

**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: March 25, 2009

SUBJECT: Fiscal Impact Statement: "Fiscal Year 2010 Budget Support Act of 2009"

REFERENCE: Draft, As Introduced on March 23, 2009

Conclusion

Funds are sufficient to implement the proposed Fiscal Year 2010 Budget Support Act of 2009. The Mayor's proposed FY 2010 through FY 2013 accounts for the expenditure plan described in the subtitles included in the proposed legislation.

The proposed legislation implements the FY 2010 through FY 2013 budget and financial plan as proposed by the Mayor to the Council of the District of Columbia. The combined initiatives in the Fiscal Year 2010 Budget Support Act of 2009, together with anticipated Mayoral rulemaking and agency operational plans, provide sufficient funds to balance the estimated expenditures of \$6.251 billion in the proposed General Fund FY 2010 budget and financial plan.

The proposed legislation, the "Fiscal Year 2010 Budget Support Act of 2009," is the legislative vehicle for adopting statutory changes needed to implement the District's proposed FY 2010 through FY 2013 budget and financial plan. The purpose and the impact of each subtitle are summarized in the following pages.

TITLE I – GOVERNMENT DIRECTION and SUPPORT

Subtitle (I)(A) – Technology Services Support Act of 2009

Background

The proposed subtitle would authorize a nonrefundable fee of \$5 for the replacement of DC One Cards that include electronic chips and establish the DC One Card Replacement Fund ("Replacement Fund"), a segregated, non-lapsing, non-reverting fund. All monies collected from the replacement fees would be deposited into the Replacement Fund and used to pay for operational costs related to replacing DC One Cards, including administrative and monitoring costs. Fees would be collected and deposited into the Replacement Fund by the agencies issuing the cards. Additionally, the Mayor would submit to the Council, as part of the annual budget, an appropriations request for expenditures from the Replacement Fund.

Financial Plan Impact

The replacement fees are expected to generate \$10,000 in FY 2010 and \$40,000 over the FY 2010 through FY 2013 budget financial planning period.

Fiscal Impact of Subtitle (I)(A) – Technology Services Support Act of 2009					
Estimated Impact of Proposed Fees on the Replacement Fund					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Replacements Cards Issued	2,000	2,000	2,000	2,000	
Proposed Fee per Card	\$5	\$5	\$5	\$5	
Total Revenue	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000

Subtitle (I)(B) – Unemployment Compensation Modernization Amendment Act of 2009

Background

The proposed subtitle amends Section 3(m) of the District of Columbia Unemployment Compensation Act¹ to postpone the implementation of the \$4 million cap on the taxes collected in the Unemployment Insurance Administrative Assessment Account (UI AAA). The current rules require that starting January 1, 2009, the tax rate for collections dedicated to the UI AAA (currently at 0.2 percent of taxable wages) would be readjusted every year so that the collections in this account would not exceed \$4 million.

¹ Effective October 20, 2005 (D.C. Law 16-33 Official Code § 51-103 (m)(3)).

The proposed subtitle would postpone the implementation of the \$4 million cap to January 1, 2014.

Financial Plan Impact

By postponing the \$4 million cap on total tax collections, the proposed subtitle would increase the amounts collected in the UI AAA by \$4.15 million in FY 2010 and by \$20.74 million in the FY 2010 through FY 2013 financial plan period.

Fiscal Impact of Subtitle (I)(B) – Unemployment Compensation Modernization Amendment Act of 2009					
Additional Collections in the Administrative Assessment Account					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Projected Collections – with Cap ^a	\$5.38	\$4.00	\$4.00	\$4.00	\$17.38
Projected Collections – no Cap	\$9.53	\$9.53	\$9.53	\$9.53	\$38.12
Additional Collections in UI AAA	\$4.15	\$5.53	\$5.53	\$5.53	\$20.74

^a Assumes that the annual collections would be capped at \$4 million starting January 1, 2009.

Subtitle (I)(C) – District of Columbia Revenue, Rebate, and Fee Operating Fund Act of 2009

Background

The proposed subtitle would amend D.C. Official Code § 2-311.03 to establish the District of Columbia Revenue, Rebate, and Fee Operating Fund (“Fund”), a non-lapsing, non-reverting, O-type revenue fund. The proposed subtitle also authorizes the Office of Contracting and Procurement (OCP) to collect and deposit rebates from its Purchase Card Program into the Fund.² In FY 2008, \$15,382 in rebates and fees were collected and deposited into the General Fund. In addition, the proposed subtitle specifies that revenues collected under the D.C. Supply Schedule³; cooperative purchasing agreements; or any other revenue, rebates or fees generated by programs administered by OCP would be designated to the Fund and used to pay for the costs associated with operating and maintaining existing OCP programs.

² The Purchase Card Program is a credit card program under which agencies are authorized to makes purchases for supplies or services. The District receives credits in the form of rebates from its Bank Partner, the credit card issuer, based upon the District’s prompt payment and volume of transactions.

³ The District of Columbia’s Supply Schedule or DCSS is a multiple award schedule procurement program for providing commercial products and services to the District government agencies.

Financial Plan Impact

The proposed legislation would transfer both the fund balances and future revenues from two existing non-lapsing, non-reverting O-type funds administered by OCP to the new Fund. The two existing funds are the D.C. Surplus Personal Property Sales Operating Fund (PO0 4010), with a FY 2008 fund balance of \$868,782, and the D.C. Supply Schedule Sales Discount/Operating Fund (PO0 6102), with a FY 2008 fund balance of \$935,473.

Additionally, all future revenues collected from Purchase Card Program rebates would accrue to the new Fund, rather than the Local General Fund.

Fiscal Impact of Subtitle (I)(C) - Revenue, Rebate, and Fee Operating Fund Act of 2009					
Estimated Impact on the Revenue, Rebate, and Fee Operating Fund					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Surplus Personal Property Sales Operating Fund (PO0 4010)	\$550,000	\$575,000	\$625,000	\$675,000	\$2,425,000
Supply Schedule Sales Discount/Operating Fund (PO0 6102)	\$450,000	\$525,000	\$627,012	\$720,000	\$2,322,012
Purchase Card Program ^a	\$15,320	\$15,320	\$15,320	\$15,320	\$61,280
Total	\$1,015,320	\$1,115,320	\$1,267,332	\$1,410,320	\$4,808,292

^a Projections based on FY 2008 revenue collections

Fiscal Impact of Subtitle (I)(C) - Revenue, Rebate, and Fee Operating Fund Act of 2009					
Estimated Impact on the Local Fund					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Reduced Local Fund Revenues	(\$15,320)	(\$15,320)	(\$15,320)	(\$15,320)	(\$61,280)

Subtitle (I)(D) – Consumer Protection Fund Amendment Act of 2009

Background

The proposed subtitle amends D.C. Official Code §28-3911 *et seq.* to change the authorized recipient of funds deposited into the Consumer Protection Fund ("Fund") from the Corporation

Council to the Office of the Attorney General (OAG). The proposed subtitle also expands the scope of the consumer litigation that can be financed by the Fund.⁴

Financial Plan Impact

The proposed subtitle is a technical change to the D.C. Code §28-3911 *et seq.* and would not have an impact on the District’s budget and financial plan.

Subtitle (D)(E) – District of Columbia Documents Act of 1978 Amendment Act of 2009

Background

The proposed subtitle repeals section 2 (f) of the D.C. Code §2-611 (S.C. Law 2-153) which requires that the D.C. Office of Documents be staffed with at least seven employees, with salaries and personal benefits totaling at least \$150,000.

Financial Plan Impact

The proposed subtitle is a technical change to the D.C. Official Code. The FY 2010 baseline budget for the Office of Documents is approximately \$3.0 million and includes funding to support 28 FTEs.

Subtitle (D)(F) –Telecommunication Accountability Act of 2009

Background

The proposed subtitle would amend Section 1814 of the Chief Technology Officer Establishment Act of 1998 (D.C. Law 12-175; D.C. Official Code § 1-1403) to authorize the Office of the Chief Technology Officer, Department of Telecommunication Governance (OCTO-DTG) to disconnect inactive and unused landlines, wireless phone lines, and data circuits at District Government agencies. The proposed subtitle would also require District agencies to annually recertify all agency inventories of active landlines, wireless phone lines, and data circuits. In addition, the proposed subtitle would authorize OCTO-DTG to disconnect landlines in favor of wireless devices and vice versa based on usage and in consultation with agency Directors. Finally, OCTO-DTG would have the authority to review and reject requests for telecommunication services that do not comply with the technology standards set up by OCTO-DTG.

⁴ Specifically, the proposed subtitle amends subsection (b)(1) to delete the phrase “28-3905(i)(4)” and replace it with the phrase “28-3905(i)(4) and in other consumer matters.”

Financial Plan Impact

By disconnecting unused telecommunication services, the proposed subtitle would result in cost savings to the District of Columbia of approximately \$2 million in FY 2010 and \$8 million in the FY 2010 through FY 2013 budget and financial planning period.

Fiscal Impact of Subtitle (I)(F) – Telecomm. Accountability Act of 2009					
Estimated Telecom Cost Savings Due to Eliminating Unused Services					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Savings from Disconnecting Unused Telecom Services	\$2.00	\$2.00	\$2.00	\$2.00	\$8.00

Source: OCTO

Subtitle (I)(G) – Legal Public Holiday Amendment Act of 2009

Background

The proposed subtitle repeals Subsection 1202(a) of the District of Columbia Comprehensive Merit Personnel Act of 1978⁵ to eliminate Emancipation Day as a legal public holiday.

Financial Plan Impact

By eliminating the need to compensate essential employees at holiday premium (usually double-time) on April 16 of each year, the proposed legislation would result in direct savings for agencies with such employees⁶. Specifically, the proposed legislation would reduce salary expenditures by \$1.42 million in FY 2010 and \$5.96 million in the FY 2010 through FY 2013 financial plan period.

Fiscal Impact of Subtitle (I)(G) - Legal Public Holiday Amendment Act of 2009					
Estimated Impact on Expenditures					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Reduced Salary Expenditures ^a	(\$1.42)	(\$1.47)	(\$1.51)	(\$1.56)	(\$5.96)

Source: PeopleSoft data and Agency estimates

^a Salaries are expected to grow by 3 percent annually.

⁵ Effective March 3, 1979. D.C. Law 2-13; D.C. Official Code § 1-612.02(a).

⁶ The major agencies with overtime or holiday premium pay on this day are Metropolitan Police Department, Fire and Emergency Medical Services and the Department of Corrections.

TITLE II – ECONOMIC DEVELOPMENT AND REGULATION

Subtitle (II)(A) – Administrative Abatement and Proactive Abatement Fee Amendment Act of 2009

Background

The proposed subtitle would amend D.C. Municipal Regulations § 14-220.1(c)(d) to modify the administrative fee assessed when the Department of Consumer and Regulatory Affairs (DCRA) abates housing code violations on privately-owned properties.⁷ The fee would increase from a \$122 per abatement to a fee equal to the amount of 25 percent of the abatement cost, or a \$150 base fee plus \$30 for each additional hour, whichever is greater.⁸

The proposed subtitle would also authorize a biennial fee of \$35 per unit on all rental properties of three units or more to cover the cost of “proactive inspections” performed by DCRA. The biennial fee could not exceed \$2,000 per property.

All fees would be deposited into the Nuisance Abatement Fund, a non-lapsing, non-reverting segregated account, established pursuant to D.C. Official Code § 42-3131.01(b)(1)(A).

Financial Plan Impact

The proposed legislation is expected to generate \$393,485 additional revenues in FY 2010 and approximately \$1.9 million over the proposed FY 2010 through FY 2013 budget and financial plan. These funds would accrue to the Nuisance Abatement Fund.

Fiscal Impact of Subtitle (II)(A) - Administrative Abatement and Proactive Inspection Fee Amendment Act of 2009					
Estimated Revenue Collections from Administrative Abatement and Proactive Inspection Fee					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Administrative Abatement Fee (net increase) ^a	\$93,485	\$93,485	\$93,485	\$93,485	\$373,940
Proactive Inspection Fee Increase	\$300,000	\$300,000	\$300,000	\$300,000	\$1,200,000
Total Impact to Nuisance Abatement Fund	\$393,485	\$393,485	\$393,485	\$393,485	\$1,865,642

^a This estimate assumes the same number of properties abated in FY 2008 (797) would be abated in FY 2010 – FY 2013.

⁷ 34 Stat. 114; D.C. Official Code § 6-711.01 (2001).

⁸ The \$30 per hour fee would be charged after the first hour of work.

Subtitle (II)(B) – Expedited Advisory Neighborhood Commissions Permit Notification Amendment Act of 2009

Background

The proposed subtitle would allow the Department of Consumer and Regulatory Affairs (DCRA) to provide to Advisory Neighborhood Commissioners, at least twice a month by electronic mail, a current list of applications for construction, demolition, and public space permits within the boundaries of their Advisory Neighborhood Commissions.⁹ The list would also be provided to the Commission Offices, the affected ward Councilmember, and the Office of the Advisory Neighborhood Commissions. Current law requires DCRA provide a list of construction and demolitions permits to the aforementioned parties by first-class mail.

Financial Plan Impact

By eliminating the requirement to use first-class mail, the proposed subtitle would reduce postage and processing costs by \$1,572 annually.

Subtitle (II)(C) – Zoning Enhanced Customer Services Act of 2009

Background

The proposed subtitle would authorize the Department of Consumer and Regulatory Affairs (DCRA) to charge a fee for preparing and issuing zoning compliance letters requested for a property.¹⁰ Currently, DCRA's Office of the Zoning Administrator prepares zoning compliance letters upon request for no charge. The proposed subtitle would authorize a \$25 fee for letters on a single lot property and a \$100 fee for letters on more complex requests (e.g., multiple lots, planned unit developments, and lots containing a zoning boundary) in order to recoup the cost of processing the letters.

All monies generated from these fees to be deposited into the Construction and Zoning Compliance Management Fund ("Fund"), a non-lapsing, non-reverting segregated account.¹¹

Financial Plan Impact

The proposed fees would generate approximately \$15,500 in revenue in FY 2010 and \$62,000 over the FY 2010 through FY 2013 budget and financial planning period.

