

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



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer

DATE: April 13, 2026

SUBJECT: Fiscal Impact Statement – “Fiscal Year 2027 Budget Support Act of 2026”

REFERENCE: Draft bill as provided to the Office of Revenue Analysis on April 10, 2026

A handwritten signature in black ink, appearing to read 'Glen Lee'.

Conclusion

Funds are sufficient in the fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the Fiscal Year 2027 Budget Support Act of 2026. The budget and financial plan accounts for the expenditure and revenue implications of the bill.

The bill, the “Fiscal Year 2027 Budget Support Act of 2026,” is the legislative vehicle for adopting statutory changes needed to implement the District’s proposed budget and financial plan for the fiscal years 2027 through 2030. The following pages summarize the purpose and the impact of each subtitle.

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TITLE I – GOVERNMENT DIRECTION AND SUPPORT

Subtitle (I)(A) – Telework Policy Amendment Act of 2026

Background

The subtitle requires the Mayor to establish a telework policy for all agencies, except the Council and agencies of the legislative branch, and prohibits District personnel authorities from establishing a different telework policy without authorization from the Mayor. The subtitle also requires every agency to submit a report to the Mayor with information on the use of telework by employees, and it authorizes the Mayor to audit agency implementation of the telework policy.

The subtitle also prohibits personnel authorities from entering into a collective bargaining agreement that includes or requires a telework policy.

Financial Plan Impact

The subtitle does not impact the budget and financial plan.

Subtitle (I)(B) - Limitations on Liability Against the District of Columbia Act of 2026

Background

The subtitle places limits on the District’s unliquidated damages liability to persons or property resulting from actions by the District government. The subtitle limits damages to \$500,000 for all claimants related to a single incident or occurrence. The limit is \$1 million if the damages were awarded due to intentional wrongful acts or omissions by the District. The subtitle requires any defendant to expend more than \$10,000 in medical expenses to be eligible for an award for noneconomic damages, except in cases of permanent disfigurement or death emanating from an intentional wrongful act. These limits apply to any case filed in court or another relevant tribunal on or after October 1, 2026.

Financial Plan Impact

In fiscal year 2025 the District exceeded its initial annual budget for settlements and judgments by nearly \$20 million. The subtitle will limit the District’s potential exposure to claims. While each claim against the District is unique, establishing payment limits will limit the District’s overall potential claims exposure. As a result, amounts budgeted for settlements and judgments have been reduced by \$22.5 million in savings over the four-year financial plan period starting in fiscal year 2028.

Subtitle I(B) - Limitations on Liability Against the District of Columbia Act of 2026 Settlements and Judgements Savings (\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Annual Savings	\$0	\$7,500	\$7,500	\$7,500	\$22,500

Subtitle (I)(C) – District Employee Paid Parental, Family, and Medical Leave Amendment Act of 2026

Background

The subtitle changes eligibility requirements and available benefits for the paid parental, family and medical leave program for District government employees.

First, the subtitle requires a District government employee to be employed by the District for at least 180 continuous days to be eligible.

Second, employees must provide written notice to their agency describing the need for the leave and provide a schedule of expected hours during which the employee intends to take the leave. The notice must be provided at least ten days in advance, if the leave is foreseeable. If the leave is due to an unforeseeable event, the employee must provide details of the leave either orally or in writing within 48 hours after the emergency occurs. The subtitle allows for a good faith negotiation on dates for taking leave and allows an agency to deny use of paid leave if an employee does not agree to a reasonable request to revise the dates.

Third, the subtitle removes grandparents and siblings from the list of defined family members for which family care leave may be taken.

Fourth, the subtitle reduces the maximum leave that can be taken when caring for a defined family member for qualifying family leave events from eight weeks per year to two.

Fifth, the subtitle requires probationary employees to enter into a continuation of service agreement to stay on as an employee for at least 12 weeks after the use of paid parental, family or medical leave. Probationary employees who voluntarily separate prior to the end of a continuation of service agreement will be considered indebted to the District government for salary paid during the leave period.

Financial Plan Impact

At some agencies and for certain positions, family care leave can require agencies to cover absences of essential employees by using overtime of other employees. An analysis of fiscal year 2025 family care hours taken by employees of ten selected agencies¹ shows that the subtitle’s restriction of family care to two weeks would have resulted in 177,000 hours of reduced paid family care leave. It is estimated that about half of these hours will still be taken, however, utilizing other employee leave options such as unpaid Family and Medical Leave Act usage. The other half of reduced leave-taking hours is projected to result in a corresponding reduction of overtime expenses. This is estimated to save \$5.7 million across ten agencies in fiscal year 2027 and \$23.7 million across the four-year financial plan.

¹ Agencies selected for cost analysis were Child and Family Services Agency, Department of Behavioral Health, Department of General Services, Department of Corrections, Department of Human Services, Department of Public Works, Department of Youth Rehabilitation Services, Fire and Emergency Management Services, Metropolitan Police Department, and Office of Unified Communications.

