizes the District Department of Transportation (DDOT) to expend any funds it receives in relation to any work at the request of or for the benefit of third parties associated with the construction of the 11th Street Bridge project.

The proposed title also adjusts the capital funding for two capital projects at Washington Metropolitan Area Transit Authority (WMATA) as follows (in \$ millions):

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	6-Year Total
Project KE0-SA202 (Metrobus)	\$32.0	\$30.7	\$31.1	\$31.5	\$32.1	\$38.7	\$196.1
Project KE0-SA301 (Metrorail Rehabilitation)	\$33.9	\$33.4	\$34.1	\$34.9	\$36.0	\$29.0	\$201.2

Additionally, the proposed subtitle would realign capital project funding as follows:

- Provide \$200,000 in funds for the Connecticut Avenue Streetscape project (#EDL15C) by rescinding funds for the Tactical Village Project (#CTV10C);
- Provide \$3.8 million in funds for a new project that would provide critical needs equipment in the Department of Public Works by rescinding funding for the Data Center Relocation project (N2501C); and
- Provide \$3.8 million in funds for the Data Center Relocation project (N2501C) by rescinding funding for various capital projects detailed in the table below.

Realignment of Capital Project Funds for FY 2011				
Agency	Fund Source	Project #	Project Name	Change in Funding (\$)
DPW	302	New	HEAVY EQUIPMENT FOR SNOW AND SOLID WASTE SERVICES	\$3,836,000
TOO	300	N2501C	DATA RELOCATION CENTER	(\$3,836,000)
KAO	300	EDL15C	CONNECTICUT AVENUE STREETScape	\$200,000
FAO	300	CTV10C	TACTICAL VILLAGE	(\$200,000)
Capital Project Funding Rescinded to Support the Data Relocation Center Project (N2501C)				
			Total	(\$3,836,001)
AM0	300	AA237C	RENOVATION OF DC ARMORY	(26,412.00)
AM0	300	AA416C	RENOVATION OF HVAC SYSTEM	(26,970.00)
AM0	300	AA517C	RENOVATION OF MORTUARY, PHOTOGRAPHIC AND	(189,583.00)
AM0	300	CAC38C	BUNDY SCHL CHILD ADVOCACY MOD.	(552.00)
AM0	300	EA337C	RENOVATION/MODERNIZATION	(4,740.00)
AM0	300	EA437C	RENOVATION	(299.00)
AM0	300	EA710B	NEIGHBORHOOD REVITALIZATION	(175.00)
AM0	300	HC103C	STD CLINIC	(419.00)
AM0	300	HC104C	IMMUNIZATION PROGRAM	(22.00)
AM0	300	HN706C	RENOVATION OF WOMEN SERVICE CLINIC	(6,390.00)
AM0	300	HN707C	RENOVATION OF CHEST CLINIC	(25,191.00)
AM0	300	HY904C	RENOVATION OF DETOX CLINIC	(107,097.00)
AM0	300	LB301C	GENERAL IMPRV VAR LIBRARY BRANCH	(45,952.00)
AM0	300	N1410C	ELECTRONIC SECURITY STANDARDIZATION	(32,354.00)
AM0	300	N1412C	GOV. CTRS. POOLV/ ANACOSTIA GATEWAY (FEM	(178,150.00)
AM0	300	N1414C	GOVT CENTER-DMV FAC (COP FUND)	(6,563.00)
AM0	300	PA837C	COMPLETE RENOV. & MODERNIZATION	(15,199.00)
AM0	300	R1616C	COOLING PLANTS - HVAC	(115,156.00)
AM0	300	R1717C	PLUMBING FIXTURES	(17,786.00)
AM0	300	R2020C	EMERGENCY SYSTEMS	(153,488.00)
AM0	300	R2207C	CHILLER ROOM CEILING	(6,590.00)
AM0	300	R2401C	ELECTRICAL RENOVATIONS	(48,851.00)
AM0	300	R2501C	MECHANICAL RENOVATIONS	(60,754.00)
AM0	300	R2601C	ROOF REPLACEMENTS	(5,967.00)
AM0	300	R2801C	BOILER PLANT RENOVATIONS	(73,928.00)
AM0	300	SB616C	UPGRADE COOLING - HVAC SYSTEM AT CCNV SH	(10,000.00)
AM0	300	SE405C	ROOFING	(8,876.00)
AM0	300	SH733C	OAK HILL YOUTH FACILITY	(6,572.00)
AM0	300	WTF03C	SALT DOME RENOVATIONS - 401 FARRAGUT ST	(192,235.00)