⁹The proposed subtitle would amend D.C. Official Code § 1-309.10(c)(3).

¹⁰ The proposed subtitle would amend D.C. Official Code § 6-1406.01(a)(b)

¹¹ Established pursuant to D.C. Official Code §6-1406.01

Fiscal Impact of Subtitle (II)(C) - Zoning Enhanced Customer Services Act of 2009 Estimated Impact to the Construction and Zoning Compliance Management Fund					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Avg. Number of Single Lot Letters per year (\$25)	260	260	260	260	1040
Avg. Number of Complex Letters per year (\$100)	90	90	90	90	360
Total Impact	\$15,500	\$15,500	\$15,500	\$15,500	\$62,000

Source: Department of Consumer and Regulatory Affairs

Subtitle (II)(D) – District of Columbia Surveyor and Special Review Requests Enhanced Customer Services Act of 2009

Background

The proposed subtitle would authorize increases in existing fees and establish new fees for services provided by the Office of Surveyor in the Department of Consumer and Regulatory Affairs (DCRA) relating to building plats, subdivision plats, wall examinations, street and alley closures, and registered land surveyors.¹² The proposed fee schedule is detailed in the table below.

Additionally, the proposed subtitle would establish the Enhanced Surveyor Function Fund ("Enhanced Fund"), a non-lapsing, non-reverting segregated account to be administered by DCRA. All revenue received from fees (new and existing) for services provided by the Office of the Surveyor would be deposited into the Enhanced Fund, and used, for the purposes of maintaining and upgrading the surveying systems, as well as enhancing customer service.

Subtitle (II)(D) – D.C. Surveyor and Special Review Requests Enhanced Customer Services Act of 2009 Proposed Fee Structure for the Office of the Surveyor		
	Current Fee	Proposed Fee
Building Plats (up to 3 usual-shaped lots)	\$30	\$50
Subdivision of Land Plats (up to 3 usual-shaped lots)	\$196	\$400
Subdivision of Land Plats (more than 3 usual-shaped lots)	\$196	\$400
Private Surveyor's Plat (Wall Examination)	\$39	\$50

¹² The proposed subtitle would establish a new D.C. Official Code §1-1329 *et seq*

Continued from Page 9	Current Fee	Proposed Fee
Street and Alley Closures (initial processing stage)	\$1,870	\$2,500
Registered Surveyor Application	\$91	\$150
Registered Surveyor Renewal	\$33	\$100
Preliminary consulting sessions with Office of Surveyor staff (per hour)	\$0	\$30
Optional Preliminary consulting sessions with the District Surveyor (per hour)	\$0	\$60
Optional Electronic Building	\$0	\$6
Optional Expedited Building Plats	\$0	\$75
Designation of New Address (per address)	\$0	\$25
Plan review and inspection of Fire Suppression Systems for Hoods and Ducts- 1 to 50 nozzles (per nozzle)	\$0	\$5
Plan review and inspection of Fire Suppression Systems for Hoods and Ducts- Each nozzle thereafter	\$0	\$3
Plan review and inspection of Fire Suppression Systems for Hoods and Ducts- Minimum Fee	\$0	\$33
Construction Modification Requests filed pursuant to 12 DCMR § 104.10	\$0	\$175
Elevator Repair Permit	1% of construction cost	1% of construction cost
New Elevator Permit	\$85	\$85

Financial Plan Impact

The proposed fees would generate additional revenues of approximately \$591,785 in FY 2010 and \$2.36 million over the FY 2010 through FY 2013 budget and financial plan period. These funds would accrue to the Enhanced Fund established by the proposed subtitle. The proposed subtitle would have a negative impact on the Local General Fund of \$29,750 in FY 2010 and \$119,000 over the FY 2010 through FY 2013 budget and financial planning period, resulting from the transfer of revenue collected from existing fees that under current law would accrue to the Local General Fund to the Enhanced Fund.

Fiscal Impact of Subtitle (II)(D) - DC Surveyor and Special Review Requests Enhanced Customer Services Act of 2009					
Estimated Impact to the Local General Fund					
	FY 2010	FY 2011	FY 2012	FY2013	Four Year Total
Transfer of Elevator Permit Fee to Enhanced Surveyor Function Fund	(\$29,750)	(\$29,750)	(\$29,750)	(\$29,750)	(\$119,000)

Fiscal Impact of Subtitle (II)(D)- DC Surveyor and Special Review Requests Enhanced Customer Services Act of 2009					
Estimated Impact to the Enhanced Surveyor Function Fund					
	FY 2010	FY 2011	FY 2012	FY2013	Four Year Total
Building Plats	\$191,150	\$191,150	\$191,150	\$191,150	\$764,600
Subdivision of Land Plots	\$158,000	\$158,000	\$158,000	\$158,000	\$632,000
Private Surveyor's Plat (Wall Examination)	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300
Street and Alley Closures	\$42,500	\$42,500	\$42,500	\$42,500	\$170,000
Registered Surveyor Application	\$600	\$600	\$600	\$600	\$2,400
Registered Surveyor Renewal	\$800	\$800	\$800	\$800	\$3,200
Preliminary consulting sessions with Office of the Surveyor staff	\$1,350	\$1,350	\$1,350	\$1,350	\$5,400
Preliminary consulting sessions with the District Surveyor	\$2,700	\$2,700	\$2,700	\$2,700	\$10,800
Electronic Building Plats	\$9,560	\$9,560	\$9,560	\$9,560	\$38,240
Optional Expedited Building Plats (25% of all)	\$71,700	\$71,700	\$71,700	\$71,700	\$286,800
New Address Designation	\$37,500	\$37,500	\$37,500	\$37,500	\$150,000
Fire Suppression Systems Review Fee ^a	\$12,000	\$12,000	\$12,000	\$12,000	\$48,000
Construction Modification Requests	\$21,875	\$21,875	\$21,875	\$21,875	\$87,500
Total Additional Revenue	\$562,035	\$562,035	\$562,035	\$562,035	\$2,248,140
Elevator Permit Fees (transfer from Local General Fund)	\$29,750	\$29,750	\$29,750	\$29,750	\$119,000
Total Impact	\$591,785	\$591,785	\$591,785	\$591,785	\$2,367,140

^a Plan, review and inspection of Fire Suppression Systems for Hoods and Ducts (\$6 per nozzle for the first 50 and then \$3 per nozzle thereafter); DCRA will also charge a \$33 minimum review fee.

Subtitle (II)(E) – Business Licensing Processing Adjustment Act of 2009

Background

The proposed subtitle would allow, but not require, the Department of Regulatory and Consumer Affairs (DCRA) to send business license renewal notifications via electronic mail or other methods of communication within 30 days prior to the expiration date.¹³ Current law requires notification to be sent by first class mail.

The proposed subtitle would also deem a license “lapsed” (but not expired) if the license is 30 days past its date of expiration, and would raise the fine for reinstating a “lapsed” license from \$150 to \$250. In addition, licenses that are more than 30 days past the expiration date would be deemed expired, and a \$500 fine would be levied to renew licenses that are more than 30 days but less than 6 months expired. Business licenses more than 6 months past expiration would be treated as new applications.

The proposed subtitle would also authorize fees collected from the issuance of basic business licenses, including renewals, late fees and penalties, to be collected and deposited into the Basic Business License Fund (“BBL Fund”), a non-lapsing, non-reverting segregated account. In addition, it would authorize half of the amount collected from Notice of Infraction (“NOI”) fines to be deposited into the BBL Fund and used to pay for the basic business licensing system.¹⁴

Finally, the proposed subtitle would implement optional expedited service fees for individuals filing corporations-related documents (\$50 fee for three-day service and \$100 fee for same-day service). No fee would be charged for regular, non-expedited service.

Financial Plan Impact

The proposed subtitle would generate net revenue of \$1.7 million in FY 2010 and \$6.9 million in the FY 2010 through FY 2013 budget and financial plan period.

A total of approximately \$1.5 million would accrue in FY 2010 to the BBL Fund, comprising approximately \$1.3 million generated from additional late renewal fees and approximately \$200,000 in NOI fines that would be transferred from the Local General Fund. (NOI fines are currently deposited into the Local General Fund.)¹⁵ The proposed subtitle would also generate \$416,000 in revenues from the expedited services, which would accrue to the Local General

¹³ The proposed subtitle amends DC Official Code § 47-2851.10 *et. seq.* and D.C. Official Code § 29-101.121

¹⁴ Current law requires all monies deposited into the Fund be used to pay for the cost of the basic business licensing system.

¹⁵ The Office of Administrative Hearings (OAH) has collected about \$105,000 in fines in FY 2009; the OCFO estimates they will collect \$200,000 by the end of the fiscal year. In FY 2007 and FY 2008, OAH collected approximately \$615,000 and \$588,000 respectively; OAH has collected \$21,900 in fines in FY 2009 to date.

Fund. The net impact on the general local funds is \$216,800 in FY 2010 and \$867,200 in the FY 2010 through FY 2013 budget and financial plan period.

Fiscal impact of Subtitle (II)(E) - Business Licensing Processing Adjustment Act of 2009 Estimated Impact on the Basic Business License Fund					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
BBL Late Renewal Fee Increase	\$1,296,450	\$1,296,450	\$1,296,450	\$1,296,450	\$5,185,800
Transfer of NOI Fines to BBL Fund ^a	\$200,000	\$200,000	\$200,000	\$200,000	\$800,000
Total Impact to BBL Fund	\$1,496,450	\$1,496,450	\$1,496,450	\$1,496,450	\$5,985,800

^aThe estimate is based on average NOI revenue collections in FY 2007 and FY 2008. In FY 2007 and FY 2008, OAH collected approximately \$615,000 and \$588,000 respectively.

Fiscal impact of Subtitle (II)(E) - Business Licensing Processing Adjustment Act of 2009 Estimated Impact on the Local General Fund					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Optional Expedited Service Fee	\$416,800	\$416,800	\$416,800	\$416,800	\$1,667,200
Transfer of NOI Fines to BBL Fund	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$800,000)
Total Impact to Local General Fund	\$216,800	\$216,800	\$216,800	\$216,800	\$867,200

Subtitle (II)(F) – Economic Development Special Account Fund Act of 2009

Background

The proposed subtitle would authorize the transfer of the following revenue streams from the General Fund to the Economic Development Special Account ("Account"), a non-lapsing account dedicated for use exclusively by the Office of the Deputy Mayor for Planning and Economic Development (DMPED):¹⁶

- All payments received by the District of Columbia pursuant to the disposition or lease of property that is under the management of DMPED;

¹⁶ The proposed subtitle amends D.C. Official Code §2-1225.2 *et seq.*

- All payments, including lease payments, from the disposition or lease of the old convention center site;¹⁷
- All payments, including lease payments, received by the District pursuant to the disposition or lease of the new convention center hotel site; and
- All local funds appropriated to DMPED.

The Account was established by the National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008 (D.C. Act 17-289)¹⁸ to facilitate the transfer of all operating funds from the Anacostia Waterfront Corporation (AWC) Enterprise Fund and the National Capital Revitalization Corporation (NCRC) Enterprise Fund to DMPED upon the dissolution of those corporations. Revenues from all former AWC/NCRC projects accrue to the Account under current law. In the absence of the proposed subtitle, the Account is projected to hold a fund balance of approximately \$49.5 million in the FY 2010 budget¹⁹, and is projected to accrue revenues of approximately \$764,000 in FY 2010 and \$3.5 million in the FY 2010 through FY 2013 period.

Financial Plan Impact

The proposed subtitle would allocate up to \$22.0 million in FY 2010 and an estimated \$28.5 million over the FY 2010 to FY 2013 budget and financial planning period to the Economic Development Special Account. The Account would receive local appropriations of \$5 million in FY 2010. Additionally, the disposition of non-AWC/NCRC properties can generate an additional \$16 million in FY 2010 and \$0.5 million in FY 2011.²⁰ The lease payments from the old convention center would generate \$1 million annually.²¹ The lease payments from the new convention center do not begin accruing in the FY 2010 - FY 2013 budget and financial planning period.

¹⁷ Legally described as Lot 848 in Square 374 less that portion of Lot 848 known as U.S. Reservation 174).

¹⁸ A17-289 was signed by the Mayor on February 5, 2008.

¹⁹ The end of year certified balance for the Economic Special Account Fund (0632) is approximately \$52 million, and the certified uses for the account are approximately \$2.5 million; therefore, assuming the funds certified for use are expended, the fund balance in FY 2010 would be approximately \$49.5 million.

²⁰ These estimates for disposition income include revenue from the dispositions of the following properties: Franklin School (Square 285, Lot 808), Riggs Road property (Parcel 125-30), Tenleytown property (Square 1729, Lot 0808), and Mt. Carmel (Square 560, Lots: 27, 836, 837, 838, 839, 7001, 7002). Because the property owned by the District is not a part of the budget and financial plan, and the timing of the disposition of the property is not known with reasonable certainty, the Office of the Chief Financial Officer does not include disposition income in its revenue estimates.

²¹ Starting in FY 2011, lease payments will be \$2 million per year if the project breaks ground; however, if ground is not broken, lease payments will be \$1 million per year.

Subtitle (II)(G) – Neighborhood Revitalization Funding Amendment Act of 2009

Background

The proposed subtitle amends Section 301 of National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008 (NCRC-AWC Reorganization Act)²² to clarify the expenditure authority over the District of Columbia Economic Development Special Account, which was created by the same act to hold, among other things, the operating fund balances from the now-defunct AWC and NCRC Enterprise Funds, as well as all fees, revenues, and other income from real property or other assets formerly under the authority of the NCRC or the AWC, or any of their subsidiaries. Specifically, the proposed subtitle authorizes the Office of the Deputy Mayor for Planning and Economic Development to expend the monies in the Economic Development Special Account as outlined in Section 303 of NCRC-AWC Reorganization Act.