Subtitle (I)(C) - District Employee Paid Parental, Family, and Medical Leave Amendment Act of 2026 Savings (\$ in thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Overtime savings	\$5,770	\$5,885	\$6,003	\$6,123	\$23,780

Subtitle (I)(D) – Lobbyist Late Filing Penalty Amendment Act of 2026

Background

District law² stipulates that any person who files a required lobbyist report or registration form in an untimely manner be assessed a civil penalty of \$100 per day for up to 60 days, excluding weekends and holidays. The Board of Government Ethics and Accountability (BEGA) may waive this for good cause. The subtitle removes³ the exclusion for weekends and holidays and makes the 60-day time frame consecutive.

Financial Plan Impact

The subtitle does not have an impact on the budget and financial plan. The subtitle allows BEGA to impose late filing fines in a timelier manner without overlapping into the next filing period. BEGA utilizes an e-filing system, which is available on the website 24/7, for lobbyists to file their registrations and activity reports. BEGA will continue to process reports and registrations, and assess penalties, with resources budgeted in the fiscal year 2027 budget and financial plan.

Subtitle (I)(E) – Mayoral Transition Act of 2026

Background

The subtitle authorizes the Mayor to take “appropriate action” to assure continuity in a change of administrations. It authorizes the current Mayor to spend up to \$300,000 to provide resources and support to the next Mayor-elect and his or her transition staff, including: office space, furniture, machines, supplies, compensation to transition staff, and other reasonable expenses.

Financial Plan Impact

The Non-Departmental Account (Agency D00) has up to \$300,000 available for transition expenses in fiscal year 2027.

² D.C. Official Code § 1-1162.32(c).

³ By amending the Board of Ethics and Government Accountability Establishment and Comprehensive Ethics Reform Amendment Act of 2011, effective April 27, 2012 (D.C. Law 19-124; D.C. Official Code § 1-1162.32(c)).

Subtitle (I)(F) – Fair Elections Program Amendment Act of 2026

Background

The Fair Elections Program⁴, managed by the Office of Campaign Finance (OCF), provides for the optional public funding of political campaigns in the District. Participation in the program is voluntary, and participants must abide by contribution limits, expenditure prohibitions, and reporting requirements. OCF is required to revoke the certification of a candidate participating in the program if they do not comply with the program’s requirements, fail to qualify for the ballot, or cease campaigning for the position for which they were certified.

The subtitle makes candidates personally liable for any expended base or matching funding the candidate received, if the candidate’s certification is revoked, or if the candidate engages in fraudulent activities. The Campaign Finance Board may reduce a participating candidate’s personal liability if they terminate their candidacy for good cause including health reasons or personal hardship. The subtitle explicitly states that good cause does not include electoral reasons such as low standing in the polls, lack of fundraising success, or low expectation of electoral success.

Financial Plan Impact

OFT currently manages the revocation process for the program and initiates enforcement to recover unexpended funds. The subtitle does not significantly burden that process and can be managed within current resources.

⁴ D.C. Official Code § 1–1163.32a, et al. (<https://ocf.dc.gov/page/overview-fair-elections-program>)

TITLE II – ECONOMIC DEVELOPMENT AND REGULATION

Subtitle (II)(A) - Downtown Building Conversion Support Amendment Act of 2026

Background

The Deputy Mayor for Planning and Economic Development (DMPED) manages two programs designed to spur development in downtown Washington, D.C. The Housing in Downtown program⁵ encourages the transition of existing office buildings into residential buildings. The Office to Anything program⁶ encourages the transition of unused or underutilized office buildings into new, activated commercial, entertainment, retail, or non-residential uses. DMPED incentivizes participation in the programs through real property tax abatements and freezes.

The Housing in Downtown program requires that affordable units included in the conversion project comply with the District’s Inclusionary Zoning Program.⁷ The subtitle redefines bedroom to include any habitable room that has a closet, is designated as a bedroom or sleeping room, and receives natural light and ventilation, regardless of whether the room has access to an exterior window. This definition applies to both affordable and market rate units and only to properties not otherwise subject to the Inclusionary Zoning Program. The subtitle also repeals a requirement that property owners contract with certified business enterprises for 35 percent of the operations of the conversion project. Property owners must still contract with certified business enterprises for 35 percent of the contract dollar volume of the project’s construction elements.

The subtitle expands the Office to Anything program to include a conversion of any non-residential building to any other non-residential use. The subtitle clarifies that the Mayor can cancel an eligibility and reservation letter under the Office to Anything program for a failure to comply with any condition established in the document. The subtitle authorizes the Mayor to terminate the eligibility for any property if it fails to meet established conditions or offer a property owner the opportunity to cure any deficiencies. If the property owner cures the deficiencies, the Mayor should not grant the tax abatement during the period of deficiency and the fifteen-year period of the tax freeze should not be tolled for the deficient period.

The subtitle exempts any projects in the Office to Anything program from the District’s First Source requirements⁸ for the construction and development phases of the conversion project.

The subtitle applies the existing Building Conversion Permit Fee⁹ that is charged to projects under the Housing in Downtown program to any projects participating in the Office to Anything program.

⁵ Tax Abatements for Housing in Downtown Amendment Act of 2022, effective September 21, 2022 (D.C. Law 24-167; D.C. Official Code § 47-860.01 et seq.).

⁶ Central Washington Activation Program Amendment Act of 2024, effective September 18, 2024 (D.C. Law 25-217; D.C. Official Code § 47-870 et seq.).

