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** [signature] **Chief Financial Officer**
DATE:	**July 12, 2004**
SUBJECT:	**Fiscal Impact Statement: "Summer Youth Employment Business Tax Credit Act of 2004"**
REFERENCE:	**Draft Legislation to be Introduced - No Bill Number Available**

Conclusion

Funds are not sufficient in the FY 2005 through FY 2008 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. Additional resources will be required to implement the proposed legislation. **The proposed legislation will result in an unbudgeted reduction in franchise tax revenue of approximately $96,000 in FY 2005 and $384,000 in FY 2005 through FY 2008.** The FY 2005 budget has sufficient resources to fund the bill in the first year. However, the budget authority has not been requested and funding has not been allocated for the purposes of the proposed legislation. FY 2006 through FY 2008 will require additional resources to implement the proposed legislation.

Background

The proposed legislation would establish a credit that could be applied to taxable income on the District's franchise tax return. Businesses who hire persons through the District's Summer Youth Program will receive a tax credit limited to $240 per person, per year. The proposed legislation makes many requirements for eligibility.

Financial Plan Impact

Funds are not sufficient in the proposed FY 2005 through FY 2008 budget and financial plan. The table in Figure 1 presents the estimated franchise tax revenue reductions that would result from implementing the provisions of the proposed legislation.

Figure 1.

Estimated Franchise Tax Reductions ($ in 000s)				
FY 2005	FY 2006	FY 2007	FY 2008	4 -Year Total
$96	$96	$96	$96	$384