Financial Plan Impact

The proposed subtitle provides authorization to the Deputy Mayor for Planning and Economic Development to use the funds in the Economic Development Special Account for economic development activities, including community development and neighborhood revitalization. The funding for the programs implemented under this authority cannot exceed the funding available in the Economic Development Special Account.

Subtitle (II)(H) – Community Development Block Grant Accounting Correction Amendment Act of 2009

Background

The proposed amendment would eliminate the requirement that revenues from DMPED assets that are encumbered by requirements of the federal Community Development Block Grant (CDBG) program be held in a segregated account within the DHCD budget. With the proposed change, these funds will be held in a segregated account within the DMPED budget. These funds, under the D.C. Official Code, are designated for use by the DMPED. This would not change under the proposed amendment.²³

²² Effective March 26, 2008 (D.C. Law 17-138; 55 DCR 1689).

²³ The proposed subtitle would amend the National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008 (D.C. Law 17-138; 55 DCR 1689)²³ by striking the phrase “included as a segregated line item in the budget of DHCD that the Mayor is required to submit to the Council pursuant to pursuant to section 442 of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 798; D.C. Official Code § 1-204.42), and shall be.”

Financial Plan Impact

The proposed subtitle is an accounting correction to the budget reporting requirements, and therefore would have no financial impact on the proposed FY 2010 through FY 2013 budget and financial plan.

Subtitle (II)(I) – Neighborhood Investment Fund Implementation Plan Amendment Act of 2009

Background

The proposed subtitle amends Section 2 of the Neighborhood Investment Act of 2004 (“Act”)²⁴ to clarify that the Neighborhood Investment Fund established by this Act does not expire after five years. The subtitle also allows for updating the required contents of the implementation plan by project-specific data (rather than the information on the full annual implementation plan) before it is submitted to the Council for approval pursuant to this Act, and authorizes the operation of the Neighborhood Investment Fund under a previously approved implementation plan pending approval of an updated plan.

Financial Plan Impact

The proposed subtitle is a technical amendment to the operational rules of the Neighborhood Investment Fund, and does not affect the appropriations to this Fund. The budget and financial plan already allocates \$10 million annually for this Fund, as authorized under the Act.²⁵

Subtitle (II)(J) Tax Abatement for Pew Charitable Trusts Amendment Act of 2009

Background

The proposed subtitle would exempt from real property taxation the portion of Lot 40, Square 377, owned by the Pew Charitable Trusts and leased to tenants that are exempt from federal taxation under section 501(c)(3) of the IRS code.²⁶ The real property tax exemption would remain in effect for 10 consecutive years as long as the property is owned by the Pew Charitable Trusts, leased at below-market rates to the tax-exempt tenants, used for that tenant’s tax-exempt purposes, and the Pew Charitable Trusts adheres to the reporting requirements.

²⁴ Effective March 30, 2004 (D.C. Law 15-131; D.C. Official Code 6-1071 *et seq.*).

²⁵ The act allocates to the Neighborhood Investment Fund 17.4 percent of the personal property tax imposed by § 47-1522(a); provided, that the amount deposited into the Neighborhood Investment Fund from the personal property tax shall not exceed \$10 million annually.

²⁶ The proposed subtitle would amend Chapter 10 of Title 47 of the D.C. Code.

Financial Plan Impact

The proposed subtitle would reduce the property tax collections by \$1.13 million in FY 2010 and \$4.74 million in the FY 2010 through FY 2013 budget and financial plan period.

Fiscal Impact of Subtitle (II)(J)- Tax Abatement for Pew Charitable Trusts					
Estimated reduction in revenue collections					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Estimated Value of Property ^a	\$129.99	\$132.32	\$137.28	\$144.32	
Property Tax Obligation	\$2.40	\$2.44	\$2.53	\$2.66	\$10.06
Estimated revenue reduction^b	(\$1.13)	(\$1.15)	(\$1.20)	(\$1.26)	(\$4.74)

Source: Office of Revenue Analysis

^a The value of the property is estimated by using the net operating income estimate in the neighborhood of the subject property and the estimated citywide gross capitalization rate for large office buildings.

^b The total Pew Charitable Trusts property is 265,000 square feet. According to the Office of the Deputy Mayor for Planning and Economic Development, the Pew Charitable Trusts plans to lease 125,000 square feet to non-profit tenants. It is not possible to estimate the size of the abatement without full information on the current and potential tenants. This estimate assumes that all of the 125,000 square foot area, hence 47 percent of the building value, would qualify for abatement.

The tax abatement under the proposed subtitle would continue for 10 years, and hence its impact would continue beyond the four-year financial plan period. Between FY 2014 and FY 2019, the proposed subtitle would reduce the revenue collections by the District of Columbia by another \$8.8 million.

Out-year Costs of Subtitle (II)(J) -Tax Abatement for Pew Charitable Trusts			
(In millions of \$)			
	Value of Property	Estimated Property Tax	Estimated Value of Abatement
FY 2014	\$150.73	\$2.78	\$1.31
FY 2015	\$157.42	\$2.91	\$1.37
FY 2016	\$164.41	\$3.04	\$1.43
FY 2017	\$171.71	\$3.17	\$1.50
FY 2018	\$179.34	\$3.31	\$1.56
FY 2019	\$187.30	\$3.46	\$1.63
Total Out-year costs		\$18.67	\$8.80

Source: Office of Revenue Analysis

Subtitle (II)(K) - Financial Incentives For Motion Picture And Television Productions Act of 2009

Background

The proposed subtitle amends the Film DC Economic Incentive Act of 2006²⁷ to establish the Film DC Economic Incentive Fund ("Film DC Fund") to be used to provide financial incentives to eligible production companies for the production of movies, television shows, or other video production in the District whereby the production activity has a direct positive impact on the economic activity in the District of Columbia. For each eligible application, the total financial incentives would equal to the sum of:

- 42 percent of the company's qualified production expenditures that are subject to taxation in the District;
- 21 percent of the company's qualified production expenditures that are not subject to taxation in the District;
- 30 percent of the company's qualified personnel expenditures;
- 50 percent of the company's qualified job training expenditures; and
- 25 percent of the company's base infrastructure investment provided, if the base infrastructure investment is in a facility that may be used for purposes unrelated to production or postproduction activities, then the base infrastructure investment shall be eligible for the 25 percent incentive payment only if the Mayor determines that the facility will support and be necessary to secure production or postproduction activity.

Additionally, the Mayor would be authorized to provide to taxpayers, as an incentive for the creation of production and post-production facilities in the District, a payment of 25 percent of the taxpayer's base infrastructure investment; provided, if all or a portion of the base infrastructure investment is in a facility that may be used for purposes unrelated to production or post-production activities.

The subtitle also provides definitions of key terms, describes the production incentive application process, specifies the determination criteria the Mayor would use in selecting recipients for these incentives and exempts the information collected under this Act from the Freedom of Information Act disclosure requirements, to the extent that information, records, and data disclose commercially sensitive information about businesses involved.

The proposed legislation would require that all application fees (to be determined by the Mayor) collected as a part of the application process would be deposited in the Film DC Fund.

²⁷ The proposed subtitle amends D.C. Official Code § 39-501 *et seq.* Effective March 14, 2007, D.C. Law 16-290.

Lastly, the subtitle would authorize the Mayor to establish and impose fees for permits issued for the occupation of the public space for motion picture, television, and other media productions ("film permits") pursuant to D.C. Official Code § 10-1141.03.²⁸ These fees would be collected in a newly created "Film DC Special Account," a segregated, nonlapsing account within the Local General Fund. Any fees deposited in this account, as well as other funds designated by law, regulation, or reprogramming, and all interest earned on funds in the Film DC Special Account will be used to pay for operating expenses of the Office of Motion Picture and Television Development.

Financial Plan Impact

The proposed subtitle requires all grant application fees be deposited to the Film DC Fund, in addition to other allocations and reprogramming. The Mayor's proposed FY 2010 through FY 2013 budget and financial plan does not provide any other allocations for the Film DC Fund and DMPED or the Office of the City Administrator did not specify any plans for reprogramming of funds for this account. Because the application fees are not yet set, it is not possible at this time to estimate the application fees that would be collected and deposited into the DC Film Fund. The grants made and financial incentives provided under the Film DC Economic Incentive Act of 2006 cannot exceed the funds available in the Film DC Fund.

The proposed subtitle also authorizes the Mayor to charge for permits issued for movie in TV production purposes, to be deposited to the Film DC Special account to support the operations of the Office of Motion Picture and Television. Based on the information on the number of permits issued and the potential fee structure obtained from the Office of Motion Picture and Television, the OCFO estimates that the film permits would generate for the Film DC Special Account \$51,000 in FY 2010 and \$204,000 in the financial plan period.

Fiscal Impact of Subtitle (II)(K) – Financial Incentives For Motion Picture And Television Productions Act of 2009					
Estimated Impact of the Film DC Special Account					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
New fees collected in the Film DC Special Account	\$51,000	\$51,000	\$51,000	\$51,000	\$204,000

²⁸ This subtitle regulates the issuance of permits for the occupation of public space, public rights of way, and public structures.

Subtitle (II)(L) - National Capital Revitalization Corporation-Anacostia Waterfront Corporation Dissolution Amendment Act of 2009

Background

The proposed subtitle amends 402(b)(1) of the National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008²⁹ to provide a single provision for rental and ownership residential units with respect to affordable housing. Specifically, the proposed subtitle requires that all development projects on real property owned, controlled or disposed of by any instrumentality of the District within the Anacostia Waterfront Development Zone³⁰ should make at least 15 percent of their residential units affordable to low-income households and at least another 15 percent to moderate-income households. The original Act applied these requirements separately to ownership units and rental units in a single development. Under the amended legislation, a developer could now meet its residential affordability requirements by placing a higher proportion of the affordable units in rental units.

The proposed subtitle further clarifies that for properties affected by the National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008, the requirements for affordable residential units set forth by this subtitle would apply to dispositions and development projects approved prior to the effective date of this section if the disposition or development project was approved after the effective date of this Act. This provision would include the previously-approved Southwest Waterfront Project in the group of projects subject to the new affordable housing requirements. Other significant development projects in the Anacostia Waterfront Development Zone include Poplar Point and Hill East.

Financial Plan Impact

The proposed subtitle allows for any combination of ownership and rental units to reach the goal of 15 percent affordable housing units in the Anacostia Waterfront Development Zone. To the extent District subsidies are used to support the affordable units, the District may experience some cost savings, because the per-unit cost of subsidizing affordable rental units is generally lower than affordable homeownership units. These savings could be realized through a higher valuation of District land contributed to a project as a result of the new requirements.

²⁹ Effective March 26, 2008 (D.C. Law 17-138; 55 DCR 1689).

³⁰ As approved by the District of Columbia Council in November 2003 through the Anacostia Waterfront Framework Plan.

Subtitle (II)(M) - Washington Convention Center Authority and Sports and Entertainment Commission Merger Act of 2009

Background

The proposed subtitle would amend the Washington Convention Center Authority Act of 1994 to merge the two organizations into the new Washington Convention, Sports and Entertainment Authority (WCSEA). The intent of the proposed subtitle is to merge the two entities and reduce costs by eliminating duplicative activities.

The proposed subtitle contains a number of amendments to the District Code which would allow the Washington Convention Center Authority (WCCA) to take over the functions of the DC Sports and Entertainment Commission (DCSEC). The new WCSEA would be responsible for the Walter E. Washington Convention Center, RFK Stadium, the non-military activities of the D.C. National Guard Armory, Nationals Stadium, as well as the other activities currently undertaken by the two existing authorities. The current members of the WCCA board would serve on the new WCSEA board. The proposed subtitle also creates two additional board seats. The DCSEC board would be disbanded. The WCCA General Manager would become the Chief Executive Officer of the new WCSEA.

The proposed subtitle would transfer all assets and obligations of the DCSEC to the WCSEA, except for employment contracts, which would be terminated. The proposed subtitle would also eliminate the requirement that the Washington Convention Center Marketing Fund be used to fund contracts with the D.C. Chamber of Commerce and the Greater Washington Ibero American Chamber of Commerce.

Financial Plan Impact

As a result of the merger, the functions, operations, and responsibilities of the DCSEC would be transferred to the newly established WCSEA in FY 2010. Redundant expenses can be eliminated. The WCSEA will receive the combined revenues of the WCCA (which includes revenues from its own operations and the dedicated tax transfer of \$99.1 million in FY 2010) and the revenues from sponsored events currently under the DCSEC.

Subtitle (II)(N) – Children's Island Development Plan Amendment Act of 2009

Background

The proposed subtitle would repeal the Children's Island Development Plan Act of 1993.³¹ The Act required the Mayor to submit to Council for review and approval a development plan for property in the Anacostia River known as Children's Island.

Financial Plan Impact

Repealing the 1993 Act would not have an impact on the District's budget and financial plan.

Subtitle (II)(O) - Southwest Waterfront Redevelopment Timing Act of 2009

Background

The proposed subtitle requires that the closing for the conveyance of title of the Southwest Waterfront properties by the District³² shall not occur before October 1, 2010, unless approved by resolution by the Council.

Financial Plan Impact

The proposed subtitle would shift the fiscal impact of the Southwest Waterfront development, as estimated by the Office of the Chief Financial Officer, on May 16, 2008.³³ Specifically, the proposed subtitle would postpone the burden from the foregone sales tax collections by one year, from FY 2010 to FY 2011 onwards.

Subtitle (II)(P) – Housing Production Trust Fund Amendment Act of 2009

Background

The proposed subtitle amends D.C. Official Code § 42-2802(b)(10) to increase the maximum percentage of funds allocated for the administration of the Housing Production Trust Fund

³¹ [1] D.C. Law 10-57.

³² Approved by the Council in the Southwest Waterfront Third Revised Disposition Emergency Approval Resolution of 2008, effective December 16, 2008 (Res. 17-955).

³³ Fiscal Impact Statement on Southwest Waterfront Bond Financing Act of 2008, B17-0591, available at http://app.cfo.dc.gov/services/fiscal_impact/pdf/spring08/051608_2.pdf.

(HPTF) in a given fiscal year from 5 percent to 20 percent of the funds deposited into the HPTF.³⁴ In addition, the proposed increase would apply retroactively to FY 2009.