⁷ Inclusionary Zoning Implementation Amendment Act of 2006, effective March 14, 2007 (D.C. Law 16-275; D.C. Official Code § 6-1041.01 et seq.) and Inclusionary Zoning, effective May 3, 2025 (11 DCMR § 11-C10).

⁸ First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code § 2-219.03).

⁹ Building Permit Fees, effective December 6, 2025 (12-M DCMR § 101.1(a-1)).

Financial Plan Impact

The subtitle’s changes to the Housing in DC program that alter the definition of a bedroom and change the certified business enterprises contracting commitment will ease the regulatory burdens for projects seeking inclusion in the program. However, these changes are not expected to significantly increase the number of projects seeking program approval.

Since the Office to Anything program’s inception in fiscal year 2025, only two to three projects have shown interest in the program. The subtitle’s applicability of building conversion fees to Office to Anything program participants means that program participants will pay lower building permit fees than they would otherwise pay for a conversion. However, the limited interest in the program, combined with growth from the program’s expansion, less restrictive First Source requirements, and lower fees, should generate additional building permit fee revenues to offset any potential losses from the change in the building permit fee applicability. The program’s real property tax abatements remain capped at \$5 million in fiscal year 2027, \$6 million in fiscal year 2028, \$8 million in fiscal year 2029, and 104 percent of the prior year’s cap beginning in fiscal year 2030.

Subtitle (II)(B) – Rent Payment Reporting Amendment Act of 2026

Background

The subtitle authorizes the Mayor to establish a rent payment reporting program (“Program”), which will be managed by the Department of Housing and Community Development (DHCD). The Program will facilitate providing information from rental housing providers about a tenant’s rent payment history to consumer credit bureaus. Tenants must authorize participation in the Program and the transfer of their payment information.

The Mayor may issue grants to rental housing providers to help cover costs associated with participating in the Program and require providers who receive financial support to participate.

Financial Plan Impact

DHCD’s budget has \$500,000 set aside in recurring funding for the program. This is the estimated cost of a third-party provider to manage the program.

Subtitle (II)(B) – Rent Payment Reporting Amendment Act of 2026					
Total Cost (\$ in thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Rent Payment Reporting Program	\$500	\$500	\$500	\$500	\$2,000

Subtitle (II)(C) – Workforce Housing Opportunity Amendment Act of 2026

Background

The subtitle creates a new real property tax abatement program for a residential development of at least 40 units. Developers with projects seeking the tax abatement must apply to, and be certified by,

the Mayor. Applications must include a third-party fiscal analysis demonstrating that the project is only feasible with the tax abatement. Projects must meet affordability requirements to be awarded, and to maintain, the tax abatement. At least 20 percent of the units must be affordable at the level of 80% of median family income, and at least 20 percent must be affordable at 100% of median family income. Certified Business Enterprises must receive thirty-five percent of development and operating costs, and the developer must enter into a First Source Agreement. The Mayor may use a competitive process to award the tax abatements and must limit the total value of abatements to \$4 million in fiscal year 2029, \$5 million in fiscal year 2030, and \$6 million in fiscal year 2031. Thereafter, the total value of abatements under the program may grow at 5 percent annually.

Tax abatements begin with the project’s certificate of occupancy for all affordable units, and may end after 20 years, provided that the Mayor determines a 20-year tax abatement is necessary for the feasibility of the project. Otherwise, tax abatements provided to a project will last for ten years.

Financial Plan Impact

The subtitle will reduce real property tax revenue starting in fiscal year 2029. The Office of the Deputy Mayor for Economic Development can review abatement applications and certify abatements for the Office of Tax and Revenue. The total cost of the subtitle is \$9 million through 2030.

Subtitle (II)(C) – Workforce Housing Opportunity Amendment Act of 2026					
Total Revenue Decrease (\$ in thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Total Revenue Decrease	\$0	\$0	\$4,000	\$5,000	\$9,000

Subtitle (II)(D) – Federal Property Development Tax Incentive Act of 2026

Background

The subtitle authorizes the Mayor to approve a real property tax exemption for certain properties disposed by the Federal government after October 1, 2026. Such properties may have been disposed by sale or ground lease to the District government, or by sale or ground lease to a private entity. If disposed to the District government, the property may be further transferred by sale or ground lease to a private entity. The properties must be subject to a development plan that will result in the development of at least 200,000 square feet of gross floor area and must not have been subject to real property tax or payment in lieu of taxes¹⁰ prior. The developer must enter into an agreement to:

- Contract with certified business enterprises for at least 35% of the contract dollar volume of the construction and development of the project;
- Enter into a First Source Agreement for the construction and development of the project;
- Maintain, for the duration of the tax abatement, at least 10% of the housing units developed or redeveloped on the real property as affordable to households earning on average 60% or less of the median family income;

¹⁰ § 47-811 or § 47-1005.01

- Offer at least 10% of the housing units offered for sale at a price affordable to households earning on average 80% or less of the median family income; and
- Agree to such other terms and conditions as the Mayor considers appropriate.

