


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



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Kwame R. Brown  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** March 23, 2012

**SUBJECT:** Fiscal Impact Statement – “Fiscal Year 2013 Budget Support Act of 2012”

**REFERENCE:** Draft legislation shared with the Office of Revenue Analysis on March 23, 2012

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**Conclusion**

Funds are sufficient in the proposed FY 2013 through FY 2016 budget and financial plan to implement the proposed Fiscal Year 2013 Budget Support Act of 2012.

The proposed FY 2013 budget and the FY 2013 through FY 2016 financial plan account for the expenditure and revenue implications of the proposals described in the subtitles included in the bill.<sup>1</sup> The initiatives in the Fiscal Year 2013 Budget Support Act of 2012 combined with the Mayor’s programmatic choices provide sufficient funds to balance the estimated expenditures of \$5.85 billion<sup>2</sup> in the proposed General Fund FY 2013 budget.

Subtitle (I)(D) of the bill, the “Public Sector Workers’ Compensation Return to Work Clarifying Amendment Act of 2012” expands the District’s authority for obtaining income and benefits information from District employees who are receiving disability compensation. The Mayor is proposing to spend \$19.6 million on disability compensation in FY 2013, partly relying on savings from the implementation of this subtitle. To compare, the expenditures for disability compensation have ranged between \$24.8 million and \$38.3 million over the past seven years. An additional \$2 million is set aside to cover possible budget overruns, but if new efforts to stop payments to

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<sup>1</sup> The FY 2013 Mayor’s Proposed Budget includes \$5.85 billion in spending supported by \$5.86 billion of resources, with an operating margin of \$0.7 million.

<sup>2</sup> This figure excludes transfers to Enterprise Funds and the cost of Other Post Employment Benefits (OPEB) for FY 2012. Planned use of local funds for FY 2012 including transfers and OPEB equal \$6.60 billion.

The Honorable Kwame R. Brown

FIS: Fiscal Year 2013 Budget Support Act of 2012, Legislation submitted to the Council on March 23, 2012

disabled workers who are able to return to work are not effective, the proposed FY 2013 budget of \$19.6 million will result in a spending pressure.

*The bill, the "Fiscal Year 2013 Budget Support Act of 2012," is the legislative vehicle for adopting statutory changes needed to implement the Mayor's proposed budget for the FY 2013 through FY 2016 budget and financial plan period. The purpose and the impact of each subtitle are summarized in the following pages.*

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## **TITLE I- GOVERNMENT DIRECTION**

### **Subtitle (I)(A) – Bonus and Special Pay Limitation Act of 2012**

#### **Background**

The proposed legislation would prohibit the District from awarding performance-related bonuses, special awards pay, and service awards in FY 2013. Retirement awards, hiring bonuses and additional income allowances for difficult-to-fill positions, agency awards or bonuses funded by private grants or donations, safe driving awards, suggestion or invention awards, and any other award or bonus required by an existing contract or collective bargaining agreement are exempted from the requirements of this provision. Additional exemptions include gainsharing incentives in the Department of Public Works and District of Columbia Public Schools teachers eligible for special awards pay and bonus pay.

#### **Financial Plan Impact**

The proposed subtitle would prohibit the use of agency resources towards performance-related bonuses. The impact of the proposed subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

### **Subtitle (I)(B) – Health Benefit Plan Contribution Amendment Act of 2012**

#### **Background**

This subtitle would increase<sup>3</sup> District's contributions towards its health benefits plan from 72 percent to 75 percent of insurance premiums.

#### **Financial Plan Impact**

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. District's health insurance premium contributions are projected to increase by approximately \$6.9 million in FY 2013, \$5.9 million of which is supported by local funds, approximately \$312,000 by special purpose revenue and dedicated taxes, and the remainder by a combination of federal and private funds.

### **Subtitle (I)(C) – District of Columbia Facilities Service Request Fund Establishment Amendment Act of 2012**

#### **Background**

The proposed subtitle establishes<sup>4</sup> the District of Columbia Facilities Service Request Fund, a special purpose revenue fund, to receive all monies collected from non-District government tenants

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<sup>3</sup> The subtitle amends § 2109 of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective October 1, 1987 (D.C. Law 7-27; D.C. Official Code § 1-621.09).

for services provided by the Department of General Services (DGS). The fund will support facility-related services at real property under the control of DGS.

### **Financial Impact**

The fiscal impact of this subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. This fund is intended to be a fee-for-service program so the District would not have to use its own money to provide certain services for tenants. The fund is projected to collect between \$800,000 and \$1,000,000 to be spent on services to tenants within DGS controlled buildings.

### **Subtitle (I)(D) – Public Sector Workers’ Compensation Return to Work Clarifying Amendment Act of 2012**

#### **Background**

This subtitle would expand<sup>5</sup> the District’s authority for obtaining income and benefits information from District employees who are receiving disability compensation. Employees would be required to submit to the Mayor information regarding all income so the District can avoid making ongoing disability compensation payments to those who are no longer disabled and are earning compensation at a new job. An employee who fails to submit the required income information or lies about income information will lose all rights to disability compensation from the District, and may have to return compensation they have already received from the District.

#### **Financial Impact**

The Mayor is proposing spending \$19.6 million on disability compensation in FY 2013 through the Office of Risk Management (ORM). An additional \$2 million has been set aside within the ORM budget to cover possible expenditures over this budget. The budget for disability compensation has ranged between \$24.8 million and \$38.3 million over the past seven years. New efforts to stop payments to employees who are able to return to work may result in some savings, but these savings are not yet proven.

### **Subtitle (I)(E) – Delinquent Debt Recovery Act of 2012**

#### **Background**

This subtitle would authorize the Office of the Chief Financial Officer (OCFO) to pursue the collection of outstanding debts owed to the District. This would include authorization to:

- Centralize the collection of delinquent debts owed to the District within the Central Collections Unit of the Office of Finance and Treasury;

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<sup>4</sup> The proposed subtitle amends the Department of General Services Establishment Act of 2011, effective September 14, 2011 (D.C. Law 19-21; D.C. Official Code §10-551.01 *et seq.*)

<sup>5</sup> The proposed subtitle amends the Comprehensive Merit Personnel Act of 1979, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-601.01 *et seq.*)

- Authorize the Central Collections Unit to collect delinquent debt owed to the District;
- Receive funding and to pay the costs and expenses associated with the collection of delinquent debt owed to the District;
- Impose fees on debtors to cover costs associated with the collection of delinquent debt;
- Impose a fee to be paid by each person who gives in payment of a District obligation a check that is subsequently dishonored;
- Establish a special non-lapsing fund to be designated the Delinquent Debt Fund, from which the activities of the Central Collections Unit would be funded. The remaining amount, less ten percent that shall be retained as a reserve operating balance, shall revert to the General Fund;
- Establish a lien for the payment of delinquent debts;
- Authorize suspension of issuance of licenses and permits to delinquent debtors;
- Authorize reciprocal offset agreements and settlement agreements related to delinquent debts; and
- Establish a limitation of time for bringing actions.

Existing outstanding debt to the District from fines and fees is projected to be approximately \$395 million, \$380 million of which is in the form of delinquent tickets, fines, and fees to the Department of Motor Vehicles (DMV). The DMV turns over delinquent debtors to its outside collection contractor after 100 days. According to the DMV, the collection contractor has collected approximately 11 percent of the older debt from FY 1999 to FY 2007. The contractor has collected approximately 24 percent of the more recent debt, from FY 2008 to the present. For FY 2011, the DMV projected the contractor would collect approximately \$21.5 million, 20 percent of which will remain with the collection agency as a fee.<sup>6</sup> Past collections have typically ranged between \$14 million and \$17 million per year, for a total of \$65 million collected since the collection agent contract began in FY 2008.

### **Financial Plan Impact**

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

The Office of Revenue Analysis (ORA) projects one-time costs in FY 2013 of \$3.55 million to establish an office to centralize the collection of these debts, and recurring costs of \$1.54 million for the new office and staff of 9 full-time employees (FTEs). ORA projects collection of outstanding debts will increase by approximately \$10 million each year. The one-time costs for starting a centralized debt collection office within the Office of Finance and Treasury are \$3.55 million to purchase and develop the technology infrastructure necessary to move the information on the debts and debtors into a single database.

The 9 FTEs that are projected to make up the staff of the new office will include one manager, one supervisory accountant, one IT analyst, 5 collections analysts and one cashier. The 9 FTEs are projected to cost \$719,000 annually for salaries and benefits and non-personnel expenditures such as communications and technology are projected to cost an additional \$820,000 annually, for a total of \$1.54 million annually beginning in FY 2013.

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<sup>6</sup> This amount excludes the collections from the recent ticket amnesty program that started in August 1, 2011 and continued through January 27, 2012.

The current collection contract has collected between \$14 million and \$17 million in past due debt annually from FY 2008 to the present. ORA projects that the new Central Collections Unit will be able to collect an additional \$10 million each year above the collection agency's amount. Of this amount, the first \$5 million would be a pre-payment on the existing debt by the collection agency through which the Office of Finance and Treasury will collect old debt. The OCFO has discussed with collection agencies how the contract can be written to provide this advance pre-payment to the District, and then revert to a percentage contract once the agency recovers the initial amount through collections. The contract would be subject to the District's procurement laws.<sup>7</sup>

In the subsequent years, the debt collection would be improved in two ways. First, the expenses of debt collection would be added to the existing fines. Under the current contract, the collection agency withholds 20 percent of the collections to cover its costs. The proposed legislation grants the OCFO the authority to levy a collection fee on the debtor to pay for the costs of the debt collection. Thus, under the OCFO regime, this amount would be passed on to the person who owes the fine. ORA projects that this change in the payment of the fees will increase annual collections of delinquent debt by \$3 million.