Financial Plan Impact

The proposed subtitle would have no impact on the Local General Fund, as it does not increase or reduce the overall funding level; instead it just increases the share of total HPTF funds used for the administration of the HPTF.³⁵

Impact of Subtitle (II)(P) Housing Production Trust Fund Amendment Act Proposed Reallocation for Administrative Costs (In millions \$)						
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Five Year Total
Projected Revenue	\$ 22.4	\$ 17.9	\$ 18.1	\$ 21.1	\$ 23.3	\$ 102.8
Current Law (5%)	\$ 1.1	\$ 0.9	\$ 0.9	\$ 1.1	\$ 1.2	\$ 5.1
Proposed Law (20%)	\$ 4.5	\$ 3.6	\$3.6	\$ 4.2	\$ 4.7	\$ 20.6
Potential Additional Funds Reallocated for Administration	\$ 3.4	\$ 2.7	\$ 2.7	\$ 3.2	\$ 3.5	\$ 15.4

Subtitle (II)(Q) – Housing Assistance Payment Clarification Amendment Act of 2009

Background

The proposed subtitle would amend the Rental Housing Conversion and Sale Act of 1980³⁶ to clarify that Housing Assistance Payment (HAP) Program shall be administered by the Department of Housing and Community Development (DHCD).

The proposed subtitle would also amend D.C. Code § 42-3403.07 *et seq.* to authorize DHCD to jointly administer and manage the Housing Assistance Fund ("Fund") with the Office of the

³⁴ The Housing Production Trust Fund is a non-lapsing, non-reverting segregated account financed by 15 percent of the District's deed recordation and transfer taxes annually. The HPTF provides funds for the acquisition, construction, and rehabilitation of affordable multifamily housing projects.

³⁵ While the proposed subtitle would have no impact on the General Fund, it would impact the amount of HPTF available for program activities. Under the proposed subtitle, in FY 2010, an additional \$2.7 million in HPTF could be redirected for administrative purposes and an additional \$15.4 million over the FY 2010 through FY 2013 budget and financial planning period.

³⁶ D.C. Official Code § 42.303.04.

Tenant Advocate (OTA).³⁷ Additionally, the proposed subtitle clarifies that one-third of actual collections would be used to support emergency housing and tenant relocation assistance, and an additional one-third would be used for the administration and delivery of both the Home Purchase Assistance Program (HPAP) and for housing assistance payments for displaced tenants.

Financial Plan Impact

The proposed subtitle does not impact the amount collected in the Housing Assistance Fund; it only clarifies that DHCD is responsible from the administration of the HAP program, and therefore has the authority over the portion of the funds in the Housing Assistance Fund used to support the HAP Program. In FY 2010, OTA would transfer to DHCD \$390,961 in back fees, as well as one-third of revenues collected in the prior fiscal year, approximately \$250,000.³⁸ DHCD will have authority over approximately \$1.8 million over the FY 2010 through FY 2013 budget and financial planning period.

Fiscal Impact of Subtitle (II)(Q) - Housing Assistance Payment Clarification Amendment Act of 2009					
Transfer of administrative authority from OTA to DHCD in the Housing Assistance Fund					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Transfer to DHCD Arrears ^a	\$ 390,961	-	-	-	\$ 390,961
Transfer to DHCD ^c	\$ 249,975	\$ 499,950	\$ 333,300	\$ 333,300	\$ 1,416,525
Total Impact	\$ 640,936	\$ 499,950	\$ 333,300	\$ 333,300	\$ 1,807,486

^a One-sixth of actual revenue collected from 2004 to 2007.

^b One-third of certified revenues from the prior fiscal year.

³⁷ The Housing Assistance Fund (6005) (also referred to as the Condo Conversion Fee Fund) is a non-lapsing, non-reverting segregated account into which fees collected from the conversion of all rental properties to condominium or cooperatives are deposited. § 42-3402.04 authorizes the District to levy a fee on owners who converts a housing accommodation, including vacant buildings, into a condominium or a cooperative. The fee is equal to of 5% of the sales price for each condominium unit, or proportionate value of the cooperative residence, within the housing accommodation.

³⁸ Because the OCFO certifies the current fiscal year revenues based on projected revenue collections, the actual amount of revenues collected and the amount certified may differ. The proposed subtitle would require the actual amount of funds collected be transferred; therefore any discrepancies in the amount of funds transferred would have to be reconciled by the agencies. Estimates are based on the certified revenue collections for the prior fiscal year, in this case FY 2009.

Subtitle (II)(R) – Rental Housing Commission Transfer of Functions Amendment Act of 2009

Background

The proposed subtitle would abolish the Rental Housing Commission ("Commission"), a quasi-judicial body that decides rental housing cases on appeal from the Rent Administrator.³⁹ Under current law, the Rental Housing Commission would expire in July 2010, and the appointments of the Rental Housing Commissioners would expire at the end of FY 2009. The proposed subtitle would allow the Commission to expire at the end of FY 2009, and would reinvest the budget of \$465,430 into housing regulation services.

Currently, the Commission arbitrates rent-related disputes based on petitions filed by landlords or tenants. The Commission also certifies and publishes the annual adjustment of general applicability in the rent ceiling for rental units operating in the District. If the proposed subtitle is enacted and the Commission is abolished, all new appeals would go to the D.C. Superior Court. The other primary responsibilities of the Commission would be absorbed by DHCD.⁴⁰

Financial Plan Impact

The proposed subtitle would eliminate all \$465,430 from the Rental Housing Commission (Program 9100) and redirect those funds within DHCD's FY 2010 baseline budget to support the Housing Regulation Administration (Program 8100).

Subtitle (II)(S) – Rental Unit Fee Amendment Act of 2009

Background

The proposed subtitle amends section 401 of the "Rental Housing Act of 1985" (D.C. Official Code §42-3504.01; D.C. law 6-10) to reflect the current statutorily mandated annual Rental Accommodations (RA) fee of \$21.50 per rental unit. This fee is required to be paid by housing providers in order to register rental housing in the District of Columbia. The existing codification does not reflect the fact that the RA fee was increased from \$17.00 to \$21.50 pursuant to D.C. Law 14-307, D.C. Law 15-205, and D.C. Law 16-192.⁴¹

³⁹ The proposed subtitle amends the "Rental Housing Act of 1985" by eliminating § 42-3502.01 and § 42-3502.02 of the D.C. Official Code, and also amends all relevant sections of the D.C. Code to reflect this change.

⁴⁰ This includes drafting regulations that need to be updated and calculating and publishing the percentage change in the Consumer Price Index for the Washington D.C. Metropolitan Statistical Area to be used to determine the appropriate annual adjustment in the rent ceiling for rent controlled units.

⁴¹ D.C. Law 14-307, the "Fiscal Year 2003 Budget Support Amendment Act of 2002," effective June 5, 2003, increased by 30 percent all fines and fees imposed by the District of Columbia, unless otherwise specified in that

Financial Impact

The proposed subtitle is a technical amendment that corrects the code to reflect the current RA fees, which have been in effect since FY 2006. Both the baseline FY 2010 budget and the Mayor's proposed FY 2010 through FY 2013 budget and financial plan already incorporate the correct rate; thus, the proposed subtitle does not have an impact on the District's budget and financial plan.

Subtitle (II)(T) – Abatement of Property Nuisance Fund Amendment Act of 2009:

Background

The proposed subtitle would amend D.C. Official Code § 42-3131.01(b)(2) to authorize the deposits of donations or restitutions into the Nuisance Abatement Fund⁴² ("Fund") by private individuals and from recoveries from enforcement action by the Office of the Attorney General on behalf of the District of Columbia for the abatement of property violations⁴³, excluding funds obtained through the administrative proceedings. If enacted, the proposed amendment would allow defendants charged with violating the District's housing code, as a condition of probation, to donate sums of money into the Fund.

Financial Impact

Dedicating a portion of certain OAG recoveries to the Nuisance Abatement Fund would not negatively impact the District's budget and financial plan. Due to the uncertain nature of these types of revenue, recovery amounts are only recognized upon receipt and are not anticipated in the District's budget and financial plan.

Act. This fee was not otherwise specified; at that time the fee was \$15.00; thus D.C. Law 14-307 increased the fee by \$4.50 (30 percent of \$15.00). This increase was implemented by Mayoral order adjusting all relevant fines and fees. Subsequently, the Council increased the fee twice by \$1 each time (D.C. Law 15-205, the "Fiscal Year 2005 Budget Support Act of 2004," effective December 7, 2004; D.C. Law 16-192, the "Fiscal Year 2007 Budget Support Act of 2006," effective March 2, 2007).

⁴² The Nuisance Abatement Fund is a segregated, non-lapsing, non-reverting account established pursuant to § 42-3131.01(b)(1)(A).

⁴³ As defined in the provisions of Title 14, Chapters 1 through 16 of the District of Columbia Municipal Regulations.

TITLE III – PUBLIC SAFETY AND JUSTICE

Subtitle (III)(A) – District of Columbia Good Time Credits Amendment Act of 2009

Background

Current law requires that incarcerated individuals *complete* an “academic or vocational program” in order to be eligible for “educational good time credits” that can be used to shorten a person’s term of confinement. The proposed subtitle would amend D.C. Official Code § 24-221.01 to provide that incarcerated individuals only have to *participate* in these programs in order to be eligible for such credit. The goal of the proposed subtitle, in part, is to reduce operating costs for the Department of Corrections (DOC) by reducing the population of the D.C. Jail.

Financial Plan Impact

DOC has calculated that implementation of the proposed subtitle would result in an estimated \$4.45 million in expenditure reductions in FY 2010 due to a marginal reduction in the average length of stay for incarcerated individuals. After reviewing DOC’s assumptions and methodology, the Office of Revenue Analysis (ORA) concurs with the results of DOC’s analysis. ORA and DOC agree that an assumption of no growth for the savings calculation in the out-years is a reasonably conservative projection until further data are available, such as data on participation rates.

Fiscal Impact of Subtitle (III)(A) – District of Columbia Good Time Credits Amendment Act of 2009					
Expenditure Impact on the Budget and Financial Plan					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Reduction in Personnel Costs	(\$4.45)	(\$4.45)	(\$4.45)	(\$4.45)	(\$17.8)

Subtitle (III)(B) – Office of the Attorney General Litigation Support Fund Act of 2009

Background

The proposed subtitle would establish a new “Office of the Attorney General Litigation Support Fund (“Litigation Support Fund”), a non-lapsing, non-reverting segregated account to be used, subject to appropriation authority, for general support litigation expenses associated with defending or prosecuting litigation cases on behalf of the District or District agencies. The proposed subtitle would make a one-time transfer of \$750,000 from the Consumer Protection Fund⁴⁴ (“CP Fund”) to the Litigation Support Fund at the beginning of FY 2010 as an initial deposit to the Fund. Also starting in FY 2010, a portion of any recoveries from litigation brought by the Office of the Attorney General (OAG) on behalf of the District or District agencies would be deposited into the Litigation Support Fund in the following percentages:

- 5 percent of any recovery under \$2 million;

⁴⁴ Established pursuant to D.C. Official Code §28-3911.

- 2.5 percent of any recovery between \$2 million and \$5 million; and
- 1 percent of any recovery in excess of \$5 million.

The proposed subtitle defines "recoveries" as funds obtained through court determinations or through settlements of lawsuits in which OAG represents the District or District agencies. However, they would not include funds obtained through administrative proceedings (in which OAG represents the District or District agencies) or funds obligated to another source or fund by District or federal law.

Financial Plan Impact

Resources (including an existing fund balance) in the CP Fund are sufficient to absorb the one-time transfer out of \$750,000 from the CP Fund to the Litigation Support Fund.

Dedicating a portion of certain OAG recoveries to the Litigation Support Fund would not negatively impact the District's budget and financial plan. Due to the uncertain nature of these types of revenue, recovery amounts are only recognized upon receipt and are not anticipated in the District's budget and financial plan. Expenditures from the Litigation Support Fund are subject to appropriation authority in a given fiscal year.

Subtitle (III)(C) – The Emergency Communications Funding Act of 2009

Background

Under current District law⁴⁵, there is imposed upon all carriers, including wireline and wireless carriers, a tax calculated on the basis of each individual telephone line sold or leased in the District of Columbia, as follows:

(A) For wireline local exchange service:

- (i) \$0.76 per exchange access line in the District of Columbia;
- (ii) \$0.62 per Centrex line in the District of Columbia; and
- (iii) \$0.62 per private branch exchange station in the District of Columbia;

(B) For wireless telephone exchange service, \$0.76 for each telephone number that has a District of Columbia billing address; and

(C) For interconnected VoIP service, as defined by 47 C.F.R. § 9.3, \$0.76 for each line, trunk, or path that can access to, connect with, or interface with 911 service based on primary place of use.

The proposed subtitle would change the amount of the various E911 taxes as follows:

⁴⁵ See D.C. Official Code § 34-1803

- (A) For wireline local exchange service:
- (i) \$1.01 per exchange access line in the District of Columbia;
 - (ii) \$1.01 per Centrex line in the District of Columbia; and
 - (iii) \$1.01 per private branch exchange station in the District of Columbia;
- (B) For wireless telephone exchange service, \$1.15 for each telephone number that has a District of Columbia billing address; and
- (C) For interconnected VoIP service, as defined by 47 C.F.R. § 9.3, \$1.15 for each line, trunk, or path that can access to, connect with, or interface with 911 service based on primary place of use.

Financial Plan Impact

The E911 tax increases are estimated to generate an additional \$7 million in FY 2010 and in each of the out-years, which would be deposited into the Emergency and Non-Emergency Number Telephone Calling Systems Fund.⁴⁶ Revenues deposited into the Fund are non-lapsing and non-reverting. The Fund is administered by the Office of Unified Communications (OUC).

Fiscal Impact of Subtitle (III)(C) – The Emergency Communications Funding Act of 2009 Estimated Revenue Impact to the Emergency and Non-Emergency Number Telephone Calling Systems Fund*					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Increased Revenues	\$7,043,400	\$7,043,400	\$7,043,400	\$7,043,400	\$28,173,600

* Revenue projections for the Fund, as certified by the OCFO, estimate flat growth in the out-years.