Further conditions for the Mayor to provide the tax abatement include that the Mayor considers the project to be of special merit; that the tax abatement is necessary to make the project financially feasible; and that the developer has the ability to complete the project in a timely manner. The Mayor may provide the tax abatements for a period to last up to 20 years. The tax abatement may begin in the tax year commencing after the tax year in which the certificate of occupancy was issued for the development on the property.

Financial Plan Impact

The subtitle is not projected to reduce real property tax revenue in the financial plan period. Property tax revenue over the last five years, which form the base for revenue estimates, do not include over- 200,000 square-foot developments from previously Federally-owned properties except for developments required to be supported with subsidies such as PILOT bonds. This type of development is therefore not a component of forecasted property tax revenue over the financial plan period. The requirements for the abatement would also preclude any development projects that would be financially feasible without an abatement, including projects that would only include market-rate housing. Moreover, current development conditions also mean that tax abatement start dates would occur outside of the financial plan period.

The Deputy Mayor for Planning and Economic Development can, using its budgeted resources, enter into the agreements required of developers receiving the tax abatement and certify properties to the Office of Tax and Revenue that should receive the abatement.

Subtitle (II)(E) – WMATA Joint Development Properties Tax Abatement Act of 2026

Background

The subtitle authorizes the Mayor to provide real property tax abatements for certain joint development properties located within 1750 feet of a Metrorail station. Requirements include that the Mayor determines the abatement is necessary for the project to be financially feasible and the project is of special merit; and that the developer enters into a First Source agreement and uses Certified Business Enterprises. Additionally, ten percent of any residential units must be set aside as affordable at the 60% of median income level, and an additional ten percent at 80% of median income level, for the duration of the tax abatement. The duration of the tax abatement begins with certificate of occupancy and may last for a maximum of 20 years, provided that the Mayor determines the duration necessary for the project to be financially feasible. The developer must make substantial progress on the development within 5 years.

Financial Plan Impact

WMATA has potentially eligible development sites at the Takoma, Friendship Heights, Fort Totten and Deanwood rail stations. Of these, the Takoma and Deanwood sites are projected to have development that would occur within the financial plan period. The estimated value of the abatements provided by the subtitle is \$108,000 in fiscal year 2027 and a total of \$3.1 million over

the financial plan. The Deputy Mayor for Planning and Economic Development and the Office of Tax and Revenue can administer the program within their budgeted resources.

Subtitle (II)(E) – WMATA Joint Development Properties Tax Abatement Act of 2026					
Total Revenue Decrease (\$ in thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Total Revenue Decrease	\$108	\$633	\$1,117	\$1,250	\$3,108

Subtitle (II)(F) – Federal Properties Tax Fund Act of 2026

Background

The subtitle creates a new non-lapsing dedicated tax fund, the Federal Property Tax Fund (“Fund”). The Fund would receive real property tax and possessory interest tax revenue collected from “covered former federal properties.” A covered former federal property would include properties disposed of after October 1, 2026, including properties that may have been disposed by sale or ground lease to the District government, or by sale or ground lease to a private entity. If disposed to the District government, the property may be further transferred by sale or ground lease to a private entity. The properties must not have been subject to real property tax or payment in lieu of taxes prior to their disposition.

The Mayor may issue rules to implement the subtitle, and the Fund could be used to:

- Implement and support infrastructure improvements, civic projects, redevelopment, and property acquisition in the Central Washington Area¹¹;
- Pay debt service, including principal and interest, costs of issuance, and credit enhancements, and any costs of defeasance on bonds issued to support development of a covered former federal property; and
- Pay the costs of tax abatements awarded pursuant to the Subtitle (II)(C), the Federal Property Development Tax Incentive Act of 2026

Financial Plan Impact

The budget and financial plan does not include any revenue for, or expenditure of, the Fund. Creating a dedicated tax fund may cause Local Fund revenue to decline. However, property tax revenue over the last five years does not include significant undedicated tax revenue from previously Federally-owned properties, so Local Fund revenue estimates are not expected to be impacted by the subtitle. Additionally, expected dispositions of Federal properties are likely large developments requiring significant investments, making their development more likely to occur outside the financial plan period.

Use of the subtitle’s authority for payment of debt service on bonds to support development of a covered former federal property would require future inclusion of projected debt service in the District’s debt cap analysis.

¹¹ As such area is defined in Volume 2 of the District’s 2021 Comprehensive Plan.

Subtitle (II)(G) – Supermarket Tax Incentive Amendment Act of 2026

Background

The District manages a supermarket tax incentive program for qualified supermarkets to receive ten-year real property tax, personal property tax, and licensing fee exemptions and sales and use tax exemptions on construction materials.¹² Qualified supermarkets are those located in locations that are typically underserved by full-service grocery stores.

The subtitle reduces the real property and personal property tax exemptions from ten years to five years for any supermarket certified for a tax exemption after October 1, 2026. The subtitle also authorizes the Mayor to extend any tax exemption for up to five years and enumerates the information the applicant must submit to the Mayor to consider an extension.

The subtitle expands access to the program’s tax incentives for an improvement of an eligible supermarket, where costs exceed 10 percent of the assessed value of the space. Currently, an existing eligible supermarket can only participate if the space undergoes a substantial rehabilitation costing 50 percent or more of the space’s adjusted basis as calculated for tax purposes.