Additionally, new efforts are expected to increase collections by \$7 million annually. The OCFO will use the new authorities granted by the proposed legislation and the new, dedicated staff to pursue outstanding debt in addition to the existing efforts by the debt collection contractor. The proposed legislation grants the OCFO the authority to sell existing debt, establish reciprocity agreements across state lines, and authorize liens and suspend licenses. According to DMV, Virginia residents owe more than \$80 million and Maryland residents owe more than \$190 million of the \$380 million in outstanding debts, so reciprocity agreements with the two states are potentially lucrative for the District. These new administrative efforts from the OCFO will be in addition to, and along side, the current collection efforts of the debt collection contractor.

The additional revenue from outstanding debt is projected to offset the one-time and annual costs of establishing a new centralized debt collections office under the OCFO.

<b>Estimated Costs and Revenues from Implementation of the Delinquent Debt Recovery Act of 2012</b>					
<b>(in \$ millions)</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Four Year Total</b>
Revenue Collection <sup>1</sup>	\$10.0	\$10.0	\$10.0	\$10.0	\$40.0
Costs of Implementation <sup>2</sup>	\$5.1	\$1.6	\$1.6	\$1.7	\$10.0
Net Revenue	\$4.9	\$8.4	\$8.4	\$8.3	\$30.0
Less 10 Percent for Reserves	\$0.5	\$0.8	\$0.8	\$0.8	\$3.0
<b>Net Revenue to General Fund</b>	<b>\$4.4</b>	<b>\$7.6</b>	<b>\$7.5</b>	<b>\$7.5</b>	<b>\$27.0</b>

**Source:** Office of Revenue Analysis

**Table Notes**

<sup>1</sup> This amount includes revenue from a higher collection rate on newly delinquent debt and as well as revenue from recoveries from existing debt.

<sup>2</sup> This amount includes one-time costs in FY 2013 of \$3.55 million to establish an office to centralize the collection of these debts, and recurring costs of \$1.54 million for the new office and staff of 9 full-time employees (FTEs).

<sup>7</sup> The estimate does not include potential collections after the pre-payment amount is met, because it is not possible to know reliably the terms of the contract at this time.



## **TITLE II- ECONOMIC DEVELOPMENT AND REGULATION**

### **Subtitle (II)(A) – Unemployment Compensation Additional Benefits Trust Fund Stabilization Amendment Act of 2012**

#### **Background**

This subtitle would eliminate<sup>8</sup> the District’s Additional Benefits program. The program was designed to provide up to ten weeks of additional benefits to the unemployed during periods when unemployment has been high in the District for a long time and no federal programs are in place to provide a comparable additional package of unemployment benefits.<sup>9</sup> When the Additional Benefits program is triggered under current law, these benefits are paid out of the District’s Unemployment Insurance Trust Fund, which is in turn reimbursed from the locally-funded Unemployment Compensation Fund in the case of beneficiaries who were laid off from District government service.

#### **Financial Plan Impact**

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Repealing the Additional Benefits program removes a potential negative fiscal impact on the Unemployment Compensation Fund, which is included in the District’s budget and financial plan. It is impossible to predict when and if the Additional Benefits program would be triggered in the absence of repeal. Thus, it is impossible to determine the magnitude of the potential negative fiscal impact alleviated by this subtitle.

### **Subtitle (II)(B) – Unemployment Compensation Claim Processing Efficiency Amendment Act of 2012**

#### **Background**

The proposed subtitle would allow<sup>10</sup> the Department of Employment Services (DOES) to communicate with claimants, employers, or other parties relevant to administration of unemployment compensation programs by electronic mail or similar forms of communication. Recipients would be able to select a method for receiving DOES correspondence, notices, determinations, or decisions from a set of communications options to be approved by the DOES

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<sup>8</sup> The subtitle repeals Section 7(i) of the District of Columbia Unemployment Compensation Act, effective August 28, 1935 (49 Stat 949; D.C. Official Code § 51-107 (i)). The Unemployment Compensation Additional Benefits Program Temporary Amendment Act of 2009 updated the definition of the “Additional benefits period.”

<sup>9</sup> Specifically, the Additional Benefits Period begins with the third week after a week in which the rate of insured unemployment, as defined by the statute, is 3.75 percent or higher; provided, that there are no federally assisted programs in effect in the District which provide benefits to claimants who have exhausted their regular benefits.

<sup>10</sup> The bill amends the District of Columbia Unemployment Compensation Act of 1935, effective August 28, 1935 (49 Stat. 946; D.C. Official Code § 51-101 *et seq.*).

Director. The subtitle would also allow the DOES Director to sign such communications using an electronic signature.

### **Financial Plan Impact**

Most unemployment compensation claimants already choose to receive correspondence electronically, but current law requires DOES to also send notifications in writing. The proposed subtitle will eliminate this redundancy, and thus save money on postage and paper. DOES estimates the postage savings to be in excess of \$1 million per year. Because postage and paper costs are allowable administrative costs paid from the Unemployment Insurance Trust Fund (UITF), any savings would remain dedicated to administration of the UITF and would not generate a local revenue impact.

## **Subtitle (II)(C) – Economic Development Special Account Revival Amendment Act of 2012**

### **Background**

The proposed subtitle is the permanent version of the emergency measure passed on November 19, 2011, to revive the Economic Development Special Account (EDSA)<sup>11</sup> that was abolished by the Fiscal Year 2012 Budget Support Act of 2011.<sup>12</sup>

The non-lapsing, non-reverting EDSA would hold, as it did before, all operating funds transferred from the now-defunct Anacostia Waterfront Corporation Enterprise Fund<sup>13</sup> and the National Capital Revitalization Corporation Enterprise Fund.<sup>14</sup> It would also receive all fees, revenues, and other income from real property or other assets formerly under the authority of the National Capital Revitalization Corporation or the Anacostia Waterfront Corporation or any of their subsidiaries. Any revenue subject to Community Development Block Grant (CDBG) regulations would be deposited into a segregated sub-account designated for CDBG funds for the purposes of reporting to the federal government.

The Deputy Mayor for Planning and Economic Development (DMPED) would have the authority to spend the monies in the EDSA.

### **Financial Plan Impact**

The proposed subtitle makes permanent an emergency amendment that would allow DMPED to execute its budget by reestablishing the EDSA.

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<sup>11</sup> The Economic Development Special Account was established by Section 301 of the National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008, effective March 26, 2008 (D.C. Law 17-138; D.C. Official Code § 2-1225.21).

<sup>12</sup> Effective September 14, 2011 (D.C. Law 19-21; 58 DCR 6226).

<sup>13</sup> Established by section 114 of the Anacostia Waterfront Corporation Act of 2004, effective December 7, 2004 (D.C. Law 15-219; D.C. Official Code §2-1223.14).

<sup>14</sup> Established by section 9 of the National Capital Revitalization Corporation Act of 1998, effective September 11, 1998 (D.C. Law 12-144; D.C. Official Code § 2-1219.08).

**Subtitle (II)(D) – Deputy Mayor for Planning and Economic Development Limited Grant Making Authority Act of 2012**

**Background**

The proposed subtitle would provide the Deputy Mayor for Planning and Economic Development (DMPED) with authority to make annual grants to the Skyland economic development project. This project aims to redevelop the Skyland Shopping Center, an 18-acre site located in Ward 7 at the intersections of Good Hope Road, Naylor Road, and Alabama Avenue S.E., into a mixed-use center with significant retail square footage and housing units. The grant authority for FY 2013 is capped at \$575,000 with \$100,000 for consultants, \$350,000 for local business promotion, \$75,000 for regional economic development, and \$50,000 for the Bank on DC program. The District has previously contributed Community Development Block Grant funds to the Skyland project and is budgeting capital funds for the project in FY 2013. DMPED intends to grant local funds to the project for non-capital items, but does not currently have the authority to do so.

**Financial Plan Impact**

The fiscal impact of the subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Additionally, the proposed FY 2013 through FY 2018 Capital Improvement Plan includes a capital expenditure of \$5 million for the Skyland Shopping Center Project. DMPED intends to use these capital funds to pay for demolition and infrastructure work that will help make the project attractive to a development team for further investment.

**Subtitle (II)(E) – Inaugural Celebration Extension of Hours Public Safety Act of 2012**

**Background**

The subtitle would allow<sup>15</sup> on-premise alcoholic beverage sales until 4:00 a.m. and food and non-alcoholic beverage sales around-the-clock during the one-week inaugural celebration, including the 2013 and 2017 Presidential Inaugurations.

**Financial Plan Impact**

Implementation of this subtitle will generate an additional \$751,000 in special purpose revenue in FY 2013. The fiscal impact of this subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan

**Subtitle (II)(F) – Off-Premise Alcohol Act of 2012**

**Background**

The subtitle would allow<sup>16</sup> the sale of alcohol for off-premises consumption beginning at 7:00 a.m. instead of 9:00 a.m.

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<sup>15</sup> The subtitle amends D.C. Official Code § 25-723 and § 25-827.

<sup>16</sup> The subtitle amends D.C. Official Code § 25-722.

### **Financial Plan Impact**

Allowing off-premise licensees to begin selling alcohol at 7:00am would generate an additional \$1,330,000 in increased sales tax revenue annually starting FY 2013, and approximately \$5.32 million in the four-year financial plan period. The fiscal impact of this subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

### **Subtitle (II)(G) – On-Premise Alcohol Act of 2012**

#### **Background**

The subtitle would extend<sup>17</sup> the permitted hours for the sale of alcohol for on-premises consumption from 2:00 a.m. to 3:00 a.m. on weekdays and from 3:00 a.m. to 4:00 a.m. on weekends and District and federal holidays.