Subtitle (III)(D) – Civil Legal Services Reporting and Rulemaking Amendment Act of 2009

Background

D.C. Official Code § 1-301.114(a) provides that, subject to the availability of appropriations, the Office of the Attorney General (OAG) "...shall award a grant to the District of Columbia Bar Foundation in fiscal year 2008 and each subsequent fiscal year for the purpose of the Bar Foundation providing support to nonprofit organizations that deliver civil legal services to low-income and under-served District residents...." Subsection (c) provides that "The amount of the grant to be awarded in each fiscal year shall be specified by an act of the Council."

⁴⁶ See § 34-1802 for full details on this fund. Per subsection (b), the fund "shall be used solely to defray personnel and non-personnel costs incurred by the District of Columbia and its agencies and instrumentalities in providing a 911 system, and direct costs incurred by wireless carriers in providing E-911 service."

The proposed subtitle would require, on a quarterly basis, the Bar Foundation to provide a report to OAG and the Council detailing the funds spent by recipients of civil legal services sub-grants on activities associated with litigation against the District of Columbia. The proposed subtitle provides that OAG could condition funding on meeting the proposed reporting requirements in a timely and complete manner, or any other information OAG or the Council deems necessary to determine the Bar Foundation’s or a subgrantee’s compliance with the agreement⁴⁷ or any applicable rules. It would also authorize the Attorney General to issue rules governing the administration of the civil legal services grant program.

Financial Plan Impact

The proposed subtitle would not have an impact on the District’s budget and financial plan. Per D.C. Official Code § 1-301.114(b), the Bar Foundation is already authorized to use up to 5% of grants awarded in each fiscal year for “reasonable administrative expenses” associated with the civil legal services grant program. Provided that the Bar Foundation would use such admissible expenses to comply with the reporting requirements enumerated in the proposed subtitle, the proposed subtitle can be implemented by the Bar Foundation within the budgeted resources.

Subtitle (III)(E) – Unified Supervision of Emergency Medical Services Amendment Act of 2009

Background

Under current law the Mayor has the authority to transfer Emergency Medical Services (EMS) personnel to firefighter positions under section 202(a) of the Paramedic and Emergency Medical Technician Lateral Transfer to Firefighting Amendment Act of 2001 (“2001 Act”)⁴⁸. Among other things, the 2001 Act requires that transferred employees “...shall be to the firefighter step and class with a rate of pay closest to, but not lower than, the rate of pay earned by the employee prior to transfer.” It also requires that transferred employees meet the requirements for entry level firefighters, including “...meeting established medical standards, undergoing a background check, and successfully completing a physical abilities test and the firefighter training program.”

The proposed subtitle would provide that these two requirements would not apply to transferred employees who hold the rank of lieutenant or higher at the time of the transfer, or who transfer into positions of the rank lieutenant or higher.

⁴⁷ Between OAG and the Bar Foundation.

⁴⁸ Effective October 3, 2001. D.C. Law 14-28; D.C. Official Code § 5-409.01(a)

Financial Plan Impact

In eliminating the pay requirements for transferred EMS personnel, the proposed subtitle would give the Mayor the *option* to provide increased pay for transferred personnel at the rank of lieutenant or higher, but does not automatically provide for a pay increase. Therefore, the Mayor would be authorized to provide for such pay increases so long as there are sufficient resources in the Fire and EMS budget.

Under the proposed subtitle, it is likely that transferred lieutenants would elect to participate in the Police Officers' and Firefighters' Retirement Fund ("Fund"),⁴⁹ which they would be permitted to do pursuant to paragraph (2) of the 2001 Act. The amount of \$4.9 million was identified and approved in the FY 2009 through FY 2012 budget and financial plan in order to provide EMS employees with "pension parity." However, the funds were never deposited into the Fund for FY 2009 since contributions would not be required until FY 2011 due to a standard lag for actuarial contributions. Similarly, in the proposed FY 2010 budget, the \$4.9 million included for FY 2010 in the FY 2009 through FY 2012 financial plan for "pension parity" is not needed for this purpose. This amount is included in the FY 2010 through FY 2013 financial plan. Therefore, so long as this \$4.9 million is included as part of the FY 2011 budget, this subtitle would be fully funded since \$4.9 million was identified as the District's contribution cost for the participation of all EMS paramedics and emergency medical technicians in the Fund, not just those at the rank of lieutenant or higher.

Subtitle (III)(F) – Expansion of Civil Commitment for Persons Found Incompetent to Proceed Based on Mental Retardation Amendment Act of 2009

Background

Under current law,⁵⁰ a parent or guardian may file a written petition with the Superior Court to have an individual under 14 years of age who is or is believed to be mentally retarded committed to a facility. The proposed subtitle would allow the District to file such a petition for an individual found incompetent in a criminal case. The proposed subtitle would also authorize the Superior Court to order the participation of parents and guardians in the rehabilitation and care of such persons committed to a facility. The proposed subtitle amends the definition of "individual found incompetent in a case" to include cases that involve crimes against property and delinquency proceedings, and also adds a definition for "delinquency proceeding."

⁴⁹ See D.C. Official Code § 1-903.01.

⁵⁰ See D.C. Official Code § 7-1301 *et seq.*

Financial Plan Impact

Implementation of the proposed subtitle may place some expenditure pressures on the Office of the Attorney General and the Department of Disability Services, but these pressures are expected to be at levels that could be absorbed within the proposed FY 2010 budgets of those entities.

TITLE IV – PUBLIC EDUCATION SYSTEM

Subtitle (IV)(A) – State Standards Clarification Act of 2009

Background

The proposed subtitle amends the District of Columbia School Reform Act of 1995⁵¹, the State Education Office Establishment Act of 2000⁵², and the State Board of Education Establishment Act of 2007⁵³ to clarify that the Office of the State Superintendent of Education (OSSE) shall perform the functions of a state education agency for the District of Columbia under applicable federal and local law, including development and adoption of state standards for all students enrolled in District of Columbia public schools and public charter schools.

Financial Plan Impact

The proposed legislation is a technical amendment that clarifies OSSE's role in setting of state level academic standards over all public school students including public charter school students. The proposed legislation does not have an impact on the District's budget and financial plan.

Subtitle (IV)(B) – Charter School Audit and Integrity Act of 2009

Background

By amending D.C. Code § 38-1800.01 *et seq.* the proposed subtitle clarifies that the Office of the Inspector General can oversee financial operations of public charter schools pursuant to the authority granted in section 208(c)(1) of the District of Columbia Procurement Practices Act of 1985⁵⁴ and section 455 of the District of Columbia Home Rule Act.⁵⁵ The proposed subtitle also updates the code to reflect that the District of Columbia Board of Education no longer has chartering authority, hence no direct financial oversight over public charter schools.

⁵¹ Effective April 26, 1996, Pub. L. 104-134; D.C. Official Code § 38-1800.01 *et seq.*

⁵² Effective October 21, 2000, as amended by the Public Education Reform Amendment Act of 2007 (D.C. Laws 13-176 and 17-9; D.C. Official Code § 38-2601 *et seq.*)

⁵³ Effective June 12, 2007 (D.C. Law 17-9; D.C. Official Code § 38-2652).

⁵⁴ Effective February 21, 1986 (D.C. Law 6-85; D.C. Official Code § 2-302.08).

⁵⁵ Approved December 24, 1973 (87 Stat. 803; D.C. Official Code § 1-204.55).

Financial Plan Impact

The proposed legislation clarifies the rules that govern financial oversight of charter schools and does not have an impact on the District’s budget and financial plan.

Subtitle (IV)(C) – Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Amendment Act of 2009

Background

The proposed legislation increases the base funding per student in a District of Columbia Public School (DCPS) or District of Columbia Public Charter School from \$8,770 to \$8,945 and revises the weights for Special Education Levels 3 and 4. Tables 1 through 3 summarize the new funding levels for different grade levels and the associated add-ons. Additionally, the proposed subtitle amends D.C. Code § 38-2909 to cap the increase in the foundation level increases at 2 percent (the current law is 4 percent) or the average percentage increase in the Consumer Price Index for the preceding calendar year, whichever is less.

This subtitle also amends D.C. Code § 38-2906 to make changes necessary in accordance with the District of Columbia Education Reform Act of 2007. The subtitle repeals § 38-2906.01, which governs formula payments to public charter schools.⁵⁶

Lastly, the proposed subtitle amends D.C. Official Code § 38-2907 on education costs excluded from the formula payments to reflect that the OSSE, as the state level education agency responsible for state level functions for DCPS and the DC public charter schools, should receive the funding for all state level functions not funded by the Uniform Per Student Funding Formula, including transportation for students with disabilities and tuition payments for private placements for students with disabilities.

Table 1 – Weighing and Per Pupil Allocation, Grade Levels

Grade Level	Weighting	Per Pupil Allocation in FY 2010
Pre-School	1.34	\$11,987
Pre-Kindergarten	1.30	\$11,629
Kindergarten	1.30	\$11,629
Grades 1-3	1.00	\$8,945
Grades 4-5	1.00	\$8,945
Ungraded ES	1.00	\$8,945
Grades 6-8	1.03	\$9,214

⁵⁶ The new payment rules for formula funds allocated to public charter schools are outlined in the Charter Schools Allotment Reform Act of 2009, which is the next subtitle.

Grade Level	Weighting	Per Pupil Allocation in FY 2010
Ungraded MS/JHS	1.03	\$9,214
Grades 9-12	1.16	\$10,377
Ungraded SHS	1.16	\$10,377
Alternative Program	1.17	\$10,466
Special Education	1.17	\$10,466
Adult	0.75	\$6,709

Table 2 – Special Education Add-ons

Level/Program	Definition	Weighting	Per Pupil Supplemental FY 2010
Level 1: Special Education	Eight hours or less per week of specialized Services	0.52	\$4,652
Level 2: Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services	0.79	\$7,067
Level 3: Special Education	More than 16 hours and less than or equal to 24 hours per school week of specialized services	1.56	\$13,955
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	\$25,315
LEP/NEP	Limited and non-English proficient students	0.45	\$4,025
Summer	An accelerated instructional program in the summer for students who do not meet literacy standards pursuant to promotion policies of the District of Columbia Public Schools and public charter schools	0.17	\$1,521
Residential	D.C. Public School or public charter school that provides students with room and board in a residential setting, in addition to their instructional program.	1.7	\$14,909

Table 3 – Residential Add-ons

Level/Program	Definition	Weighting	Per Pupil Supplemental FY 2010
Level 1: Special Education – Residential	Additional funding to support the after-hours Level 1 special education needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	0.374	\$3,346
Level 2: Special Education - Residential	Additional funding to support the after-hours Level 2 special education needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	1.360	\$12,166
Level 3: Special Education - Residential	Additional funding to support the after-hours Level 3 special education needs of students living in a D.C. Public School or public charter school that provides	2.941	\$26,308

Level/Program	Definition	Weighting	Per Pupil Supplemental FY 2010
	students with room and board in a residential setting		
Level 4: Special Education – Residential	Additional funding to support the after-hours Level 4 special instructional needs of limited and non-English proficient students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	2.924	\$26,156
Level 5: Special Education - Residential	Residential placement	9.40	\$84,087
LEP/NEP – Residential	Additional funding to support the after-hours Limited and non-English proficiency needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	0.68	\$6,083

Table 4 – Special Education Add-ons for Students with Extended School Year (ESY) Indicated in Their Individualized Education Programs (IEP)

Level/Program	Definition	Weight	Per Pupil Supplemental FY 2010
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	\$569
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	\$2,068
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	\$4,472
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	\$4,446
Special Education Level 5 ESY	Additional funding to support the summer school/program need for students who require ESY services in their IEPs	1.598	\$14,294

Financial Plan Impact

The proposed FY 2010 through FY 2013 budget and financial plan includes the effect of the changes in the foundation funding formula and the weight changes. The total funding transfer for instructional purposes in the proposed FY 2010 budget for DCPS and the District of Columbia Public Charter Schools is set at \$894.1 million.

Under the proposed subtitle, DCPS’s total instructional budget funded by the funding formula would be \$562.79 million. Of this amount \$533.4 million would be transferred from District’s

local resources and \$29.4 million from State Fiscal Stabilization funds received under provisions of the American Recovery and Reinvestment Act.

The DC Public Charter Schools would receive \$338.70 million for instructional purposes and \$66.04 million for facilities allowance, for a total FY 2010 budget of \$404.75 million. \$397.37 million of this budget would be supported by local funds, and \$7.39 million from State Fiscal Stabilization funds received under the provisions of the American Recovery and Reinvestment Act.

In FY 2010, OSSE would receive \$149.10 million in local funds to pay for non-public tuition, and \$77.43 million to support Special Education Transportation.⁵⁷

Subtitle (IV)(D) – Charter School Facilities Allotment Reform Act

Background

The proposed subtitle amends D.C. Code § 38-2908, which regulates the calculation and disbursement of facilities allowance for District of Columbia Public Charter Schools. Specifically, the proposed legislation provides a new methodology for calculating per pupil facilities allowance and provides that the per pupil allowance calculated under this methodology cannot exceed \$3,109 and cannot be less than \$1,000. Additionally, the proposed subtitle describes the items that can be included in the facilities maintenance costs used in calculating the per pupil allowance for both charter schools that own their buildings and schools that lease their space. Finally, the proposed subtitle requires the Public Charter School Board to establish an application and approval process for charter schools wishing to receive a facilities allowance, and allows for quarterly payments of public facilities allotments. The current law requires that the facilities allotments must be paid in the first quarterly installment to public charter schools no later than July 15 of each year.

Financial Plan Impact

The proposed FY 2010 through FY 2013 budget and financial plan includes the effects of the rule changes in the calculation and disbursement of facilities allowance payments. The proposed FY 2010 budget plan allocates \$66.04 million for facilities allowance for the public charter schools.