The subtitle offers a new hardship condition for a qualified supermarket to qualify for a tax exemption. If a supermarket operated at a net operating loss for the two years prior to requesting certification for the tax exemption, then it can qualify for the exemption.

Financial Plan Impact

There are currently two supermarkets certified to receive tax abatements and over one dozen have received abatements since 2018. The subtitle’s provisions that provide eligibility for improvements that exceed 10 percent of the space’s assessed value and allow for a supermarket to qualify for a hardship exemption will increase the number of participants in the program. Additional participants will reduce combined real property and personal property taxes by \$612,000 in fiscal year 2027 and \$6.3 million over the four-year financial plan period. The provisions will also reduce sales and use taxes by \$28,000 in fiscal year 2027 and \$208,000 over the four-year financial plan period. Any impacts on business license revenues are *de minimis*.

Subtitle (II)(G) – Supermarket Tax Incentive Amendment Act of 2026					
Reduced Tax Revenue					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Real Property	\$593	\$1,203	\$1,839	\$2,513	\$6,148
Personal Property	\$19	\$39	\$59	\$80	\$197
Sales and Use	\$28	\$58	\$60	\$62	\$208
Total Reduced Taxes	\$640	\$1,300	\$1,958	\$2,655	\$6,553

¹² Supermarket Tax Incentive Amendment Act of 1988, effective September 29, 1988 (D.C. Law 7-173; D.C. Official Code § 47-3801 et seq.).

Subtitle (II)(H) – Food Policy Functions Amendment Act of 2026

Background

In 2015, the Council approved the establishment of a Food Policy Council and food policy director with the Office of Planning.¹³ The Food Policy Council was charged with promoting food access and sustainability, monitoring barriers to the local food economy, researching food policy best practices, and assessing data on the local food economy.

The subtitle repeals the Food Policy Council and director.

Financial Plan Impact

The proposed fiscal year 2027 budget includes a \$413,000 reduction in funding in the office of Planning for the program. The savings includes reduction of three full time positions, and non-personal services for operational support.

Subtitle (II)(H) – Food Policy Functions Amendment Act of 2026					
Total Savings (\$ in thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Personal Services Savings (Reduction of 3 FTEs)	\$388	\$396	\$405	\$413	\$1,602
Non Personal Services Support	\$25	\$26	\$26	\$27	\$103
TOTAL SAVINGS	\$413	\$422	\$431	\$439	\$1,705

Subtitle (II)(I) – Vacant Building Registration Fee Amendment Act of 2026

Background

The Department of Buildings (DOB) requires any property owner whose building becomes vacant¹⁴ to register with DOB within 90 days of the vacancy.¹⁵ The property’s owner must pay the vacant building registration fee and maintain the building up to all codes so that it does not become detrimental to public health, safety, and welfare. DOB charges a \$350 initial registration fee and \$500 renewal fee. DOB deposits vacant building registration fees into the Nuisance Abatement Fund (Fund).¹⁶

The subtitle eliminates the vacant building registration fee. The subtitle also expands the definition of an adequately maintained vacant building to include that accessory and appurtenant structures and the overall property are not rat harborage.

¹³ Food Policy Council and Director Establishment Act of 2014, effective March 10, 2015 (D.C. Law 20-191; D.C. Official Code § 48-311 et seq.).

¹⁴ A vacant building is defined as improved real property that is not lawfully occupied on a regular or habitual basis by the owner, tenant, or person authorized by the owner.

¹⁵ D.C. Official Code § 42-3131.06.

¹⁶ Realty Violations Correction Fund Act of 1979, effective January 5, 1980 (D.C. Law 3-45; D.C. Official Code § 42-3131.01(b)).

Financial Plan Impact

The subtitle’s elimination of the vacant building registration fee will reduce Fund revenues by \$70,000 annually over the four-year financial plan period.

Subtitle (II)(I) – Building Code Infraction Fines Inflation Adjustment Amendment Act of 2026

Background

Since January 1, 2018, the Department of Buildings (DOB) annually updated its class of infraction fine schedule by the Consumer Price Index (CPI) for all Urban Consumers in the Washington Metropolitan Statistical area.¹⁷ These adjusted fines apply to most infractions issued by DOB, including property, housing, vending, towing, corporation, and other infractions. The fine adjustment does not apply to 2016 zoning regulation infractions.¹⁸

The subtitle extends the current CPI-adjusted fine structure to 2016 zoning regulation infractions to be consistent with all other DOB-enforced infractions. The subtitle makes this change applicable as of January 1, 2018.

Financial Plan Impact

While the District’s zoning regulations were updated in 2016, the infractions related to those updates were not codified until 2019. This was after the District approved CPI-adjustments for DOB fines, so the fines for 2016 zoning regulation infractions were not authorized to be adjusted. The subtitle ensures that fines for the 2016 zoning regulations can be adjusted, retroactively to 2018. DOB has adjusted the fine schedule since 2018 and fines are approximately 25 percent higher than they were in 2017. DOB has issued approximately ten zoning notices of infraction since fiscal year 2022, so any impact on overall revenues is *de minimis*.

