

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



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

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

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: FEB -5 2008

SUBJECT: Fiscal Impact Statement: "Public Space Vaults Rental Fees Relief Amendment Act of 2007"

REFERENCE: Bill Number 17-266, Committee Print

Conclusion

Funds are not sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The proposed legislation would result in a direct annual revenue loss to the District Highway Trust Fund (HTF) of approximately \$162,000 in FY 2008 and \$405,000 in the FY 2008 through FY 2011 period. Application of the proposed legislation is subject to the inclusion of its fiscal effects in an approved budget and financial plan.

Background

The proposed legislation would amend D.C. Official Code § 10-1103.04 to establish a separate rate for public space rental fees for vaults located on a Class I property owned and used by a condominium association or housing cooperative. Under current law, the District determines annual vault rental fees in public spaces by computing the product of assessed value ("A.V.") per square foot of the abutting land, the area of the vault level ("Area"), and a utilization factor ("U.F."). The current utilization factors are 1.8% for the first level and 0.45% for each subsequent level. The proposed legislation would change the utilization factors on the specified type of property to 1.5% for the first level and 0.375% for each subsequent level.

The proposed legislation would make the rate reductions retroactive to July 1, 2006.

Financial Plan Impact

Funds are not sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. Application of the proposed legislation is subject to the inclusion of its fiscal effects in an approved budget and financial plan. The proposed legislation would affect the utilization factor for an estimated 94 vaults. The resulting revenue loss from the lowering of the utilization factor would total approximately \$162,000 in FY 2008 and \$405,000 in the FY 2008 through FY 2011 budget and financial plan.

In addition, a decrease in revenue to the HTF from vault rental fees could affect the District's ability to leverage Federal aid funding for U.S.C. Title 23 eligible projects.¹ As noted, the direct loss of revenue to the District of \$81,000 per year could result in an additional estimated inability to spend \$322,000 in Federal aid funds for which the District would otherwise be eligible to receive as stipulated in U.S.C. Title 23.

Estimated Impact to the Financial Plan of the Public Space Vaults Rental Fees Relief Amendment Act of 2007 (S in 000s)					
Item	FY 2008	FY 2009	FY 2010	FY 2011	4 – Year Total
Reduced Revenue Collections	\$162	\$81	\$81	\$81	\$405

Note: The estimated revenue loss in FY 2008 reflects the direct loss for FY 2008 in addition to the cost of the retroactivity of the proposed legislation.

¹ A portion of funds collected from the public space vault rental fees accrues to the District's Highway Trust Fund, eligible spending from which is matched by Federal money at an 80-20 match.