#### **Financial Plan Impact**

Office of Revenue Analysis projects extending the sale of alcohol by one hour each night for on-premise consumption would generate \$3.21 million in additional sales and excise tax annually and \$12.84 million in the four-year financial plan period. The fiscal impact of this subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

### **Subtitle (II)(H) – Gasoline and Fuel Pump- Octane Measurement Amendment Act of 2012**

#### **Background**

This subtitle allows<sup>18</sup> the Department of Consumer and Regulatory Affairs (DCRA) to take samples of automotive fuel during gas station inspections and test it for octane level to ensure the octane level sold to customers is of the quality that is advertised.

#### **Financial Plan Impact**

The fiscal impact of this subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

DCRA already inspects each gas station in the District twice a year. Implementing this subtitle would make the twice annual inspections cover testing of octane levels. Testing is expected to find a 10 percent violation rate in the first year and a 5 percent violation rate each successive year. The fine for a violation will be set at \$1,000. The projected 48 first-year violations will generate \$48,000 in revenue in FY 2013, partly expended to support \$20,000 in one-time equipment costs to perform the octane level tests. Revenue from violations will be \$24,000 in each successive year, FY 2014 through FY 2016, with no additional costs.

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<sup>17</sup> The subtitle amends D.C. Official Code § 25-723(b).

<sup>18</sup> The subtitle adds a new section, § 37-201.18a, to Title 37, Chapter 2 of the D.C. Official Code, which defines standard weights and measures in the District

## **Subtitle (II)(I) – Housing Production Trust Fund Amendment Act of 2012**

### **Background**

The proposed subtitle would authorize<sup>19</sup> the Mayor to transfer up to \$19,969,048 designated for deposit in the Housing Production Trust Fund to the Rental Assistance Support and Local Rent Supplement Fund (“Local Rent Supplement Fund”). These funds can be used towards existing project-based and sponsor-based voucher assistance, tenant-based assistance, or capital-based assistance, but not for program administrative fees. The subtitle also amends the “District of Columbia Housing Authority Act of 1999”<sup>20</sup> such that no new vouchers will be issued as existing voucher holders leave the local rent supplement program.

### **Financial Plan Impact**

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. The budget includes \$19.97 million to be transferred to the Local Rent Supplement Fund from the Housing Production Trust Fund. The budget also provides \$8.18 million in local funds to the Local Rent Supplement Fund.

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<sup>19</sup> By adding a new section 12 to D.C. Official Code § 42-2802 (b).

<sup>20</sup> Effective May 9, 2000 (D.C. Law 13-105; D.C. Official Code § 6-226).

## **TITLE III- PUBLIC SAFETY AND JUSTICE**

### **Subtitle (III)(A) – Notice of Unclaimed Property Modernization Act of 2012**

#### **Background**

The proposed subtitle requires the Metropolitan Police Department (MPD) to post a notice of unclaimed property in a newspaper of general circulation stating where a full description of unclaimed property can be found. MPD will post a full description and a copy of the published notice on the MPD website and maintain hard copies of the full list at the MPD headquarters. Currently, MPD must publish the full descriptions of unclaimed property in a newspaper of general circulation.

#### **Financial Plan Impact**

The fiscal impact of the proposed subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. MPD currently pays \$100,000 per year to publish the full descriptions of unclaimed property in a newspaper of general circulation. The proposed subtitle allows MPD to publish in a newspaper a much smaller, thus cheaper, notice which references where full descriptions can be found. This new notice will cost \$10,000 per year, resulting in reduced costs of \$90,000 in FY 2013 and \$360,000 in the four-year financial plan period.

<b>Fiscal Impact of Subtitle (III)(A) – Notice of Unclaimed Property Estimated Cost Savings from Notice of Unclaimed Property Changes</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Total</b>
Estimated Cost Savings	\$90,000	\$90,000	\$90,000	\$90,000	\$360,000

**TITLE IV – PUBLIC EDUCATION SYSTEM**

**Subtitle (IV)(A) – Funding for Public Schools and Public Charter Schools Amendment Act of 2012**

**Background**

The proposed subtitle increases<sup>21</sup> the foundation level used in the Uniform per Student Funding Formula (UPSFF) to \$9,124 per student for FY 2013. The UPSFF is used to calculate the amount of local funding that would be dedicated to public education in the District of Columbia. The FY 2012 foundation level is set at \$8,945. The changes made to the foundation level funding, and the various add-ons are depicted in the following tables:

<b>Weightings applied to counts of students enrolled at certain grade levels</b>		
<b>Grade Level</b>	<b>Weighting</b>	<b>Per Pupil Allocation in FY 2013</b>
Pre-School	1.34	\$12,226
Pre-Kindergarten	1.30	\$11,861
Kindergarten	1.30	\$11,861
Grades 1-3	1.00	\$9,124
Grades 4-5	1.00	\$9,124
Grades 6-8	1.03	\$9,398
Grades 9-12	1.16	\$10,584
Alternative program	1.17	\$10,675
Special education school	1.17	\$10,675
Adult	0.75	\$6,843

<b>General Education Add-ons</b>			
<b>Level/ Program</b>	<b>Definition</b>	<b>Weighting</b>	<b>Per Pupil Supplemental</b>
LEP/NEP	Limited and non-English proficient students	0.45	\$4,106
Summer	An accelerated instructional program in the summer for students who do not meet literacy standards pursuant to promotion policies of DCPS and public charter schools	0.17	\$1,551

<b>Special Education Add-ons</b>			
<b>Level/ Program</b>	<b>Definition</b>	<b>Weighting</b>	<b>Per Pupil Supplemental</b>
Level 1: Special Education	Eight hours or less/week of specialized services.	0.58	\$5,292
Level 2: Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services.	0.81	\$7,390

<sup>21</sup> The provision amends The Uniform Per Student Funding Formula for Public Schools and Public Charter Schools and Tax Conformity Clarification Amendment Act of 1998, effective March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2901 *et seq.*).

<b>Special Education Add-ons</b>			
<b>Level/ Program</b>	<b>Definition</b>	<b>Weighting</b>	<b>Per Pupil Supplemental</b>
Level 3: Special Education	More than 16 hours and less than or equal to 24 hours per school week of specialized services.	1.58	\$14,416
Level 4: Special Education	More than 24 hours per week which may include instruction in a self contained (dedicated) special education school other than residential placement.	3.10	\$28,284
Special Education Capacity Fund	Weighting provided in addition to special education level add-on weightings on a per student basis for each student identified as eligible for special education.	0.40	\$3,650
Special Education Compliance Fund	Weighting provided in addition to special education level add-on weightings on a per student basis for each student identified as eligible for special education.	0.16	\$1,460
Residential	DCPS or public charter school that provides students with room and board in a residential setting, in addition to their instructional program.	1.70	\$15,511

<b>Residential Add-ons</b>			
<b>Level/ Program</b>	<b>Definition</b>	<b>Weighting</b>	<b>Per Pupil Supplemental</b>
Level 1: Special Education - Residential	Additional funding to support the after-hours level 1 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	0.374	\$3,412
Level 2: Special Education - Residential	Additional funding to support the after-hours level 2 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	1.360	\$12,409
Level 3: Special Education - Residential	Additional funding to support the after-hours level 3 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	2.941	\$26,834
Level 4: Special Education - Residential	Additional funding to support the after-hours level 4 special education needs of limited and non-English proficient students living in a DCPS or public charter school that provides students with room and board in a residential setting.	2.924	\$26,679
LEP/NEP - Residential	Additional funding to support the after-hours limited and non-English proficiency needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	0.68	\$6,204



<b>Special Education Add-ons for Students with Extended School Year (ESY) Indicated in Their Individualized Education Programs (IEPs)</b>			
<b>Level/ Program</b>	<b>Definition</b>	<b>Weighting</b>	<b>Per Pupil Supplemental</b>
Special Education Level 1 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.064	\$584
Special Education Level 2 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.231	\$2,108
Special Education Level 3 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.500	\$4,562
Special Education Level 4 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs	0.497	\$4,535

### **Financial Plan Impact**

The fiscal impact of the increase in the foundation level funding is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Under the proposed subtitle, District of Columbia Public Schools would receive \$645,975,908 for its instructional budget through UPSFF. Public charter schools would receive \$438,975,335 for their instructional budgets<sup>22</sup> and \$103,055,385 for facilities allowance,<sup>23</sup> bringing their collective budget to \$ 542,030,720.

### **Subtitle (I)(B) – School Based Budgeting and Accountability Amendment Act of 2012**

#### **Background**

The proposed subtitle requires<sup>24</sup> the Mayor to submit to the Council a five-year Master Facilities Plan for public education facilities starting December 15, 2012. The Council would be required to hold at least one public hearing on the plan. Once receiving Council approval, the Master Facilities Plan would be effective in the following fiscal year. The Mayor would submit any material changes to the Master Facilities Plan to Council for review and approval along with the Mayor’s annual submission of a capital budget for public schools. Under current law the Mayor is required to submit a revised comprehensive multiyear Master Facilities Plan for the District of Columbia Public Schools and public charter schools every year.

<sup>22</sup> This amount includes \$2,090,000 for extended school year allowance.

<sup>23</sup> This includes \$6,667,200 in Intra-District Funds transferred from OSSE, to be distributed on the basis of audited enrollment with verified residency.