Subtitle (II)(K) – Nuisance Abatement and Vacant Building Rulemaking Authority Amendment Act of 2026

Background

In 2025, the Council approved several changes to how the District regulates and interacts with vacant building owners.¹⁹ Some of the changes include or are related to rehabilitation grants, payment plans, building registration, property tax rates, and tax sale procedures. The Department of Buildings (DOB) plays a significant role in the regulation of nuisance and vacant properties, including abating nuisance properties and making vacant building determinations.

The subtitle ensures that DOB has the rulemaking authority to issue rules for both nuisance

¹⁷ DCRA Infraction Fine Increase Amendment Act of 2017, effective December 13, 2017 (D.C. Law 22-33; D.C. Official Code § 6-1431).

¹⁸ Zoning Division Infractions – Zoning Regulations of 2016, effective January 26, 2019 (16 DCMR 3315 et seq.).

¹⁹ Vacant to Vibrant Amendment Act of 2025, effective October 1, 2025 (D.C. Law 26-41; 72 DCR 8881).

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abatement²⁰ and vacant building registrations.²¹ The 2025 law limited DOB’s ability to issue rules to only vacant building registration related activities and not nuisance abatement.

Financial Plan Impact

There are no costs associated with clarifying DOB’s authority to issue rules related to both nuisance properties and vacant properties.

Subtitle (II)(L) – Net-Zero Energy Code Amendment Act of 2026

Background

The Mayor is required to issue regulations by December 31, 2026 that require all new construction or Level 3 alterations of covered buildings²² be constructed to a net-zero energy standard.²³ If the Mayor does not issue these regulations, then projects with permit applications submitted after December 31, 2026 must comply with the most recent version of Appendix Z. The Department of Buildings (DOB) must commission a triennial independent audit of a sample of covered buildings to assess whether those projects complied with the net-zero energy requirements.

The subtitle delays this requirement until December 31, 2027. The subtitle also delays DOB’s first triennial audit from 2029 to 2030.

Financial Plan Impact

DOB plans to develop and solicit public feedback on the net-zero energy regulations in conjunction with its triennial update to the District’s construction codes. The one-year delay will allow the agency to execute these requirements at the same time.

Subtitle (II)(M) – Art All Night Commercial Revitalization Support Amendment Act of 2026

Background

Art All Night is a free program that showcases visual and performing arts in a unique overnight²⁴ setting at locations in all eight wards of the District.²⁵ The program is a collaboration between the Department of Small and Local Business Development (DSLBD), the Commission on Arts and Humanities, the District of Columbia Public Library, DC Main Streets, and Business Improvement Districts.

²⁰ Subchapter I of Chapter 31A of Title 42 of the Code of the District of Columbia.

²¹ Subchapter II of Chapter 31A of Title 42 of the Code of the District of Columbia.

²² Covered buildings are those subject to the District of Columbia Energy Conservation Code – Commercial Provisions (12-I [CE] DCMR § 1 et seq.).

²³ Clean Energy DC Building Code Amendment Act of 2022, effective September 21, 2022 (D.C. Law 24-177; D.C. Official Code § 6-1453.01).

²⁴ In 2025, Art All Night ran from 7:00 PM to 3:00 AM.

²⁵ www.dcartallnight.org

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The subtitle authorizes DSLBD to enter into agreements with private entities for the sponsorship of, or advertising related to, Art All Night. DSLBD should deposit any sponsorship or advertising revenue into the subtitle’s newly established Art All Night Fund (Fund). DSLBD can use the Fund’s resources to pay for any costs of implementing, supporting, or promoting Art All Night.

Financial Plan Impact

DSLBD spent or has budgeted approximately \$500,000 in local resources in fiscal year 2025 and fiscal year 2026 to support Art All Night. DSLBD does not have any prospective sponsors or advertisers at this time, but if they execute on the subtitle’s granted authority, DSLBD can utilize any proceeds to supplement its local Art All Night budget. DSLBD will deposit any revenues into the Fund. There are no costs associated with granting DSLBD this authority.

Subtitle (II)(N) – Greater Washington Hispanic Chamber of Commerce Grantmaking Authority Amendment Act of 2026

Background

The subtitle authorizes, but does not require, the Deputy Mayor for Planning and Economic Development (DMPED) to issue a grant to the Greater Washington Hispanic Chamber of Commerce for the purpose of supporting business development efforts and providing technical assistance and support.

Financial Plan Impact

DMPED plans to issue \$150,000 of grants to the Greater Washington Hispanic Chamber of Commerce in the fiscal year 2027 budget.

Subtitle (II)(O) – Vitality Fund Amendment Act of 2026

Background

The subtitle exempts recipients of grants from the Vitality Fund²⁶ from First Source Agreement requirements. The Vitality Fund, managed by the Deputy Mayor for Planning and Economic Development, provides grants for the purpose of attracting and retaining businesses in the Central Business District. First Source Agreements require²⁷ at least 51 percent of new hires on District contracts between \$300,000 and \$5 million to be District residents. Contracts exceeding \$5 million have additional specific required percentages.

Financial Plan Impact

The subtitle does not impact the budget and financial plan. Removing First Source requirements from Vitality Fund grants does not impact the amount of grant funding available.

²⁶ D.C. Official Code § 1-325.452.

²⁷ D.C. Official Code § 2-219.03.