⁵⁷ Special Education Transportation has been under control of a federal court appointed administrator for several years, and the final budget is determined by a federal judge.

TITLE V – HUMAN SUPPORT SERVICE

Subtitle (V)(A) – Grandparent Caregivers Extension Program Act of 2009

Background

The proposed subtitle would amend D.C. Official Code § 4-251.02 to make permanent the program through which a grandparent may be eligible to receive subsidy payments for the care and custody of a child. The 2005 legislation⁵⁸ that established the Grandparent Caregivers Pilot Program (“Program”) is set to expire on the last day of FY 2009 (September 30, 2009).

Financial Plan Impact

Given that Program subsidies are subject to the availability of appropriations and that the Program is not an entitlement, making it permanent would not automatically create an additional liability for the District. As has been the case since the inception of the Program, subsidies could only be granted in a given fiscal year to the extent that funding is identified in the budget for such a purpose in that fiscal year.

Subtitle (V)(B) – Department of Health Grant Authority Amendment Act of 2009

Background

The proposed subtitle would provide the Director of the Department of Health (DOH) authority to issue grants to qualified community providers for the purposes of conducting health promotion, disease prevention, and provision of health services.

Financial Plan Impact

Providing grant authority to the Director of DOH does not have an impact on the budget and financial plan. However, any grants made pursuant to this authority could not exceed the approved DOH budget in any given fiscal year.

Subtitle (V)(C) – Effi Slaughter Barry HIV/AIDS Initiative Amendment Act of 2009

Background

The proposed subtitle would amend D.C. Official Code § 7-1611 *et seq.* to update language regarding the purpose of the Effi Slaughter Barry HIV/AIDS Initiative⁵⁹ (“Initiative”) and

⁵⁸ Grandparent Caregivers Pilot Program Establishment Act of 2005, effective March 8, 2006. D.C. Law 16-69; D.C. Official Code § 4-251.02.

⁵⁹ The stated objectives of the Initiative are to: “...enhance the capacity of small community and faith based organizations to be more competitive for HIV/AIDS services grant funding; to integrate or expand HIV/AIDS programming into organizations’ core mission and activities; and to support networking among organizations to strengthen an effective HIV response at a community level.”

broaden the type of organizations that are eligible to participate in it. The proposed subtitle would also provide that the Department of Health (DOH) would be required to distribute capacity building grants to Initiative participants “...in an amount not to exceed the funds available in the Effi Slaughter Barry Initiative Fund⁶⁰...” The Director of DOH would be authorized to make grants to qualified community providers to effectuate the purposes of this subtitle, subject to terms and conditions approved by DOH.

Financial Plan Impact

The proposed subtitle does not have an impact on the budget and financial plan. Any grants made pursuant to the Initiative could not exceed the funds available in the Effi Slaughter Barry Initiative Fund.

Subtitle (V)(D) – Medical Assistance Program Amendment Act of 2009

Background

Under current law, prior to submitting or implementing a Medicaid plan, amendment, or waiver, the Mayor must submit the proposal to Council for “passive approval.”⁶¹

The proposed subtitle would strike the requirement that such proposals are submitted to Council for approval.

Financial Plan Impact

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

Subtitle (V)(E) – Department of Youth Rehabilitation Services Grant-Making Act of 2009

Background

The proposed subtitle would provide the Department Youth Rehabilitation Services (DYRS) the authority to issue grants for prevention, intervention, or therapeutic programs, or rehabilitation services, supports, or opportunities.

⁶⁰ See D.C. Official Code § 7-1617.

⁶¹ That is, if Council does not approve or disapprove the submission within 30 days of receipt from the Mayor, the plan is deemed approved.

Financial Plan Impact

Providing grant authority to DYRS does not have an impact on the budget and financial plan. However, any grants made pursuant to this authority could not exceed the approved DYRS budget in any given fiscal year.

TITLE VI – PUBLIC WORKS

Subtitle (VI)(A) – Driver Education Program and Fleet Program Amendment Act of 2009

Background

The proposed subtitle would give the Mayor broader authority over the use of funds in the Driver Education Program Fund ("Fund").⁶² Currently, the Mayor only has authority to use monies in the Fund towards driver education programs approved by the Department of Motor Vehicles (DMV). The proposed subtitle would broaden this authority to allow the Mayor to use these funds towards primary DMV functions and functional components enumerated in D.C. Official Code § 50-904.

The proposed subtitle would also eliminate the ability of motor vehicle fleet owners participating in the District's fleet program⁶³ to adjudicate violations listed in a monthly infraction report submitted to the fleet owner from the DMV. It also proposes to rename the "fleet adjudication program" to "fleet reconciliation program." Finally, the proposed subtitle would increase from 5 to 10 the minimum number of vehicles required to be owned or on long-term lease in order to be considered a "fleet" as defined in subsection (a) of D.C. Official Code § 50-2303.04a.

Financial Plan Impact

The DMV and the DMV Agency Fiscal Officer⁶⁴ have indicated that the removal of the adjudication aspect of the District's fleet program would allow DMV to eliminate two "Mail Adjudication Examiners" as a baseline change in the FY 2010 budget. This would result in expenditure reductions of approximately \$138,000 in FY 2010 and approximately \$585,000 over the budget and financial plan period.⁶⁵ These expenditure reductions would be used as cuts to the DMV budget in order to help achieve a balanced budget in FY 2010.

⁶² Effective April 3, 1982. D.C. Law 4-97; D.C. Official Code § 50-1405.01. Per subsection (b), deposits into the Fund are "five dollars of the fee received for each motor vehicle operator's permit issued by the District of Columbia..."

⁶³ Effective September 12, 1978. D.C. Law 2-104; D.C. Official Code § 50-2303.04a.

⁶⁴ An employee of the Office of the Chief Financial Officer.

⁶⁵ This figure includes the cost of associated fringe benefits.

The other provisions of the proposed subtitle would not have an impact on the District's budget and financial plan.

Fiscal Impact of Subtitle VI(A) - Driver Education Program and Fleet Program Amendment Act of 2009*					
Estimated Expenditure Reduction					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Reduction in Personnel Costs	(\$137,680)	(\$143,187)	(\$148,915)	(\$154,871)	(\$584,653)

* Out-year figures assume 4 percent annual growth to account for the calculated salary increases for these positions.

Subtitle (VI)(B) – Vehicle Inspection Improvement Amendment Act of 2009

Background

Current law states that "...all motor vehicles and trailers registered in the District of Columbia shall be inspected for safety and exhaust emissions at periodic intervals not more than 2 years apart."⁶⁶ The proposed subtitle would amend D.C. Official Code § 50-1101 and Title 18 of the District of Columbia Municipal Regulations (DCMR) to remove the referenced safety inspection requirement, *except* for the following:

- Buses not owned or leased by the Washington Metropolitan Area Transit Authority (semiannually);
- Taxicabs and other public vehicles for hire (semiannually);
- Commercial vehicles (annually); and
- Tow trucks (annually).

The proposed subtitle would also remove sections of the DCMR that pertain to vehicle re-inspection stations. According to the Department of Motor Vehicles (DMV), this is effectively a technical change since vehicle re-inspection stations have not existed in the District for the past few years.

Financial Plan Impact

The DMV and the DMV Agency Fiscal Officer⁶⁷ have indicated that, due to the removal of motor vehicle safety inspection requirement for most motor vehicles, the DMV plans to eliminate eight "Motor Vehicle Inspectors" as a baseline change in the FY 2010 budget. This would result in expenditure reductions of approximately \$400,000 in FY 2010 and approximately \$1.7 million over the budget and financial plan period.⁶⁸ These expenditure

⁶⁶ See D.C. Official Code § 50-1101

⁶⁷ An employee of the Office of the Chief Financial Officer.

⁶⁸ This figure includes the cost of associated fringe benefits.

reductions would be used as cuts to the DMV budget in order to help achieve a balanced budget in FY 2010.

Eliminating the requirement for vehicle safety inspections may lead to a marginal decrease in sales tax revenues to the extent that vehicle owners choose to forgo purchasing parts and/or labor needed to meet currently mandated safety standards.⁶⁹ However, since the extent to which vehicle owners will forgo such repairs is unknown, the associated sales tax revenue loss is also unknown.

Fiscal impact of Subtitle VI(B) - Vehicle Inspection Improvement Amendment Act of 2009* Estimated Expenditure Reduction					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Reduction in Personnel Costs	(\$399,863)	(\$415,858)	(\$432,492)	(\$449,791)	(\$1,698,004)

* Out-year figures assume 4 percent annual growth to account for the calculated salary increases for these positions.

Subtitle (VI)(C) – Equitable Parking Meter Rates Amendment Act of 2009

Background

The proposed subtitle would amend D.C. Law and D.C. Municipal Regulations to effectively redirect and make permanent parking meter revenue increases from temporarily increased meter rates⁷⁰ (approved by Council on December 16, 2008) to the District Department of Transportation (DDOT) Unified Fund⁷¹ (“Unified Fund”). The Equitable Parking Meter Rates Temporary Amendment Act of 2009,⁷² which established these parking meter rate increases on a temporary basis, provided that additional revenues were to be directed to five specific initiatives outside of DDOT.⁷³ The proposed subtitle would effectively strike this provision,⁷⁴ which by

⁶⁹ Per D.C. Official Code § 47-2001(n)(1)(I), labor associated with automobile repairs is subject to the retail sales tax.

⁷⁰ Equitable Parking Meter Rates Temporary Amendment Act of 2009. D.C. Act 17-713. Enacted January 28, 2009. The increased rates were enacted on an emergency basis at the December 16, 2008 legislative session.

⁷¹ See D.C. Official Code § 50-921.11. The Unified Fund was established by the FY 2008 Budget Support Act of 2007. D.C. Law 17-20. Effective September 18, 2007.

⁷² D.C. Act 17-713.

⁷³ These include affordable housing related to the City Market at O Street Tax Increment Financing Act of 2008; the Local Rent Supplement Program; the Housing First Program; the Home Purchase Assistance Program; and Temporary Assistance for Needy Families.

⁷⁴ The proposed subtitle actually repeals D.C. Act 17-713 entirely; however, it maintains language in A17-713 that increased meter fees. The only effective change to A17-713—in addition to making the fee increases permanent—is repealing language pertaining to the dedication of additional meter fee revenues to five initiatives outside of DDOT.

default would mean that 100 percent of the increased revenues would be permanently deposited into the Unified Fund.⁷⁵

The proposed subtitle would also repeal Section 2 of the Parking Meter Fee Moratorium Act of 2004 ("Act of 2004"),⁷⁶ in effect repealing the entire Act of 2004 since Section 2 is the only section that changed District law. The Act of 2004 provided for a "Saturday moratorium" whereby citations would not be issued for a parking meter fee violation at any time on a Saturday (except if a vehicle is parked for more than two hours) or on other days between the hours of 6:30 p.m. and 7:00 a.m.

Financial Plan Impact

Increasing parking meter rates and redirecting additional revenues to the Unified Fund on a permanent basis is estimated to yield approximately \$11.1 million in additional revenue annually.⁷⁷ Repealing the Saturday moratorium is estimated to yield approximately \$4 million in new revenues annually, which would also be deposited in the Unified Fund. Additional costs DDOT would incur due to increased parking enforcement could be absorbed within the proposed FY 2010 DDOT budget, in part due to additional revenues generated from the proposed subtitle.

Fiscal impact of Subtitle VI(C) -Equitable Parking Meter Rates Amendment Act of 2009*					
Estimated Revenue Impact					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Revenue Impact, Increasing Parking Meter Rates	\$11.1	\$11.1	\$11.1	\$11.1	\$44.4
Revenue Impact, Repealing Saturday Moratorium	\$4	\$4	\$4	\$4	\$16
Total Revenue Impact on the Unified Fund	\$15.1	\$15.1	\$15.1	\$15.1	\$60.4

* Revenues would be deposited in the DDOT Unified Fund.

⁷⁵ D.C. Official Code § 50-921.11(c)(5) provides that "...one hundred percent of the District's parking meter revenue" is to be deposited into the Unified Fund.

⁷⁶ Effective April 5, 2005. D.C. Law 15-273; D.C. Official Code § 50-2633.01.

⁷⁷ This is in effect "new" revenue for the purposes of the budget and financial plan since the temporary increases authorized by D.C. Act 17-713 would have expired approximately one month into FY 2010.

Subtitle (VI)(D) – District Department of Transportation Establishment Amendment Act of 2009

Background

The proposed subtitle would amend D.C. Official Code § 50-921.11(c)(4) with the intent to clarify that all public space rental fees are to be deposited in the District Department of Transportation (DDOT) Unified Fund⁷⁸ (“Unified Fund”), except that “...any incremental revenue generated by public space rental fees for vaults...shall be deposited into the Highway Trust Fund.” Current law states that “one hundred percent of the proceeds collected by the District for the rental of public space” is deposited into the Unified Fund, “...provided that 1/6 of revenue generated by public space rental fees for vaults shall be deposited into the Highway Trust Fund.”

The proposed subtitle also broadens the authorized use of funds from the Unified Fund to include paying for a portion of the District’s annual operating subsidies to the Washington Metropolitan Area Transit Authority.

Financial Plan Impact

The proposed subtitle would clarify existing law to ensure that the intended portions of vault rental fees are split between the Unified Fund and the Highway Trust Fund, and would broaden the authorized use of funds from the Unified Fund. Neither of these provisions would have an impact on the budget and financial plan.

Subtitle (VI)(E) – Performance Parking Pilot Zone Amendment Act of 2009

Background

The proposed subtitle would repeal Section 5 of the Performance Parking Pilot Zone Act of 2008⁷⁹ (“2008 Act”) to release restrictions placed on the District Department of Transportation’s (DDOT) use of revenues generated from performance parking pilot zones.

The 2008 Act established a “performance parking pilot program” and established two “pilot zones” (one in the ballpark area and the second in the Columbia Heights retail area), which allowed the Mayor to establish higher parking fees and fines within pilot zones in an effort to regulate the demand for on-street parking.