<sup>24</sup> The subtitle amends Section 1104 of the School Based Budgeting and Accountability Act of 1998, effective March 26, 1999 (D.C. Law 12-175; D.C. Official Code §38-2803).

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Additionally, starting on April 15, 2013, the Office of Public Education and Facilities Planning (under the Office of the Deputy Mayor for Education) will survey and update information on the enrollment, utilization and condition of each public school facility, and post its findings on the Mayor's website by December 1st of each year. Under current law, this office is not required to conduct such a survey.

**Financial Plan Impact**

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

## **TITLE V- HEALTH AND HUMAN SERVICES**

### **Subtitle (V)(A) – Department of Mental Health Enterprise Fund Establishment Act of 2012**

#### **Background**

Now that its facility at the St. Elizabeths Hospital Campus is fully staffed, the Department of Mental Health (DMH) plans to reopen the cafeteria there that has been closed for approximately ten years. This subtitle would facilitate these plans by establishing within the District's General Fund a non-lapsing O-Type account, the "Department of Mental Health Enterprise Fund," where DMH would deposit all proceeds and revenues from the operations of the cafeteria. DMH would in turn use the funds in the account to pay for operating and stocking the cafeteria.

#### **Financial Impact**

As the cafeteria is currently not operating, the OCFO has not certified any revenue for the fund and DMH has not budgeted for any expenses for FY 2013. DMH estimates that the cafeteria would only earn enough to fund its operations, resulting in a no net impact to the District's budget and financial plan.

## **TITLE VI- TRANSPORTATION, PUBLIC WORKS, AND THE ENVIRONMENT**

### **Subtitle (VI)(A) – Department of Transportation Parking Meter Pay-by-phone Transaction Fee Fund Amendment Act of 2012**

#### **Background**

The District Department of Transportation (DDOT) launched a pay-by-phone program in 2011, which allowed parkers at metered locations to pay for parking with a cell phone or smart phone. The vendor, Park Mobile, charges a 32 cent transaction fee for each parking transaction. The District collects those transaction fees, but needs to pay them back to Park Mobile as a fee for service.

The proposed subtitle creates the District Department of Transportation Parking Meter Pay-by-phone Transaction Fee Fund (Fund) to collect the transaction fees so DDOT can pay the vendor. The Fund ensures the transaction fees do not support the District's WMATA subsidy like most other parking meter related revenue. The fund will expire after two years and any remaining funds will be transferred to the general fund of the District of Columbia.

#### **Financial Plan Impact**

The fiscal impact of the proposed subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. The proposed subtitle creates a new special purpose revenue fund to capture transaction fees associated with the DDOT pay-by-phone parking program. Based on current usage of the program, DDOT expects the transaction fees to be \$1,500,000 per year. The Performance Parking Zone Expansion Amendment of 2012<sup>25</sup> will transfer funds sufficient to cover the transaction costs of the program for the life of the Fund.

### **Subtitle (VI)(B) – State Safety Oversight Agency Establishment Act of 2012**

#### **Background**

The proposed subtitle establishes a State Safety Oversight Agency within the Fire and Emergency Medical Services (FEMS) Department. This agency is needed to comply with Federal Transit Administration (FTA) safety and security oversight requirements<sup>26</sup> related to streetcar operations in the District. The agency will create a FTA-approved safety program for streetcar operations in the District.

#### **Financial Plan Impact**

The fiscal impact of the proposed subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. FEMS will run the State Safety Oversight Agency, which will be staffed by one battalion fire chief and three captains. The personnel costs including benefits are

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<sup>25</sup> FY 2013 Budget Support Act of 2012, Title VI, Subtitle E.

<sup>26</sup> 49 CFR Part 659: Rail Fixed Guideway Systems; State Safety Oversight.

\$519,789 in FY 2013 and \$2,142,366 in the four year financial plan period. The travel costs are \$75,000 in FY 2013 and \$300,000 in the four year financial plan period.

<b>Fiscal Impact of Subtitle (VI)(B) – State Safety Oversight Agency Establishment Act of 2012</b>					
<b>Estimated Cost Increases for Establishment of the State Safety Oversight Agency</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Total</b>
<b>Personnel Costs<sup>1</sup></b>	\$519,789	\$530,185	\$540,788	\$551,604	\$2,142,366
<b>Travel Costs</b>	\$75,000	\$75,000	\$75,000	\$75,000	\$300,000
<b>Total</b>	\$594,789	\$605,185	\$615,788	\$626,604	\$2,442,366

Table Notes

<sup>1</sup>Includes salary and benefits.

**Subtitle (VI)(C) – District Department of Transportation Omnibus Amendment Act of 2012**

**Background**

The proposed subtitle eliminates a District Department of Transportation (DDOT) practice of using Highway Trust Fund monies to pay for capital project expenditures that are not eligible for federal reimbursement (non-participating costs). A new capital project will be created within DDOT’s local transportation fund and enterprise fund for transportation initiatives.

A second component of the subtitle will create two new capital projects. The first is the labor cost transfer project which will not receive a budget. This project will collect all indirect labor costs and labor surcharges that cannot be charged directly to a project, but can be reimbursed through indirect<sup>27</sup> and additive rate<sup>28</sup> recovery. Costs will accrue in this project and then be redistributed to eligible projects. The second is the materials testing cost transfer project which will receive a defined budget.

**Financial Plan Impact**

The fiscal impact of the proposed subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. The non-participating funds project will receive \$13,000,000 in FY 2013 and \$37,000,000 in the four year financial plan period. The materials testing costs project will receive \$300,000 in FY 2013 and \$1,200,000 in the four year financial plan period. The labor cost project will record labor costs and transfer those to reimbursable projects and there will be no impact on the four year financial plan.

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<sup>27</sup> Indirect costs as defined in the subtitle are those costs incurred for a joint purpose benefitting more than one project and not readily assignable to the project specifically benefitted.

<sup>28</sup> Additive rate as defined in the subtitle is the rate used to represent labor surcharges as a percentage of direct labor costs, where labor surcharges are fringe benefits, worker compensation insurance, leave, and similar labor costs.

**Subtitle (VI)(D) – Washington Metropolitan Area Transit Authority Memorandum of Understanding Establishment Act of 2012**

**Background**

The proposed subtitle allows the District Department of Transportation (DDOT) to enter into contracts with the Washington Metropolitan Area Transit Authority (WMATA) without going through traditional District contracting requirements for outside entities or firms.<sup>29</sup> Currently, DDOT enters into sole-source contractual agreements with WMATA each time both agencies have oversight over a project. For example, DDOT may plan for an improvement to a WMATA run transit facility and receive federal funds to complete the project. However, only WMATA can construct the project, so the funds need to be transferred to WMATA. The proposed process simplifies the contracting process when WMATA is the only viable vendor and will allow for fund transfers in a manner similar to that among District agencies.<sup>30</sup>

**Financial Plan Impact**

The proposed subtitle is a new process for reaching agreements between DDOT and WMATA. The process will be used as needed for projects where both entities are involved. There is no impact associated with implementation of the proposed subtitle in the four year financial plan period.

**Subtitle (VI)(E) – Performance Parking Zone Expansion Amendment of 2012**

**Background**

The proposed subtitle allows the Mayor to establish performance parking zones citywide, removes the term “pilot” from descriptions of performance parking zones, and terminates the three existing pilot performance parking zones.<sup>31</sup> Performance parking program revenues are deposited into the Performance Parking Program Fund (Fund) and the subtitle requires monies in the Fund be used to fund the general operations of the Washington Metropolitan Area Transit Authority (WMATA), except those needed to pay the vendor responsible for the transaction related activities of the parking meter pay-by-phone system.

**Financial Plan Impact**

The fiscal impact of the proposed subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

This Fund will receive monies from a Mayoral proposal<sup>32</sup> to replace aging parking meters with new networked parking meters. This proposal generates \$1,500,000 annually in the four year financial plan. The proposed subtitle will transfer the revenues from this proposal in FY 2013 and 2014 to

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<sup>29</sup> The Chief Financial Officer must still certify the availability of funds and any contract over \$1 million must be approved by the Council of the District of Columbia.

<sup>30</sup> D.C. Official Code § 1-301.03(j).

<sup>31</sup> The three existing zones are the Ballpark, H Street, N.E., and Columbia Heights.

<sup>32</sup> Table 4-12: Replace Aging Parking Meters – Performance Parking City-Wide – DDOT.

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the Department of Transportation Parking Meter Pay-by-phone Transaction Fee Fund.<sup>33</sup> In FY 2015 and 2016, the Department of Transportation Parking Meter Pay-by-phone Transaction Fee Fund transfer will stop, and these amounts will remain in the Performance Parking Program Fund to support WMATA general operations.

### **Subtitle (VI)(F) – District of Columbia Taxicab Commission Fund Amendment Act of 2012**

#### **Background**

The proposed subtitle requires any fees or funds established by rule, law, or reprogramming by the District of Columbia Taxicab Commission (“Commission”) be deposited in the District of Columbia Taxicab Commission Fund. Any new fees or funds are expected to generate at least \$1,000,000 annually starting in FY 2013.

#### **Financial Plan Impact**

The fiscal impact of the proposed subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

Office of Revenue Analysis projects that a 50 cent flag drop-fee for each taxi ride in the District will generate \$1,093,000 in FY 2013 and \$4,372,000 in the four year financial plan period for the Taxicab Commission and reduce general fund appropriations supporting the Commission’s operations. The collection of these revenues is contingent upon implementation of a new Mayoral initiative that would replace the current meters in the District’s taxicabs with smart meters that would allow tracking of taxicab rides. The request for proposal for the implementation of the smart meter program is already announced,<sup>34</sup> and the responses are due on March 29, 2012.