Subtitle (II)(P) – Industrial Revenue Bond Forward Commitment Program Amendment Act of 2026

Background

The Industrial Revenue Bond (“IRB”) program provides access to tax-exempt bond financing for businesses and not-for-profit entities in the District of Columbia to renovate, build, or otherwise improve property or purchase capital. The bonds are special obligations of the District but are not subject to the debt cap. The IRB program is administered by the Deputy Mayor for Planning and Economic Development. Since 1994, approximately \$11.5 billion has been issued through the IRB program.

The subtitle repeals the cap on the amount of bonds that the District can issue. Under current law, bonds may be issued only until \$850 million in principal is outstanding, and the subtitle would remove that cap. The subtitle also shortens the timeframe for Council review of each bond issuance from 30 days to 10 days and updates a reference to the Deputy Mayor for Planning and Economic Development. Finally, the subtitle repeals a reference to the Council approving the form of the financing documents that are filed with the Office of the Secretary to the Council.

Financial Plan Impact

The subtitle has no impact on the budget and financial plan. The IRB bonds are special obligations of the District that are repaid by the entities building the projects financed by the bonds, and so debt service on the bonds is not part of the District budget and the bonds are not subject to the District’s debt cap.

Subtitle (II)(Q) – DMPED Grantmaking Authority Amendment Act of 2026

Background

The subtitle expands the Deputy Mayor for Planning and Economic Development’s (DMPED) grant making authority to include support for any program or initiative that is consistent with the District’s economic development goals or activities.

Financial Plan Impact

The subtitle gives DMPED grant-making authority to issue grants that support the District’s economic development goals. The proposed budget and financial plan do not include any specific grants that will be issued under this authority. There are no costs associated with granting DMPED this authority.

Subtitle (II)(R) – Economic Development Acquisition Authority Amendment Act of 2026

Background

The subtitle authorizes the Mayor to purchase properties in the District for government purposes. The Mayor can purchase these properties to further economic development and neighborhood revitalization goals.

Financial Plan Impact

The subtitle gives DMPED the authority to purchase real property that supports the District’s economic development goals. The proposed budget and financial plan do not include funding to purchase specific properties and there are no costs associated with granting DMPED this authority.

Subtitle (II)(S) – Certificate of Occupancy Fee Reduction Amendment Act of 2026

Background

The Department of Buildings (DOB) charges a building owner a filing fee plus a variable fee based on the square footage of the building to obtain a certificate of occupancy. The subtitle maintains the \$33 filing fee, but eliminates the additional per square foot permit fee for an applicant seeking a certificate of occupancy. The chart below outlines the changes to certificate of occupancy fees.

Building Size	Current Fee	Proposed Fee
5,000 square feet or less	\$42 + \$33 ^a	\$33
5,001-50,000 square feet	\$42 + \$0.004/sq. ft. + \$33	\$33
50,001-100,000 square feet	\$276 + \$0.003/sq. ft. + \$33	\$33
100,001 square feet or more	\$471 + \$0.0013/sq. ft. + \$33	\$33

Table Notes

^a \$33 is the filing fee.

Financial Plan Impact

The subtitle reduces local, nontax revenue by \$319,000 annually, for a total of \$1.28 million over the four-year financial plan.

Subtitle (II)(T) – Corporation Fees Amendment Act of 2026

Background

Chapter 6 of Title 17 of the District of Columbia Municipal Regulations establishes the fees and charges for filings, certifications, and reports submitted to, or requested of, the Department of Licensing and Consumer Protection’s (DLCP) Corporations Division. The subtitle reduces and standardizes filing fees²⁸ across nearly all business entity types, particularly for dissolution-related filings, which decrease from \$200–\$220 to \$5 for most corporations, partnerships, limited liability companies, and trusts, and from \$80 to \$5 for nonprofit and cooperative entities. Other fees are changed as follows:

- Certificate fees, including certificates of good standing and certified copies, decrease uniformly from \$40–\$50 to \$35.
- Biennial report fees are reduced from \$300 to \$150 for for-profit entities and from \$80 to \$75 for nonprofits, while new Subsequent Biennial Report fees are introduced

²⁸ By amending Chapter 6 of Title 17 of the District of Columbia Municipal Regulations (17 DCMR § 600 et seq.).

at \$300 for for-profit entities and \$80 for nonprofits, with corresponding late fees of \$100 and \$50.

- Fees for changing registered agents and noncommercial agent information are decreased from \$40–\$50 to \$35.

Collections are credited to the Corporate Recordation Fund and the District General Fund²⁹, for the purposes of maintaining and upgrading the corporate filing system, including copying fees, automation upgrades, personnel costs, and supplies.

Subtitle II, T: Corporation Filing Fees		
Filing	Current Fee	Proposed Fee
Statement of Dissolution	\$220	\$5
Certificate of Good Standing	\$50	\$35
Certified Copy	\$50	\$35
Biennial Report	\$300	\$150 ^(a)
Change of Registered Agent	\$50	\$35
Change of Name or Address (By Non-Commercial Registered Agent)	\$50	\$35
Statement of Dissolution – Nonprofit, General Cooperatives, and Limited Cooperative Associations	\$80	\$5
Articles of Dissolution – Nonprofit, General Cooperatives, and Limited Cooperative Associations	\$80	\$5
Certificate of Good Standing – Nonprofit, General Cooperatives, and Limited Cooperative Associations	\$40	\$35
Biennial Report – Nonprofit, and Cooperative Associations	\$80	\$75 ^(b)
Biennial Report – General Cooperatives	\$80	\$50 ^(b)

²⁹ D.C. Official Code § 29-102.13.