Section 5 of the 2008 Act provided that all revenue from curbside parking fees in each performance parking pilot zone would be assigned as follows:

⁷⁸ See D.C. Official Code § 50-921.11. The Unified Fund was established by the FY 2008 Budget Support Act of 2007. D.C. Law 17-20. Effective September 18, 2007.

⁷⁹ Effective November 25, 2008. D.C. Law 17-279.

- 20 percent for general purposes of the DDOT operating fund;
- Up to 60 percent to repay the cost of procurement and maintenance of new meters and signs in that zone;
- Up to 5 percent for meter maintenance and signs in that zone once the cost of meter procurement is paid in full; and
- The remaining balance for non-automobile transportation improvements in that zone.

As stated above, the proposed subtitle would repeal this section of the 2008 Act.

Financial Plan Impact

Releasing expenditure restrictions on revenues generated from the performance parking pilot program would likely have an immaterial impact on the budget and financial plan. These revenues would be deposited in the DDOT Unified Fund⁸⁰ and would be used in accordance with applicable laws relating to expenditures from the Unified Fund.

Subtitle (VI)(F) – District of Columbia Taxicab Commission Establishment Amendment Act of 2009

Background

The proposed subtitle would amend D.C. Official Code § 50-320 to change the law governing expenditures from the District of Columbia Taxicab Commission (“Commission”) Fund (“Fund”). Current law provides that the Fund “...shall be used exclusively by the Commission for the payment of its expenses arising from any investigation or proceeding by the Commission concerning taxicab rates and regulations and for any taxicab related matters...” The proposed subtitle would amend this subsection to provide that the Fund would be required to be used to “...pay the costs of the Commission, including the costs of operating and administering programs, investigations, proceedings, and inspections of the Commission, including any costs for improving the District’s taxicab fleet.” The intent of this amendment is to loosen restrictions on expenditures from the Fund.

The proposed subtitle would eliminate the requirement that the Commission submit to Council for approval an annual plan of expenditure of monies in the Fund, and would eliminate the requirement for the Commission to submit an annual report to the Council on all assessment income received and disbursements made from the Fund during the previous fiscal year.

The proposed subtitle would clarify that the Commission, in lieu of the Public Service Commission, would be responsible for levying assessments against taxicab operators. It would also clarify that assessments are levied against “passenger vehicles for hire” in addition to

⁸⁰ See D.C. Official Code § 50-921.11. The Unified Fund was established by the FY 2008 Budget Support Act of 2007. D.C. Law 17-20. Effective September 18, 2007.

taxicab operators. Both of these amendments are legal/technical in nature as they reflect current practice.

Financial Plan Impact

Providing the Commission with greater flexibility in how monies in the Fund are expended would not have an impact on the budget and financial plan. Repealing the Commission's expenditure approval plan and reporting requirements, thus creating marginal administrative savings for the Commission, would likely have an immaterial impact on the budget and financial plan. Other amendments are technical in nature and would not impact the budget and financial plan.

Subtitle (VI)(G) – Deposit of Motor Vehicle Insurance Fines Amendment Act of 2009

Background

The proposed subtitle is intended, in part, to reduce a budget gap in the Local General Fund by redirecting revenues to the Local General Fund that are currently dedicated to a Special Purpose Revenue Account. Specifically, the proposed subtitle would strike D.C. Official Code subsections § 31-2413(d) and § 3-1357(2), which pertain to motor vehicle insurance violations fines and revenues that are dedicated to an O-type account. Enactment of the proposed subtitle would mean that fines for motor vehicle insurance violations listed in § 31-2413(a) would no longer be dedicated to the Motor Vehicle Theft Prevention Fund ("Fund")⁸¹ and instead would be deposited into the Local General Fund.

Financial Plan Impact

The Office of Revenue Analysis has certified that approximately \$250,000 would be deposited into the Fund in FY 2010 and in each of the out-years. Therefore, enactment of the proposed subtitle would create an additional \$250,000 for the Local General Fund annually and would reduce revenues currently dedicated to the Fund by an equal amount. So long as expenditures out of the Fund are reduced by \$250,000 in FY 2010 and in each of the out years, funds are sufficient in the proposed FY 2010 through FY 2013 budget and financial plan to implement the proposed subtitle.

⁸¹ See D.C. Official Code § 3-1356 and § 3-1357. The Fund was established by D.C Law 17-197, the Motor Vehicle Theft Prevention Act of 2008, and became effective on July 18, 2008. It was later amended by subtitle III(H) of the FY2009 Budget Support Act of 2008, which provided a maximum allowable amount of revenues that could be deposited into the Fund in each fiscal year: "...\$275,000 in fiscal year 2009, \$750,000 in fiscal year 2010, \$1 million in fiscal year 2011, and increased annually, beginning in fiscal year 2012, by 5%."

Fiscal Impact of Subtitle VI(G) - Deposit of Motor Vehicle Insurance Fines Amendment Act of 2009					
Estimated Impact on the Special Purpose Revenue Account and the Local General Fund					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Reduction to SPR Account	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$1,000,000)
Increase to Local General Fund	\$250,000	\$250,000	\$250,000	\$250,000	\$1,000,000

Subtitle (VI)(H) – Street Light Operation and Maintenance Fee Act of 2009

Background

The proposed subtitle would create a fee to cover the cost of the operation and maintenance of street lights in the District, to be known as a "Street Light User Fee" ("Fee"). The Fee would be billed and collected monthly by the Potomac Electric Power Company (PEPCO), or any other electric company, with the following charges to PEPCO's or another electric company's customers in the District of Columbia:

- \$4.25 per month for residential customers;
- \$16.75 per month for commercial customers; and
- \$42.00 per month for all other customers.

A landlord would not be allowed to pass the Fee to a tenant that is more than the Fee prescribed by the Director of the District Department of Transportation (DDOT). The Mayor would be authorized to offer financial assistance through the Energy Assistance Trust Fund⁸² to mitigate the impact of any Street Light User Fees on low-income residents of the District.

The Director of DDOT would be authorized to modify the Fee and method for collecting the Fee by rulemaking. Fees would be used by DDOT to cover the costs associated with the operation and maintenance of streetlights in the District, including all associated administrative, operating, and capital costs.

The proposed subtitle would also create, within DDOT, the Street Light Operation and Maintenance Fund ("Street Light Fund"), a non-lapsing segregated account within the General Fund of the District of Columbia. All revenues, proceeds, and moneys collected from the Fee would be credited to the Fund and would not be transferred to, lapse into, or be commingled with the General Fund, the DDOT Unified Fund, the Highway Trust Fund, or any other funds or accounts of the District of Columbia. The proposed subtitle would direct PEPCO or another

⁸² As established by section 211 of the Clean and Affordable Energy Act of 2008, effective October 22, 2008. D.C. Law 17-250; D.C. Official Code § 8-1774.11.

electric company to deposit all revenues, proceeds, and moneys collected from the Fee to the Street Light Fund

Financial Plan Impact

Based on the proposed fee structure and PEPCO data on the three classes of its customers, the Street Light User Fee is estimated to generate approximately \$12 million in annual revenue to be deposited into the Street Light Fund.

Fiscal Impact of Subtitle VI(H) - Street Light Operation and Maintenance Fee Act of 2009					
Estimated Revenue Impact					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Revenue Increase to Street Light Fund	\$12	\$12	\$12	\$12	\$48

Subtitle (VI)(I) – D.C. Taxicab License Fee Amendment Act of 2009

Background

The proposed subtitle would amend D.C. Official Code § 50-301 *et seq.* to authorize the Chairperson of the District of Columbia Taxicab Commission ("Commission") to set new license fees before October 1, 2009, and establish higher fees related to several categories of taxi and limousine licenses, as shown in the table below. The proposed subtitle also strikes minimum license fee requirements and also strikes a moratorium on the issuance of licenses to operate a taxicab company, association, or fleet.

Taxi and Limo License Fees – FY 2009 versus proposed FY 2010*				
Fee Type	FY 2009	FY 2010	Amount increase	Percent increase
Taxi Hacker	\$192	\$250	\$58	30%
New Taxi Hacker	\$96	\$125	\$29	30%
Taxi Driver, "Not for Hire"	\$46	\$100	\$54	118%
Taxi Business	\$350	\$475	\$125	36%
Limo Hacker	\$92	\$250	\$158	172%
New Limo Hacker	\$46	\$125	\$79	172%
Inter-jurisdictional Limos with and without WMATC** authorization	\$35	\$200	\$165	471%
DC-based Limo Organization	\$350	\$475	\$125	36%
DC-based Independent Limo	\$100	\$250	\$150	150%

* This table shows *effective* fee rates for each category. For instance, the fees listed for "Taxi Hacker" combine face license and assessment fees. Hacker fees, except for new hacker fees, are for two year licenses. The Commission reports that nearly all hackers purchase two year licenses upon the expiration of the one-year new hacker license.

** Washington Metropolitan Area Transit Commission.

Financial Plan Impact

Implementation of the proposed fee increases would generate an estimated \$382,000 in FY 2010 and \$1.53 million over the FY 2010 through FY 2013 budget and financial plan period. These funds would be deposited into the Local General Fund. Historical data indicate a stable annual revenue stream from taxi and limo fees, in large part because approximately half of the licensed taxi and limo hackers renew their two-year licenses each year (as opposed to having larger influxes of two-year license revenues in either even or odd years).

Fiscal Impact of Subtitle VI(I) - D.C. Taxicab License Fee Amendment Act of 2009					
Revenue Impact of the Proposed Fee Structure					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Revenue Increase to Local General Fund	\$382,000	\$382,000	\$382,000	\$382,000	\$1,528,000

TITLE VII – FINANCE AND REVENUE

Subtitle (VII)(A) – Elimination of Subject-to-Appropriations Amendment Act of 2009

Background

The proposed subtitle repeals the “subject-to-appropriations” clauses in the Southwest Waterfront Bond Financing Act of 2008⁸³ (Section 401), the National Public Radio Property Tax Abatement Act of 2008⁸⁴ (Section 3), City Market at O Street Tax Increment Financing Act of 2008⁸⁵ (Section 15), the Georgia Commons Real Property Tax Exemption and Abatement Act of 2007⁸⁶ (Section 3), and the Urban Institute Real Property Tax Abatement Emergency Act of 2008⁸⁷ (Section 3), thereby including the funding for these projects in the FY 2010 through FY 2013 budget and financial plan.

Financial Plan Impact

By authorizing various real property tax abatements and reductions in sales tax collections, the proposed subtitle would reduce revenue collections by \$492,000 in FY 2010 and \$19.02 million over the FY 2010 through FY 2013 financial plan period. The total negative impact on revenue of the proposed legislation is \$492,000 in FY 2010 and \$19.02 million in the FY 2010 through FY 2013 financial plan period. Additionally, the District would need to budget \$5 million in FY

⁸³ Effective October 22, 2008, D.C. Law 17-252; 55 DCR 9251.
⁸⁴ Effective August 29, 2008, D.C. Law 17-220; 55 DCR 8235.
⁸⁵ Effective November 28, 2008, D.C. Law 17-278; 55 DCR 11050.
⁸⁶ Effective February 27, 2008, D.C. Law 17-113; 55 DCR 1866.
⁸⁷ Enacted January 06, 2009, Act 17-648.

2012 for the City Market at O Street Project to reflect the fact that the Downtown TIF area is backing up the TIF Bonds that would be issued for this project. This would be a one-time non-lapsing appropriation so long as the TIF revenues are sufficient to pay debt service. If they are not sufficient, an additional appropriation would be necessary to the extent the Downtown TIF revenues.

Fiscal Impact of Subtitle VII(A) – Elimination of Subject-to-Appropriations Provisions Act of 2009					
Estimated Reduction in Revenue Collections					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Georgia Commons ^a	(\$0.10)	(\$0.33)	(\$0.33)	(\$0.33)	(\$1.08)
Southwest Waterfront ^b	-	(\$4.00)	(\$4.00)	(\$4.00)	(\$12.00)
National Public Radio ^c	(\$0.19)	(\$0.21)	(\$0.24)	(\$2.40)	(\$2.86)
City Market at O Street ^d	-	-	-	-	-
Urban Institute ^e	(\$0.20)	(\$0.65)	(\$0.93)	(\$1.50)	(\$3.08)
Total Revenue Reductions	(\$0.49)	(\$5.19)	(\$5.49)	(\$8.23)	(\$19.02)

^a Funding D.C. Law 17-113 would abate the full property tax obligation for FY 2010 while the property is being constructed. Based on the information received from the property developer, construction of the property will be completed by December 2010. The post-construction abatement values starting in FY 2011 are fixed by legislation and are independent of property values.

^b This estimate delays the fiscal impact detailed in the original fiscal impact statement (issued on May 15, 2008) by one year. This delay would be made effective by Subtitle II(O) of the Mayor’s proposed FY 2010 Budget Support Act of 2009, which prohibits the District conveyance of land to the developer until FY 2011. This conveyance would trigger the loss of revenues detailed in the May 15, 2008 fiscal impact statement. \$4 million represents the annual foregone sales tax revenues as a result of the development project, which will close the current businesses on the site. Additionally upon the completion of construction, the city will be required to budget up to \$20 million (a one-time allocation) to support the TIF/PILOT bonds. The bonds are expected to be issued in FY 2015—outside the financial plan period.

^c Funding D.C. Law 17-220 would limit the assessed property value growth on National Public Radio’s current location to 3 percent annually—below the expected growth in property values for that area. Additionally, D.C. Law 17-220 fixes the property tax for NPR’s new location at its 2008 level for 20 years.

^d An appropriation will be needed in FY 2012 to reflect the back-up from the Downtown TIF area.

^e The amounts reflected in this table are the tax credits approved by Act 17-648.

Subtitle (VII)(B) – Sales Tax Applicability Amendment Act of 2009

Background

The proposed subtitle amends Chapter 20 of Title 47 of the D.C. Official Code to eliminate time-sensitive exemptions to the applicability of the gross sales tax, commonly known as the “Sales Tax Holiday.”

Financial Plan Impact

The proposed subtitle would increase the sales tax revenue collections by \$1.28 million in FY 2010 and \$5.59 million in the FY 2010 through FY 2013 budget and financial plan period.