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<sup>33</sup> This Fund is established in the Department of Transportation Parking Meter Pay-by-phone Transaction Fee Fund Amendment Act of 2012.

<sup>34</sup> The Request for Proposals is available at [http://app.ocp.dc.gov/RUI/information/scf/solicitation\\_detail.asp?solicitation=DCPO-2012-R-0342](http://app.ocp.dc.gov/RUI/information/scf/solicitation_detail.asp?solicitation=DCPO-2012-R-0342)

## **TITLE VII- FINANCE AND REVENUE**

### **Subtitle (VII)(A) – Subject to Appropriations Repealers Amendment Act of 2012**

#### **Background**

The proposed subtitle repeals the subject to appropriations provision of the following laws that authorize tax abatements:

- The United House of Prayer for All People Real Property Tax Exemption Act of 2011<sup>35</sup>;
- Samuel J. Simmons NCBA Estates No. 1 Limited Partnership Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 2009<sup>36</sup>; and
- Washington Ballet Equitable Tax Relief Act of 2011<sup>37</sup>.

Additionally the subtitle repeals the subject to appropriations for certain provision of the South Capitol Street Tragedy Memorial Act of 2011<sup>38</sup>. Specifically, the subtitle repeals the subject to appropriations clauses for Title II and IV, with the exception of the requirement to create a behavioral resource guide<sup>39</sup>. The titles funded by this subtitle require the Mayor to develop a comprehensive plan for school-based behavioral health programs by school year 2016-2017 and the Department of Mental Health (DMH) create a behavioral training program and develop a Behavioral Health Ombudsman Program.

Finally, the subtitle amends the D.C. Official Code to exempt the real property for Lots 806 through 808 in Square 5190, and Lots 1 through 8 in Square 5348 as of 2003. These real properties are part of the project known as the Carver Low-Income and Senior Housing Project (“Project”).<sup>40</sup> The aforementioned lots were exempt from taxation for a period of eight years beginning with the tax year 2003.<sup>41</sup> However, the exemption expired at the end of tax year 2010 and all the properties are now subject to the District’s real property tax. The subtitle extends the exemption indefinitely.

#### **Financial Impact**

Repealing the subject to appropriations provision of the above-mentioned laws will cost approximately \$1.6 million in FY 2013 and \$5.0 million over the proposed FY 2013 through FY 2016 budget and financial plan. The fiscal impact of the proposed subtitle is incorporated into the budget and financial plan.

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<sup>35</sup> Effective December 2, 2011 (D.C. Law 19-51 § 3; D.C. Official Code § 47-1086).

<sup>36</sup> Effective March 12, 2011 (D.C. Law 18-311 § 4; D.C. Official Code § 47-4646).

<sup>37</sup> Effective January 12, 2012 (D.C. Law 19-77; D.C. Official Code § 47-4655).

<sup>38</sup> Introduced April 5, 2011 (D.C. Bill 19-211), this bill has been passed after two readings, but has not yet been signed by the Mayor.

<sup>39</sup> Section 15 (c) of Section 402 of Title IV of Bill 19-211.

<sup>40</sup> D.C. Official Code § 47-1086.

<sup>41</sup> D.C. Official Code § 47-4605.



<b>Estimated Impact of Subtitle (IV)(A) Subject to Appropriations Repealers Amendment Act of 2012, FY 2013-FY 2016 (\$ in thousands)</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Four Year Total</b>
<i>Tax abatements</i>					
The United House of Prayer for All People Real Property Tax Exemption Act of 2011 <sup>a, b</sup>	\$55	\$22	\$23	\$23	\$123
Samuel J. Simmons NCBA Estates No. 1 Limited Partnership Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 2009 <sup>c, d</sup>	\$438	\$150	\$150	\$150	\$888
The Washington Ballet Equitable Tax Relief Act of 2011 <sup>e</sup>	\$111	\$0	\$0	\$0	\$111
Carver Low-Income and Senior Housing Real Property Tax Exemption <sup>g</sup>	\$157	\$51	\$52	\$275	\$535
<b>Total Revenue Reductions</b>	<b>\$759</b>	<b>\$223</b>	<b>\$225</b>	<b>\$448</b>	<b>\$1,655</b>
<i>Expenditure Increases under the South Capitol Street Tragedy Memorial Act of 2011<sup>f</sup></i>					
<i>Title II - Comprehensive Plan for Behavioral Programs</i>	\$103	\$106	\$108	\$110	\$427
<i>Title IV - Behavioral Health Training and Ombudsman Program</i>	\$712	\$718	\$737	\$757	\$2,924
<b>Total Expenditure Increases</b>	<b>\$815</b>	<b>\$824</b>	<b>\$845</b>	<b>\$867</b>	<b>\$3,351</b>
<b>Total Estimated Fiscal Impact</b>	<b>\$1,574</b>	<b>\$1,047</b>	<b>\$1,070</b>	<b>\$1,315</b>	<b>\$5,007</b>

**Table Notes**

<sup>a</sup> The retroactive tax liability includes real property taxes owed for the period from March 1 through October 1, 2011 and for FY 2012.

<sup>b</sup> Growth in FY 2013 and FY 2014 assessed values are based on projections for property tax values.

<sup>c</sup> FY 2013 estimate includes property taxes owed in FY 2011, FY 2012, and FY 2013.

<sup>d</sup> Assumes project's gross income remains constant and therefore future PILOT payments are constant.

<sup>e</sup> Includes all real property taxes owed between 2008 and 2010, including fees, penalties, and interest; recordation tax owed on the transfer of the property, including penalties and interest; and attorney's fees due as a result of the sale of the property tax lien.

<sup>f</sup> For more details see fiscal impact statement issued for Bill 19-211 on March 5, 2012. Available at: [http://app.cfo.dc.gov/services/fiscal\\_impact/search.asp?session\\_time=sel&number=&title=South+capitol](http://app.cfo.dc.gov/services/fiscal_impact/search.asp?session_time=sel&number=&title=South+capitol)

<sup>g</sup> FY 2013 estimate includes property taxes owed in FY 2011, FY 2012, and FY 2013.

**Subtitle (VII)(B) – Targeted Retirement Distribution Withholding**

**Background**

The proposed subtitle makes permanent the clarification made to the Subtitle VIII(L) of Fiscal Year 2012 Budget Support Act of 2011<sup>42</sup> by the Retirement Distribution Withholding Emergency Act of

<sup>42</sup> Effective September 14, 2011 (D.C. Law 19-21, 58 DCRM 6226).

2011<sup>43</sup>. The emergency legislation clarifies that withholding requirements apply to all distributions from applicable plans, so long as the said distributions are subject to withholding of federal taxes.

### **Financial Plan Impact.**

The proposed subtitle makes permanent an already approved emergency legislation and does not impact the budget and financial plan.

## **Subtitle (VII)(C) – Subsidized Nonprofit Rental Unit Fee Exemption Amendment Act of 2012**

### **Background**

Under the District's rental housing law,<sup>44</sup> rental housing providers pay a \$21.50 rental unit fee annually on each of their units except those that have received subsidy financing from either the federal Low Income Housing Tax Credit program<sup>45</sup> or the federal Housing Choice Voucher Program.<sup>46</sup> Units that receive funding from these programs must meet certain defined affordability criteria and be rented to low income tenants. This subtitle would extend this exemption to nonprofit rental housing providers who provide a large number of units (at least 440) at rent levels that qualify as affordable under these subsidy financing programs, but who do not use subsidy programs to finance their units.

### **Financial Plan Impact**

The Office of Revenue Analysis is aware of only one nonprofit organization—the United House of Prayer for all People—that rents at least 440 units at rates that would qualify as affordable under the proposed subtitle. Therefore, the revenue impact of this exemption is *de minimis* and can be absorbed into the budget.

## **Subtitle (VII)(D) – Employer Use Tax Return Amendment Act of 2012**

### **Background**

The proposed subtitle requires<sup>47</sup> employers who are not required to collect and remit sales tax to file an annual use tax return with the Office of Tax and Revenue (OTR). Currently, companies are only able to file use tax through the District's sales tax program. This will provide a mechanism for companies without sales tax liability to pay the use tax they owe on purchases made outside the District for goods and services used in the District.

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<sup>43</sup> Enacted on December 22, 2011 (D.C. Act 19-265; 58 DCR 11242).

<sup>44</sup> Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3504.01).

<sup>45</sup> Codified in Section 13142 of the Revenue Reconciliation Act of 1993 (P.L. 103-66; 107 Stat. 312).

<sup>46</sup> Commonly known as Section 8, and codified in Section 8 of the United States Housing Act of 1936 (P.L. 75-412; 50 Stat. 888).

<sup>47</sup> The subtitle adds a new subsection (g) to D.C. Official Code § 47-2211.

**Financial Plan Impact**

The fiscal effect of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Requiring companies to file an annual use tax return with OTR is estimated to increase tax collections by approximately \$2.2 million in FY 2013 and \$8.8 million over the four-year financial plan period.

<b>Estimated Fiscal Impact of Subtitle (VII)(D) – Employer Use Tax Return Amendment Act of 2012, FY 2013 – FY 2016 (\$ in millions)</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Four-Year Total</b>
Increase in use tax revenue	\$2.2	\$2.2	\$2.2	\$2.2	<b>\$8.8</b>

**Source:** Office of Revenue Analysis

**Subtitle (VII)(E) – Overpayment Interest Rate Act of 2012**

**Background**

The proposed subtitle changes the interest rate paid to taxpayers by the District for overpayments made on tax returns. Currently, the District pays 6 percent interest on overpayments.<sup>48</sup> The subtitle changes to rate to one percentage point above the Prime Credit Discount Rate for the Richmond Federal Reserve Bank as of the previous September 30, not to exceed 6 percent. This translates to an interest rate of approximately 3 percent.