BD0	300	PLN36C	AGENCY RELOCATION	(81,315.00)
CC0	300	G0D99C	D.C. GENERAL HOSPITAL	0.00
CC0	300	GB101C	ROOF REPLACEMENTS-VARIOUS POLICE STATIONS	(1,000.00)
CC0	300	H8503C	ROOF REPLACEMENTS - 2ND STREET HOMELESS	(7,393.00)
CC0	300	LB202C	REHABILITATION OF ELEVATORS - VARIOUS BR	(40.00)
CR0	300	ISM08C	RECORDS MANAGEMENT	(110,381.00)
EB0	300	AW506C	ARCHITECH OF THE CAPITAL	(15.00)
EB0	300	EB101C	ONE STOP BUS CENTER	(54,664.00)
EB0	300	EB431C	O STREET RAIN GARDEN	(43,732.00)
ELC	300	REQ40C	MASTER EQUIPMENT LEASE - PARKS AND REC	(299,308.00)
FA0	300	KA337C	INDOOR FIRE RANGE RENOVATION	(52,564.00)
FA0	300	KA437C	RESIDENTIAL TRAINING	(1,579.00)
FB0	300	LF337C	FLEET MAINTENANCE BUILDING	(138,199.00)
GA0	300	NB437C	BIRNEY ES - MODERNIZATION/RENOVATION	(54,000.00)
GM0	300	NK337C	MINER ELEMENTARY	(104,345.00)
GM0	300	NK537C	MINER ELEMENTARY	(15,817.00)
GM0	300	NL437C	PATTERSON ELEMENTARY	(110,616.00)
GM0	300	NN138C	SAVOY ELEMENTARY SCHOOL	(54,603.00)
GM0	300	SG405C	NOYES ES	(801.00)
JA0	300	HZ106C	YOUTH SERVICES ADMINISTRATION	(6,259.00)
HA0	300	QA139C	FORT RENO REGULATION PLAYING FIELDS	(24,523.00)
HA0	300	QA438C	LAMOND REC CNTR	(11,082.00)
HA0	301	QH438C	PARKS & RECREATION-MAINTENANCE & REPAIRS	(2,610.00)
HA0	300	RE015C	HAGAN CULTURAL CNTR.	(448.00)
HA0	300	RG010C	GENERAL IMPROVEMENTS - INFRASTRUCTURE	(13,751.00)
HA0	300	RN001C	NEW RECREATION FACILITIES	(1,302.00)
HA0	300	RN014C	CHILDREN'S ISLAND	(15,202.00)
HCO	303	R1540C	HIPAA AND SECURITY IT	(3.00)
HCO	300	RA340C	OCCUPATIONAL & PROFESSIONAL LICENCE SYS	(5,203.00)
KA0	330	CA202C	FY 2002 SIDEWALK/CURB/ALLEY WARDS 3&4	(11.00)
KA0	300	CA203C	FY 2002 SIDEWALK/CURB/ALLEY WARDS 5&6	(52.00)
KA0	335	CK302C	ADAMS MORGAN STREETScape/CHAMPLAIN ST.	(1,258,912.00)

Financial Plan Impact

The fiscal impact of the proposed title is incorporated into the proposed revisions to the FY 2011 through FY 2016 Capital Improvement Plan.

With respect to the funding modifications for the 11th Street Bridge and the two WMATA project, the proposed title codifies various amendments to the FY 2011 through FY 2014 budget and financial plan consistent with the budget amendment letter submitted to the Congress on September 21, 2010.

The \$4,171,000 increase in budget authority related to the 11th Street Bridge is made possible by a payment from the CSX Corporation ("CSX") to DDOT to modify its design for the 11th Street, SE

The Honorable Vincent C. Gray

REVISED FIS: Fiscal Year 2011 Supplemental Budget Support Act of 2010, Amendment-in-the-nature-of-a-substitute, dated December 21, 2010

Bridges to accommodate CSX right of way near the project. The District was unable to include this funding in its original budget request because CSX and the District did not enter into the CSX funding agreement until after the District's budget request had been transmitted to Congress.⁷³

The changes to the two WMATA projects include an adjustment for the differences in fiscal years (WMATA fiscal year begins in July, in contrast to the District's fiscal year that begins in October); and an adjustment to meet the projected capital spending plan in the recently approved Capital Funding Agreement between the District, Maryland, and Virginia for FY 2011 through FY 2016. Because the new WMATA funding agreement was not finalized until after the District's budget request was transmitted to Congress, it was not possible to include these capital budget adjustments in that request.

Finally, realigning funding for various capital projects would not have an impact on the budget and financial plan.

⁷³ The agreement was finalized in August 23, 2010.