Fiscal impact of Subtitle VII(B) - Sales Tax Applicability Amendment Act of 2009					
Estimated Increase in Sales Tax Collections					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Increase in Sales Tax Collections	\$1.28	\$1.36	\$1.44	\$1.51	\$5.59

Subtitle (VII)(C) – Board of Real Property Assessments and Appeals Amendment Act of 2009

Background

The proposed subtitle amends D.C. Official Code § 47-412 to allow the Office of Tax and Revenue to take a tax related action on the following business day, should the last day of the allowable period for that action fall on Saturday, Sunday or a legal holiday.

The proposed subtitle also amends the rules that regulate the operation of the Board of Real Property Assessments and Appeals (BRRPA). Specifically, the proposed subtitle amends § 47-825.01 to:

1. Allow the Mayor to remove a member of the Board for cause as determined by the Mayor;
2. Ease quorum requirements for BRRPA by allowing one member of BRPAA to review an appeal for individually owned single-family home or condominium units (two members for all other properties) unless the appellant and the Mayor request that the appeal shall be reviewed by a 3-member panel;
3. Enumerate additional rules for signing the decisions by the reviewer(s) and distribution of the Board’s decision; and
4. Authorize the Mayor to appeal any BRPAA decision on property value or classification to the Superior Court of the District of Columbia (not including decisions on single family residential property or condominium units), and outlines the process for such appeals.

Financial Plan Impact

The proposed subtitle amends the operational rules of BRPAA and does not have a direct impact on the budget and financial plan. Changing the operational rules of BRPAA through easing of quorum rules, increasing the transparency of its decisions, and creating the authority to appeal BRPAA rules may change the financial implications of BRPAA decisions, but since the District of Columbia government does not have any control on BRPAA decisions or experience with

decisions under the proposed rules, it is not possible to estimate the net financial impact of the proposed subtitle.

Subtitle (VII)(D) – Class 2 Property Tax Rate Amendment Act of 2009

Background

The proposed subtitle amends § 47-812(b-9) of the D.C. Official Code to eliminate the requirement to recalculate the Class 2 property tax rate on the first \$3 million of the property value, triggered by at least a 10 percent annual increase in the commercial property tax collections.

Financial Plan Impact

Because the current financial plan does not foresee 10 percent or more annual growth in commercial property tax collections, the proposed subtitle does not have an impact on the budget and financial plan.

Subtitle (VII)(E) –Fiscal Year 2010 Expenditure of Dedicated Taxes Amendment Act of 2009

Background

The proposed subtitle amends the "Neighborhood Investment Act of 2004" (D.C. Law 15-131; D.C. Official Code 6-1071 *et seq.*) to authorize up to \$11.57 million to be expended from the Neighborhood Investment Fund (NIF) in FY 2010 for the following purposes:

- New Communities human capital activities;
- Community-serving projects implemented by the Department of Parks and Recreation, Commission on Arts and Humanities, Department of Human Services, Department of Health, and Office of the Deputy Mayor for Planning and Economic Development;
- Grants or other financial support for community-serving non-profits;
- Operating expenses of community development projects administered by the District;
- Operating expenses of the District's economic development and community development activities; and
- Such other expenses as may be included in the FY 2010 budget or a reprogramming.

Financial Plan Impact

The existing balance in the NIF is approximately \$22 million. In FY 2010, \$10 million will be dedicated to the NIF, bringing the balance to approximately \$32 million. Expected expenditures

from the NIF in FY 2010 total \$16.9 million, according to the FY 2010 NIF Implementation Plan. Therefore, the remaining NIF balance available in FY 2010 would be approximately \$16 million. The NIF could absorb the additional \$11.57 million in expenditures in the proposed subtitle.

Subtitle (VII)(F) – Operating Cash Reserve Amendment Act of 2009

Background

The proposed subtitle amends “Limitation on Borrowing and Establishment of the Operating Cash Reserve Act Of 2008”⁸⁸ to relax the allocation and expenditure rules for the Operating Cash Reserve established by the same Act. Specifically, the proposed subtitle removes the minimum annual allocation requirements for the Operating Cash Reserve and allows for expenditure of these reserves at any time during the year. Finally, the proposed subtitle removes the requirement that the Operating Cash Reserve be made available for potential transfer to the Washington Metropolitan Area Transit Authority Fund⁸⁹.

Financial Plan Impact

The proposed legislation allows for flexibility by removing the minimum allocation requirements and the spending rules on the Operating Cash Reserve. As such, it would not have an impact on the budget and financial plan.

Subtitle (VII)(G) – Process for Specified Grants Amendment Act of 2009

Background

Section 1014 of the Specified Funding Allocations Act of 2007⁹⁰ requires the Office of Partnerships and Grants Development (OPGD) to establish uniform guidelines for the application for and reporting on any grants received from any entity of the District of Columbia Government. The guidelines must include a description of the project scope, budget, program activities, timelines, performance, and any appropriate financial information. The stated intent is to ensure a transparent process for issuing and managing grants.

The proposed subtitle would repeal Section 1014, and thus eliminate the OPGD grant reporting requirements enumerated in that section.

⁸⁸ Enacted on January 16, 2009, D.C. Act 17-0695, D.C. Official Code § 47-392.02.

⁸⁹ The transfer of funds to the Metropolitan Area Transit Authority Fund is contingent on Maryland and Virginia’s commitment to similar transfers.

⁹⁰ Subtitle I(B) of the FY 2008 Budget Support Act of 2007, effective September 8, 2007. D.C. Law 17-20; D.C. Official Code § 1-333.12.

Financial Plan Impact

The proposed subtitle would reduce resource needs for the OPGD in order to help OPGD stay within the budget proposed in the Mayor’s FY 2010 through FY 2013 budget and financial plan submission.

Subtitle (VII)(H) – School Modernization Financing Amendment Act of 2009

Background

By repealing subsections (a)(4) through (a)(6) and (b) of D.C. Official Code § 47-305.02, the proposed subtitle would eliminate the requirement that the Mayor’s proposed budget provide a minimum level of funding for the Office of Public Education Facilities Modernization (OPEFM).

Financial Plan Impact

By eliminating the requirement to fund the OPEFM budget, the proposed subtitle would free sales tax revenues that are currently dedicated to school modernization spending. Thus the Mayor’s proposed budget could use sales tax revenues of \$112.36 million in FY 2010, and \$500.04 million in the FY 2010 through FY 2013 financial plan period for other expenditure items.

The Mayor’s proposed budget reflects his intent to fund school modernization through bond financing rather than Pay Go capital. The OCFO estimates that including school modernization needs in the bond financing could be done within the existing debt service cap of 12 percent.

Subtitle (VII)(I) – Owner-Occupant Residential Tax Credit Amendment Act of 2009

Background

The proposed subtitle repeals D.C. Official Code § 47-864.01 and amends § 47-864 to require that the taxable assessment of each homestead be no less than 40 percent of the assessed market value.

Financial Plan Impact

Due to the interplay of the property tax cap on assessments and the homestead exemption, the taxable assessments of 21,898 Class I homesteads (23 percent of all such homesteads) are less than 40 percent of the assessed market values of these properties. By requiring that the taxable assessment for each homestead equal at least 40 percent of its assessed market value, the

proposed subtitle would increase real property tax collections by \$5.2 million in FY 2010 and by \$20.3 million in the FY 2010 through FY 2013 budget and financial plan period.

Fiscal impact of Subtitle VII(I) – Owner-Occupant Residential Tax Credit Amendment Act of 2009					
Estimated increase in revenue collections					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Estimated increase in real property tax collections	\$5.2	\$5.0	\$4.9	\$5.2	\$20.3

Subtitle (VII)(J) – Interest Expense and Intangible Expense Paid To Related Parties Disallowance Act of 2009

Background

The proposed subtitle amends Chapter 18 of Title 47 of D.C. Official Code to disallow, for District of Columbia income tax purposes, the deduction of interest expenses and intangible expenses related to certain transactions between a business taxable by the District of Columbia and a related out-of-state company.

Specifically, the proposed subtitle amends D.C. Official Code § 47-1803.03 which regulates deductions from gross income by excluding royalty payments from such deductions⁹¹ and disallowing deductions and deductible interest expense or intangible expense with respect to certain transactions between a District business and a closely related out-of-state company, barring certain exceptions.⁹² The subtitle also provides detailed rules and definitions to clarify what such exceptions might be.

Financial Plan Impact

By closing what is commonly known as “Delaware Holding Company” loophole (corporations using related out-of-state companies to shelter income from taxation by the District of Columbia Government)⁹³, the proposed subtitle would increase corporate income tax collections by \$10 million in FY 2010 and \$46.4 million in the FY 2010 through FY 2013 financial plan period.

⁹¹ This is done through repealing paragraph (a)(19) of D.C. Official Code § 47-1803.03.

⁹² Paragraph (d) of D.C. Official Code § 47-1803.03

⁹³ For example, the DC firm may be required to pay license or royalty fees to the PIC, which may serve as the holder of trademarks or other intangible assets. The fees paid by the D.C. firm are deductible, while the income from intangible assets is generally not taxable in Delaware and certain other jurisdictions. This proposal closes this loophole.

Fiscal Impact of Subtitle VII(J) - Interest Expense and Intangible Expense Paid To Related Parties Disallowance Act of 2009					
Estimated Increase in Revenue Collections					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Increased Corporate Income Collections	\$10.0	\$11.2	\$12.3	\$12.9	\$46.4

Subtitle (VII)(K) – Economic Interests in Real Property Clarification Amendment Act of 2009

Background

The proposed subtitle amends the “Real Estate Deed Recordation Tax Act of 1962”⁹⁴ to clarify that transfers of shares in a cooperative housing association (“co-op”) are subject to taxes levied on the transfer of economic interests.

At present, co-op owners are exempt from deed and transfer taxes. The sale of a co-op unit is a transfer of an economic interest since no deed is recorded or transferred. The proposed subtitle would require co-op sales to be taxed under an equivalent economic interest tax, which is set at 1 percent of fair market value for residential property transfers of less than \$400,000 and at 1.45 percent for transfers at all other values.

Financial Plan Impact

By expanding the economic interest tax base to include the sale of co-op units, implementation of the proposed subtitle is estimated to generate approximately \$5.1 million in FY 2010 and \$22.9 million over the FY 2010 through FY 2013 budget and financial plan period.

Fiscal impact of Subtitle VII(K) – Economic Interests in Real Property Clarification Amendment Act of 2009					
Estimated Increase in Revenue Collections					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Increase in Economic Interest Tax Revenues	\$5.1	\$5.2	\$6.0	\$6.6	\$22.9

⁹⁴ Approved March 2, 1962 (76 Stat. 11; D.C. Official Code § 42-1102.02).

Subtitle (VII)(L) – Tax Deduction Amendment Act of 2009

Background

By eliminating the requirement to peg changes in the homestead deduction amount (for real property tax purposes) and standard deduction and personal exemption (for personal income tax purposes) to the Consumer Price Index, the proposed subtitle would permanently fix these deductions at their FY 2009 levels. Specifically, the proposed subtitle would fix the homestead deduction at \$67,500⁹⁵; fix the standard deduction at \$2,000 for married person filing separately and \$4,000 for single individual filers, heads of households, surviving spouses, joint-filers—husband and wife or domestic partner⁹⁶; and fix the personal exemption at \$1,675.⁹⁷

Financial Plan Impact

Implementation of the proposed subtitle is estimated to reduce tax expenditures by \$7.3 million in FY 2010 and \$48.1 million over the FY 2010 through FY 2013 budget and financial plan period. These amounts can be used to support any other expenditure item supported by the Local General Fund.

Fiscal Impact of Subtitle VII(L) - Tax Deduction Amendment Act of 2009					
Estimated Reductions in Tax Expenditures					
(In millions of \$)					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Homestead Deduction	\$2.1	\$2.2	\$2.2	\$2.3	\$8.8
Standard Deduction	\$2.9	\$4.6	\$6.4	\$8.3	\$17.1
Personal Exemption	\$2.3	\$3.6	\$4.9	\$6.3	\$22.2
Total Reductions in Tax Expenditures	\$7.3	\$10.4	\$13.5	\$16.9	\$48.1

Subtitle (VII)(M) – Tax Compliance Act of 2009

Background

The proposed subtitle adds a new chapter, Chapter 47, to Title 47 of the D.C. Code to allow a tax amnesty that suspends penalties for a designated period in fiscal period 2010.

⁹⁵ This is done by amend D.C. Official Code § 47-1801.01(a)(1) to repeal current law that increases the annual homestead deduction in tandem with the Washington Area Consumer Price Index.

⁹⁶ This is done by amending D.C. Official Code § 47-1801.04.

⁹⁷ This is done by amending D.C. Official Code § 47-1806.02.

Financial Plan Impact

An amnesty program in FY 2010 covering taxes, except for real property taxes, owed by individuals and corporations for any tax period ending on or before December 31, 2008 would result in one-time revenue of \$20 million.

Subtitle (VII)(N) – Recovery Act Tax Deduction Decoupling Act of 2009

Background

The American Recovery and Reinvestment Act of 2009 provides for the deduction from personal income of the sales and excise taxes on the sales of new motor vehicles through December 31, 2009, and the deferral of income generated when firms cancel debt or repurchase debt for an amount less than the issue price. The proposed subtitle would amend D.C. Official Code § 47-1803⁹⁸ to decouple District of Columbia from federal tax laws for the purposes of calculating the generally allowed deductions for individuals and deductions excluded in the computation of District gross income for corporations.

With these amendments, the District can continue to impose an excise tax on motor vehicles (at rates of 6 to 8 percent of the value depending on the weight of the car), and tax income generated through debt cancellation or debt repurchase.

Financial Plan Impact

By allowing the District to decouple from federal tax laws, the proposed subtitle allows the District of Columbia to keep its tax base intact. Should the District not decouple from federal laws, it can lose up to \$870,000 in excise tax revenues and up to \$19.6 million in corporate income taxes.

⁹⁸ Specifically § 47-1803.032(b) and § 47-1803.02(a)(2).