**Financial Plan Impact**

The fiscal effect of the proposed subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Under the proposed legislation, the interest paid on overpayments would equal 1.75 percent. During the financial plan period, this rate is projected to stay at about 3 percent. This lower interest rate will result in a savings of approximately \$1.8 million each year. The fiscal effect of the proposed subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan period.

<b>Estimated Fiscal Impact of Subtitle (VII)(E) – Overpayment Interest Rate Act of 2012, FY 2013 – FY 2016 (\$ in millions)</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Four-Year Total</b>
Savings from lower interest	\$1.8	\$1.8	\$1.8	\$1.8	\$7.2

**Source:** Office of Revenue Analysis based on the Prime Credit Discount Rate projections by the Federal Reserve Bank of Richmond.

<sup>48</sup> The subtitle amends D.C. Official Code § 47-4202(c).

**Subtitle (VII)(F) – The Non-Individual Income Tax Electronic Filing Threshold Amendment Act of 2012**

**Background**

The proposed subtitle requires taxpayers with payments exceeding \$5,000 to submit those payments through electronic fund transfer. Current law requires taxpayers with payments of \$10,000 or more to pay electronically.

**Financial Plan Impact**

The fiscal effect of the proposed subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Requiring individuals with payments exceeding \$5,000 to pay electronically will result in a savings of \$125,000 each year for a total savings of approximately \$500,000 over the four-year financial plan period. The savings reflect the additional interest accrued on deposits.

<b>Estimated Fiscal Impact of Subtitle (VII)(F) – The Non-Individual Income Tax Electronic Filing Threshold Amendment Act of 2012</b>					
<b>FY 2013 – FY 2016</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Four-Year Total</b>
Savings from EFT	\$125,000	\$125,000	\$125,000	\$125,000	<b>\$500,000</b>

**Source:** Office of Revenue Analysis

**Subtitle (VII)(G) – The Homestead Deduction, Personal Exemption, and Standard Deduction Amendment Act of 2012**

**Background**

Under current law, the personal exemption, the standard deduction, and the homestead exemption are set for an inflationary adjustment in FY 2013 from the base year of 2007. The proposed subtitle will change the base year to 2011, thus in FY 2013 these values will be adjusted by one year of inflation.

**Financial Plan Impact**

The fiscal effect of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Change the base year of inflationary adjustments for the personal exemption, the standard deduction, and the homestead exemption will reduce the amount by which these exemptions will increase each year, starting FY 2013. The new homestead deduction level would increase real property tax collections by approximately \$5.5 million in FY 2013 and \$23.5 million over the four-year financial plan period. The new level of personal exemption and standard deduction will increase income tax revenue by \$6.5 million in FY 2013 and by \$37.8 million in the four-year financial plan period.

<b>Estimated Fiscal Impact of Subtitle (VII)(F) – The Homestead Deduction, Personal Exemption, and Standard Deduction Amendment Act of 2012</b>					
<b>FY 2013 – FY 2016 (\$ in millions)</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Four-Year Total</b>
Increase in property tax revenue	\$5.50	\$6.00	\$6.00	\$6.00	<b>\$ 23.50</b>
Increase in income tax revenue	\$6.50	\$10.30	\$10.40	\$10.60	<b>\$ 37.80</b>
<b>Total Revenue impact</b>	<b>\$12.00</b>	<b>\$16.30</b>	<b>\$16.40</b>	<b>\$16.60</b>	<b>\$ 61.30</b>

Source: Office of Revenue Analysis

**Subtitle (VII)(H) – Taxpayer Refund Offset for Department of Motor Vehicles Liabilities Act of 2012**

**Background**

The proposed subtitle authorizes the Office of the Chief Financial Officer (OCFO) to apply a taxpayers’ refund to any delinquent taxes, fees, fines or other liabilities that taxpayer owes to the Department of Motor Vehicles.

**Financial Plan Impact**

The fiscal effect of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Authorizing the OCFO to apply taxpayer overpayments to outstanding liabilities owed to the Department of Motor Vehicles is estimated to increase revenue collection by approximately \$2.5 million in FY 2013 and \$10 million over the four-year financial plan.

<b>Estimated Fiscal Impact of Subtitle (VII)(H) – The Taxpayer Refund Offset for Department of Motor Vehicle Liabilities Act of 2012</b>					
<b>FY 2013 – FY 2016 (\$ millions)</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Four-Year Total</b>
Increase nontax revenue	\$2.5	\$2.5	\$2.5	\$2.5	<b>\$10.0</b>

Source: Office of Revenue Analysis

**Subtitle (VII)(I) – Out-of-State Municipal Bond Tax Repeal Act of 2012**

**Background**

The proposed subtitle repeals the income tax levied on interest income earned on out-of-state municipal bonds. The tax applies to bond purchases made on or after January 1, 2012. This subtitle would apply only upon certification by the OCFO that revenue revisions for FY 2013 provide sufficient funds to support the priorities 1 through 6 outlined in Subtitle (X)(A) of this Act.

**Financial Plan Impact**

Repealing the tax on interest income earned on out-of-state municipal bonds would reduce revenue collections by approximately \$1.1 million in FY 2013 and \$9.1 million over the four-year financial plan period. Because this subtitle is subject to availability of future revenues, its fiscal effect is not included in the four-year budget and financial plan.

The Office of Revenue Analysis reviews revenue estimates for the District of Columbia quarterly. The revenue estimates may project an increase or decrease in revenues depending on economic conditions in the District. If revenues do not increase by the amount necessary to cover the cost of items 1-6 in Subtitle (X)(A) and this subtitle, it will not be implemented.

<b>Estimated Fiscal Impact of Subtitle (VII)(I) –The Out-of-State Municipal Bond Tax Repeal Act of 2012, FY 2013 – FY 2016 (\$ in millions)</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Four-Year Total</b>
Reduction in income tax revenues	\$1.1	\$1.7	\$2.5	\$3.8	<b>\$9.1</b>

**Source:** Office of Revenue Analysis

**Subtitle (VII)(J) – Commercial Property Tax Rate Amendment Act of 2012**

**Background**

The proposed subtitle reduces the commercial property tax rate applied to the first \$3 million of assessed value from \$1.65 per \$100 of assessed value to \$1.55 per \$100 of assessed value. The new rate would be effective starting October 1, 2013.

This subtitle would apply only upon certification by the Office of the Chief Financial Officer revenue revisions for FY 2013 provide sufficient funds to support the priorities 1 through 12 outlined in Subtitle (X)(A) of this Act. If these priorities are funded, the rate change would become effective as of October 1, 2012, as priority 12 of Subtitle (X)(A) reduces the commercial property tax rate for FY 2013.

**Financial Plan Impact**

Reducing the commercial property tax rate for the first \$3 million of assessed value from \$1.65 per \$100 of assessed value to \$1.55 per \$100 of assessed value would reduce revenue collections by approximately \$10 million in FY 2013 and \$41.2 million over the four-year financial plan period. (This estimate accounts for the impact in FY 2013 because the implementation of this subtitle is dependent on sufficient funds to support the rate reduction in FY 2013 as well.) Because this subtitle is subject to availability of future revenues, its fiscal effect is not included in the four-year budget and financial plan.

The Office of Revenue Analysis reviews revenue estimates for the District of Columbia quarterly. The revenue estimates may project an increase or decrease in revenues depending on economic conditions in the District. If revenues do not increase by the amount necessary to cover the cost of items 1-12 in Subtitle (X)(A) and this subtitle, it will not be implemented.

<b>Estimated Fiscal Impact of Subtitle (VII)(J) –Commercial Property Tax Rate Amendment Act of 2012 FY 2013 – FY 2016 (\$ in millions)</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Four-Year Total</b>
Reduction in property tax revenue	\$10.0	\$10.2	\$10.4	\$10.6	<b>\$41.2</b>

**Source:** Office of Revenue Analysis

## **TITLE VIII– BUDGET SUPPORT ACT CONFORMING AND TECHNICAL AMENDMENTS**

### **Subtitle (VIII)(A) – Prior Budget Support Act Amendments Act of 2012**

#### **Background**

The proposed subtitle provides various technical corrections to Fiscal Year 2012 Budget Support Act of 2011,<sup>49</sup> Revised Fiscal Year 2012 Budget Support Technical Clarification Temporary Amendment Act of 2011<sup>50</sup> and D.C. Official Code.

First, it correctly references the D.C. Official Code section that repealed the Antifraud Fund under Section 9004(b) of the FY 2012 Budget Support Act. The D.C. Official Code already reflects the intended change, so the elimination of the incorrect reference in the FY 2012 Budget Support Act is a technical correction.

Second, under Section 9067 of the FY 2012 Budget Support Act, it corrects the reference in the D.C. Official Code to the Drug Interdiction and Demand Reduction Fund, and repeals D.C. Official Code § 48-907.02, which discusses the funding and disbursement of the Drug Interdiction and Demand Reduction Fund. This repeal is technical since the fund itself had been repealed.

Third, under Section 9073 of the FY 2012 Budget Support Act, it repeals D.C. Official Code § 8-1804 that establishes the Animal Control License Fees Fund. This amendment is technical since the intent of Section 9073 was to deposit all Animal Control License Fees to the unrestricted portion of the General Fund of the District of Columbia.

