

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: February 19, 2002

SUBJECT: Fiscal Impact Statement: "Urban Forest Preservation Act of 2002"

REFERENCE: Revised Bill Number 14-307

Conclusion

There would be no fiscal impact for Titles I, II, III and V of the proposed legislation; funds are sufficient in the District's FY 2002 through FY 2005 budget and financial plan for Titles I, II, III and V. The cost of the proposed tax deduction for tree planting in Title IV cannot currently be quantified; however, it is expected that the costs would not be significant.

Background

The purpose of the proposed legislation is to establish an urban forest preservation program within the District of Columbia. The Urban Forestry Division within the Division of Transportation (DDOT) would be responsible for overseeing this program by protecting existing trees and planting new trees in the District of Columbia. A seven-member Tree Advisory Board appointed by the Mayor with the advice and consent of the Council would advise the Mayor on the District's urban forest. Finally, this Act would establish a District income and franchise tax deduction for planting new trees.

Financial Plan Impact

This bill proposes to change the name of the existing Tree and Landscape Division (TLD) to the Urban Forestry Division (UFD). The UFD would receive the TLD's budget. The TLD's existing budget is sufficient to implement the urban forest preservation program (Title I), and to absorb the administrative costs of the Tree Advisory Board (Title III).

Removal of trees abutting the public parking area (Title I, Section 110) and hazardous trees (Title I, Section 111) would be funded via permit fees, property liens, and billing property owners for the cost of the tree removal.

The Urban Forest Preservation Act would designate a Tree Fund (Title I, Section 107) - a dedicated "O"-type and "P"-type (private donation) fund that is non-lapsing and non-reverting - which would be separate from the District of Columbia's local General Fund revenue. The Tree Fund would be used solely for planting trees on public property and for care of "exceptional trees". The Tree Fund would generate revenue through private donations and fees collected from forfeited tree preservation and replacement plan security money (Title I, Sec. 105), fines, fees and penalties generated via enforcement of the urban forest preservation program (Title I, Sec. 112), and fines, fees and penalties assessed for the destruction of trees (Title II). It is expected that Tree Fund deposits will total \$40,000 per annum. Please note that the "P"-type private donations to the Tree Fund are wholly separate from the \$50 million endowment from the Casey Tree Foundation, which will be administered as a public/private partnership between the Government of the District of Columbia, the Garden Club of America and the Casey Tree Foundation.

Finally, this bill would establish a District income and franchise tax deduction for planting new trees (Title IV). The deduction would cover expenses up to \$300 per tree planting. The cost of the proposed tax deduction for tree planting cannot currently be quantified; however, it is expected that the costs would not be significant. This tax deduction may be difficult to administer because there are no requirements for documentation that coincide with District tax operations and systems.