Fourth, it repeals Section 9099 of the FY 2012 Budget Support Act, which made the Solid Waste Disposal Cost Recovery Special Account lapsing. This fund must remain non-lapsing to satisfy the conditions of a settlement agreement between the District and private haulers.<sup>51</sup>

Fifth, it clarifies that Fund 2531 (Drug Interdiction and Demand Reduction Fund in the Narcotics Proceeds agency) within the Metropolitan Police Department shall be treated as a local fund, and not a special purpose fund. FY 2012 Budget Support Act repealed HC0 0608, the Drug Interdiction and Demand Reduction Fund in the Department of Health, but neglected to repeal Fund 2531, which is the corresponding account at the Metropolitan Police Department.

Sixth, it postpones<sup>52</sup> the requirement that the District's budget and financial plan include a Pay-as-you-go Capital account for the upcoming fiscal year and each subsequent fiscal plan year to FY 2016. Under current law, this requirement is effective FY 2013.<sup>53</sup>

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<sup>49</sup> The Fiscal Year 2012 Budget Support Act of 2011, effective September 14, 2011 (D.C. Law 18-0021; 58 DCR 6226)

<sup>50</sup> Effective December 2, 2011 (D.C. Law 19-053; 58 DCR 8954)

<sup>51</sup> The settlement agreement requires the District to maintain transfer stations and pay the cost of private haulers using the District transfer stations and hauling their trash to the landfill.

<sup>52</sup> This section amends D.C. Official Code § 47-392.02, *Process for submission and approval of financial plan and annual District budget*.

<sup>53</sup> Under current law, the Pay-as-you-go Capital Account shall be equal to the projected local funds revenue of each year, minus the local funds revenue in the budget and financial plan approved May 2011 (for FY 2013

Seventh, it clarifies that for taxpayers with a taxable income between \$10,000 and \$40,000, the relevant tax rate is \$400 plus 6 percent of taxable income in excess of \$10,000, and not in excess of \$40,000 as erroneously drafted in FY 2012 Budget Support Act.<sup>54</sup> The subtitle also makes the corresponding correction in the D.C. Official Code.<sup>55</sup>

Eighth, it clarifies that the interest income earned on out-of-state municipal bonds is subject to taxation only for bonds purchased after January 1, 2012, and that this tax will apply only if the quarterly revenue estimates for FY 2013 announced by the Office of the Chief Financial Officer provides sufficient funds to support the Mayoral priorities outlined in order in Title X of this Act.

### Financial Plan Impact

The proposed changes are technical clarifications, and do not have an impact on the proposed FY 2013 through FY 2016 budget and financial plan.

### **Subtitle (VIII)(B) – FY 2011 O-type Un-Designation Amendment Act of 2012**

#### Background

The Fiscal Year 2012 Budget Support Act of 2011<sup>56</sup> directs the Chief Financial Officer to undesignate the entire amount of the FY 2011 fund balances of certain special purpose revenue funds, so that the funds revert to the unrestricted balance of the General Fund at the end of FY 2011.

The proposed subtitle first clarifies that for the following special purpose revenue funds, the full FY 2011 balances would remain undesignated.

Agency Title	Agency Fund Title
DC Public Library	Miscellaneous Customer Service
	Bookstore - DCPL
	Miscellaneous
	Restricted Fines
Department of Insurance, Securities and Banking	Junior Supersavers Club
Department of Employment Services	Proceeds - 500 C Street, N.E.
Department of Health	Other Medical Licenses And Fees
	Health Facility Fee
	Animal Control Dog License Fees
	Food Handlers Certification
	Vital Records Revenue
	Special Purpose Revenue Fund
	Adjudication Hearings (Water Quality)
	EMS Fees

budget), multiplied by 25%. The proposed change clarifies that the first relevant date would be the May of 2015.

<sup>54</sup> It amends Section 6 of the Revised Fiscal Year 2012 Budget Support Technical Clarification Temporary Amendment Act of 2011, effective December 2, 2011 (D.C. Law 19-053; 58 DCR 8954)

<sup>55</sup> The provision amends D.C. Official Code § 47-1806.03(a)(8).

<sup>56</sup> The Fiscal Year 2012 Budget Support Act of 2011, effective September 14, 2011 (D.C. Law 19-21; 58 DCR 6226).



Agency Title	Agency Fund Title
Department of Health Care Finance	HCSN Revolving Fund
Department of Motor Vehicles	Drivers Education Program
	Fee - Out-Of-State Vehicle Registration
	General "O" Type Revenue Sources
Department of Parks and Recreation	Enterprise Fund Account
Department of Public Works	Abandoned Vehicle Program
Department of Real Estate Services	Rent
	RFK & DC Armory Maintenance Fund
Dept of Small and Local Business Development	Commercial Trust Fund
Department Of Transportation	DDOT Operating Fund
Department of Consumer and Regulatory Affairs	Construction/Zoning Compliance Mgmt Fund
	Enhanced Surveyor Function
Department of Housing & Community Dev.	Housing Production Trust Fund
Deputy Mayor for Economic Development	Neighborhood Investment Fund
	Industrial Revenue Bond Program
Department of the Environment	Adjudication Hearings (Air Quality)
	Underground Storage Tank Fines And Fees
	General Enforcement Fines And Fees
	Lead Based Certification Fees
	Pesticide Product Registration
	Lead Poisoning Prevention Fund
	Hazardous Generator Fees
	RETF - Pepco
	Residential Essential Services (Res)
	Verizon Economy II (for discounted phone service)
	Residential Aid Discount (RAD)
District of Columbia Public Schools	DHHS Afterschool Program-Copayment
	Custodial
John A. Wilson Building Fund	Wilson Building Notes Payable
Metropolitan Police Department	Sale Of Unclaimed Property
Office of Public Education Facilities Modernization	BOE-Real Property Improvement/Maintenance Fund
	Lease Income
Office of Administrative Hearings	Adjudication Fines
Office of Chief Financial Officer	Compliance & Real Property Tax Admin. Fund
Office of Contracting & Procurement	DC Surplus Personal Property Sales Oper.
Office of Motion Pictures & Television	Production Support
Office of Tenant Advocate	Rental Accommodation Fees
	Condo Conversion
Office of The Attorney General	DUI
	Antifraud Fund
	Anti-Trust Fund
	Consumer Protection Fund
Office of The Chief Medical Examiner	Medical Examiner Fees
State Superintendent of Education	Pre-K Program Assistance Fund
	OPLA - Special Account
	State Superintendent Of Education Fees
	GED Testing Fees
Taxi Cab Commission	Justice Department Fingerprints
Total	

The subtitle also specifies that for the following accounts, only the amounts shown in the following table (and not the full end of FY 2011 balances) be undesignated:

<b>Agency Title</b>	<b>Agency Fund Title</b>	<b>FY11 Undesignation</b>
Alcoholic Beverage Regulation Administration	ABC Keg Registration Fees	\$32,318
	ABC - Import And Class License Fees	\$2,470,286
DC Public Library	Copies And Printing	\$66,008
Department of Insurance, Securities & Banking	HMO Assessment	\$237,358
	Insurance Assessment	\$890,263
Department of Corrections	Corrections Trustee Reimbursement	\$554,645
Department of Employment Services	Workers' Compensation Admin.	\$3,819,914
	U. I. Interest/Penalties	\$521,030
	U.I. Administrative Assessment	\$1,116,780
Department of Health	Pharmacy Protection	\$815,788
	Board Of Medicine	\$3,084,486
Department of Health Care Finance	Medicaid Collections-3rd Party Liability	\$75
	Bill of Rights(Grievance & Appeals)	\$77,713
Department of Human Services	SSI Payback	\$2,417,706
Department of Public Works	District Recycle Program	\$90,612
	Solid Waste Disposal Fee Fund	\$309,809
	Clean City Fund	\$440,574
Department of Real Estate Services	Eastern Market Enterprise Fund	\$111,745
Department of Transportation	Tree Fund	\$68,499
Department of Consumer and Regulatory Affairs	R-E Guar. & Educ. Fund	\$274,782
	Board Of Engineers Fund	\$396,838
	Basic Business License Fund	\$652,761
	OPLA - Special Account	\$777,765
	Green Building Fund	\$963,214
Department of Housing and Community Development	DHCD Unified Fund	\$1,866,116
	Home Purchase Assistance Program -	\$1,953,359
	Senior Citizens Home Repair	\$77,258
Deputy Mayor for Economic	AWC & NCRC Development	\$1,750,000
District Department of The Environment	Soil Erosion/Sediment Control	\$1,324,043
	Sustainable Energy Trust Fund	\$9,636,217
	DC Municipal Aggregation Program	\$135,569
	Anacostia River Clean Up Fund	\$291,197
	Renewable Energy Development Fund	\$457,601
	Energy Assistance Trust Fund	\$3,538,629
Medical Liability Captive Ins Agency	Captive Insurance Fund	\$2,340,449
Metropolitan Police Department	Asset Forfeiture	\$753,088
Office of Cable TV	Cable Franchise Fees	\$2,343,752
Office of Chief Financial Officer	Recorder Of Deeds Surcharge	\$1,749,845
Office of Planning	Hist. Landmark & Hist. Dist. Filing Fees	\$27,100
Office of People's Counsel	Advocate For Consumers	\$100,870
Office of The Attorney General	Child Support - Interest Income	\$1,496
	Child Support - Reimbursements & Fees	\$21,960
	Child Support - TANF/AFDC Collections	\$2,323,131
State Superintendent of Education	Charter School Credit Enhancement Fund	\$5,651,166
Taxi Cab Commission	Taxicab Assessment Act	\$53,592
<b>Total</b>		<b>\$56,587,407</b>

### **Financial Plan Impact**

The proposed subtitle redesignates funds in the District's fund balance to various special purpose accounts. In the absence of this subtitle, the full FY 2011 balances of these funds would have been undesignated. This subtitle undesignates approximately \$56 million as depicted in the table above, thus leaving approximately \$43 million in FY 2011 special purpose revenue fund balances that are available for potential agency use. The proposed changes in the designation of FY 2011 fund balances do not have an impact on the District's budget and financial plan, but provides flexibility to agencies by increasing available balances in various special purpose revenue type accounts.

The proposed FY 2013 through FY 2016 budget and financial plan does not use these newly redesignated funds to balance agency budgets.

## **TITLE IX- CAPITAL BUDGET**

### **Subtitle (IX)(A) – District Department of Transportation Capital Project Review and Reconciliation Act of 2012**

#### **Background**

The proposed subtitle authorizes the Office of the Chief Financial Officer (OCFO) to close any capital project funded from revenues in the Local Transportation Fund if the project :

- has obligated or expended funds in excess of its approved budget; or
- has been inactive for 12 months or more.

The proposed subtitle also authorizes the OCFO to close any capital project funded from revenues in the Highway Trust Fund if the project:

- has been closed by the United States Department of Transportation;
- has an open balance of:
  - \$500,000 or more, and has been inactive for 12 months;
  - Between \$50,000 and \$499,999, and has been inactive for 24 months;
  - Less than \$50,000, and has been inactive for 36 months; or
- has obligated or expended funds in excess of its approved budget.

The subtitle authorizes the OCFO to adjust the budget allotment of a capital project if the allotment exceeds its budget authority.

The subtitle requires funds resulting from the closure of a capital project funded by the Local Transportation Fund to be allocated equally among the Local Streets Ward-based capital projects, and requires funds resulting from the closure of projects funded by the Highway Trust Fund to be allocated to Federal Highway Administration capital projects approved for the current Fiscal Year.

Finally, the subtitle requires the OCFO to submit to the Mayor and the Council a quarterly summary of all capital project closures.

#### **Financial Plan Impact**

Authorizing the OCFO to close capital projects that meet the above-mentioned criteria and reallocating these funds to other capital projects would not have a negative impact on the proposed budget and financial plan. These activities are already authorized and being implemented under temporary legislation<sup>57</sup> that is set to expire June 2012. The proposed subtitle makes these activities permanent.

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<sup>57</sup> The District Department of Transportation Capital Project Review and Reconciliation Temporary Act of 2011 effective October 20, 2011 (D.C. Law 19-34; 58 DCR 6531).

**Subtitle (IX)(B) – Capital Budget Reporting Requirements Act of 2012**

**Background**

Under current law, the Office of Contracting and Procurement has authority to immediately spend funds or reclassify funds for immediate expenditures under emergencies. The proposed subtitle requires the Mayor to submit to Council a quarterly report with a list of all District Department of Transportation (DDOT) projects or accounts under which such emergency expenditures took place. The quarterly reports must be certified by the OCFO.

**Financial Plan Impact**

The proposed reporting requirements for DDOT have no impact on the proposed budget and financial plan, but allow for better tracking of emergency expenditures incurred by DDOT.

**Subtitle (IX)(C) –Capital Budget Authority Transfer Act of 2012**

**Background**

The proposed subtitle reduces the capital budget authority and allotment for the South Capitol Corridor Project by approximately \$8.7 million and increases the capital budget authority and allotment for the 11<sup>th</sup> Street Bridge project by the same amount.

**Financial Plan Impact**

The proposed FY 2013 through FY 2018 Capital Improvement Plan already incorporates the fiscal effect of the proposed changes. According to the District Department of Transportation, the capital funds for the South Capitol project are no longer needed.

<b>Subtitle (IX)(C) – Proposed Capital Budget Modifications</b>	
<b><u>Reduce Capital Budget Authority and Allotment:</u></b>	
<b>South Capitol Street Corridor (AW000)</b>	<b>(\$7,801,428.00)</b>
Fund detail 0320	(\$1,716,314.00)
Fund detail 0350	(\$6,085,114.00)
<b>Transit Operations and Dedicated Facilities (TOP00)</b>	<b>(\$851,000.00)</b>
Fund detail 0320	(\$187,220.00)
Fund detail 0350	(\$663,780.00)
<b>Total Reduction:</b>	<b>(\$8,652,428.00)</b>
<b><u>Increase Capital Budget Authority and Allotment:</u></b>	
<b>11th Street Bridge (HTF00)</b>	<b>\$8,652,428.00</b>
Fund detail 0320	\$1,903,534.00
Fund detail 0350	\$6,748,894.00
<b>Total Increase:</b>	<b>\$8,652,428.00</b>

**Subtitle (IX)(D) – FY 2010 Capital Project Reallocation Approval Resolution Act of 2012**

**Background**

The proposed subtitle authorizes the Office of the Chief Financial Officer (OCFO) to reallocate approximately \$21 million in currently held general obligation bond balances from the capital projects with slow activity to the WMATA Transit Operations and Dedicated Facilities project, a project with insufficient bond balance to cover expenditures. This enables the District to make better use of the bonds held in escrow (at a low interest rate), avoid some future borrowing, and improve cash flow. The subtitle has no impact on the budget authority of the capital projects.

**Financial Impact**

Authorizing the OCFO to reallocate currently held bond balances from certain capital whose balances are currently not being used to the WMATA project would not have a negative impact on the proposed budget and financial plan. Additionally, the reallocation would neither increase nor decrease the budget authority for the WMATA project or the other capital budget projects cited in the legislation. The intent is only to reallocate available bond balances where they are needed, making more efficient use of District resources.

## **TITLE X- ADDITIONAL REVENUE CONTINGENCY LIST**

### **Subtitle (X) (A) – Revised Revenue Estimate Contingency Priority List of 2012**

#### **Background**

This subtitle sets forth a spending priority list in the event that a future revenue estimate projects revenues over and above the revenue estimate<sup>58</sup> incorporated in this, the FY 2013 budget. The priority list of possible spending is as follows:

- (1) Department of Human Services - \$7,000,000 to increase local funds for homeless services to cover the loss of federal block grant carryover funds;
- (2) Department of Human Services - \$14,700,000 to increase TANF job program to universality;
- (3) Department of Healthcare Finance - \$23,025,374 for Alliance benefit restructuring and moving to primary and preventative care only for 20,000 beneficiaries;
- (4) D.C. Housing Authority - \$19,969,048 to designate the Housing Production Trust Fund for the Local Rent Supplemental Program;
- (5) Deputy Mayor for Public Safety and Justice/Office of Victims Services - \$2,584,000 for Emergency and Transitional Housing, the restoration of the cut to core services, and to fund the Lethality Program;
- (6) General Fund Revenue - \$1,100,000 to repeal the tax on out-of-state municipal bonds;
- (7) Office of the State Superintendent of Education - \$8,550,000 for increasing infant and toddler services/early intervention slots by 925;
- (8) Office of the State Superintendent of Education - \$5,000,000 for special education improvement, compliance, and capacity building (11 FTEs);
- (9) Department of Human Services - \$1,575,451 to increase local funds to cover the loss of federal funds in Family Services block grants, refugee services, emergency shelter, pregnancy and teen parenting;
- (10) Department of Housing and Community Development - \$2,900,000 to double local funding for the Home Purchase Assistance Program;
- (11) Department of Mental Health - \$1,900,000 for school based mental health staff;
- (12) General Fund Revenue - \$10,000,000 to reduce the commercial property tax rate on the first \$3 million of assessed value from \$1.65 to \$1.55 per \$100 of assessed value;
- (13) Department of Human Services - \$2,400,500 to increase local funds for homeless services to cover contractually mandated costs increases;
- (14) University of the District of Columbia - \$6,473,766 to provide funding for the Community College of the District of Columbia;
- (15) University of the District of Columbia - \$3,000,000 to provide full funding requested by the University of the District of Columbia for early out;
- (16) Department of Housing and Community Development - \$1,384,987 for the Small Business Technical Assistance Program;
- (17) Office of Planning - \$1,500,000 for the Ward 8 Pilot budget challenge;
- (18) D.C. Public Library - \$1,000,000 for the restoration of materials/acquisition budget;
- (19) Department of Corrections - \$300,000 for Career Ladder promotions;
- (20) Fire and Emergency Medical Services - \$540,000 to expand Fire Cadet program;
- (21) District Department of the Environment - \$1,000,000 for the sustainable D.C. Pilot;

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<sup>58</sup> Office of the Chief Financial Officer, February 2012 Revenue Certification Letter, dated February 29, 2012.

- (22) D.C. Commission on Arts and Humanities – \$3,000,000 increased funding for the arts;
- (23) Office on Aging - \$76,874 to increase one FTE for the Senior Villages coordinator;
- (24) Deputy Mayor for Planning and Economic Development - \$1,000,000 for Destination DC/Events DC pilot advertising and marketing; and
- (25) D.C. Department of Human Resources - \$320,000 to restore the Capital City Fellows Program (5 FTEs).

### **Financial Plan Impact**

This priority list for potential spending in FY 2013 has no effect on the proposed budget and financial plan. The Office of Revenue Analysis reviews revenue estimates for the District of Columbia quarterly. The revenue estimates may project an increase or decrease in revenues depending on economic conditions in the District.

This spending list would propose to spend any future revenue increases, but if revenue increases do not materialize in FY 2013, Title X of this bill will not be implemented. If revenue increases do materialize within FY 2013, this list would govern the expenditure of those increased revenues.