Subtitle II, T: Corporation Filing Fees		
Filing	Current Fee	Proposed Fee
Change of Registered Agent – Nonprofit, General Cooperatives, and Limited Cooperative Associations	\$40	\$35
Change of Name or Address (By Non-Commercial Registered Agent) – Nonprofit, General Cooperatives, and Limited Cooperative Associations	\$40	\$35

Table Notes:

- (a) Subsequent Biennial Report is \$300.
- (b) Subsequent Biennial Report is \$80.

Financial Plan Impact

The subtitle will decrease local nontax revenue by \$2.6 million starting in fiscal year 2027 and a total of \$10.4 million over the financial plan.

Subtitle (II)(T) – Corporation Fees Amendment Act of 2026					
Total Revenue Decrease (\$ in thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Total Revenue Decrease	\$2,613	\$2,613	\$2,613	\$2,613	\$10,452

Subtitle (II)(U) – Golden Triangle Business Improvement District Amendment Act of 2026

Background

The subtitle authorizes an increase in the Golden Triangle Business Improvement³⁰ District (BID) tax rate by three percent every year, beginning with fiscal year 2027.

Financial Plan Impact

Funds are sufficient to implement the subtitle. BID Taxes are billed as directed by the BID and passed through to the BID once collected, through a special purpose revenue fund.

³⁰ D.C. Official Code § 2-1215.52(c)(2).

Subtitle (II)(V) – Home Purchase Assistance Program Revision Amendment Act of 2026

Background

The subtitle removes the requirement for a grant program to provide qualifying applicants up to \$25,000 for repairs on a home purchased with Home Purchase Assistance Program³¹ (HPAP) funding. Currently, funds used to administer the HPAP program are required to be disbursed at the beginning of each quarter. The subtitle also removes the requirement that disbursements happen quarterly.

Financial Plan Impact

The subtitle has no impact on the budget and financial plan. Funding for the repair program was limited to funds available in the HPAP program, and removing the requirement may free up funding for HPAP loans. The changes do not impact the amount of funding budgeted in the HPAP program.

Subtitle (II)(W) – Children’s National Hospital Grantmaking Authority Amendment Act of 2026

Background

The subtitle expands the Deputy Mayor for Planning and Economic Development’s (DMPED) grant-making authority to include a grant for Children’s National Hospital. Children’s National Hospital will use the grant to conduct site assessments for a new hospital campus. The subtitle makes this grant-making authority effective as of July 15, 2026.

Financial Plan Impact

The proposed fiscal year 2026 supplemental budget includes \$1 million in the Pay-as-you-go Capital Fund for DMPED to grant to Children’s National Hospital to support the subtitle.

Subtitle (II)(X) - Nonprofit Affordable Housing Development Tax Relief Clarification Amendment Act of 2026

Background

The subtitle clarifies what type of organization qualifies as a nonprofit affordable housing development to conform with current practice by the Department of Housing and Community Development (DHCD). The change is intended to reduce confusion about eligibility among developers seeking funding or tax credits³². The subtitle clarifies that a nonprofit entity is considered the controlling entity if it owns a majority of voting interest in the entity and participates in the day-to-day operation and management decision making of the affordable housing that is owned by or leased to the entity.

³¹ D.C. Official Code § 42-2601.

³² D.C. Official Code § 47-1005.02.

Financial Plan Impact

The subtitle does not have an impact on the budget and financial plan. The clarification does not impact overall eligibility as it conforms to current practice by DHCD.

Subtitle (II)(Y) - Release of Deeds of Trust Amendment Act of 2026

Background

After a mortgage or deed of trust encumbering real property has been satisfied, a deed transfer typically occurs from the lender to the payee. Current law³³ provides that if a deed transfer has not occurred on a property for 12 years after the loan has been paid, or if 35 years have passed since the deed has last changed hands and no determinable maturity date is in the deed of trust, then the deed is automatically released to the person that made the last known payment.

The Department of Housing and Community Development currently manages over 400 loans for which the District has filed deeds of trust on private properties for affordable housing and home ownership projects. Collection on these loans could be affected if conditions are met for automatic release of deeds under current law. The subtitle clarifies the automatic deed transfer for both the 12-year period and the non-determinable 35-year period does not apply to properties owned by the District government. The subtitle is applicable retroactively to April 29, 1998.

Financial Plan Impact

The subtitle has no impact on the budget and financial plan.

Subtitle (II)(Z) Housing Production Trust Fund Reporting Amendment Act of 2026

Background

Under current law³⁴, at least 40 percent of funds obligated to new projects in future expenditures from the Housing Production Trust Fund (“HPTF”) must be used to assist provision of housing opportunities for very low-income households, and 50 percent to extremely low-income households. The subtitle changes the requirement from the percentage of funds in new projects to the percentage of total housing units in new construction projects. The subtitle also makes changes to specific elements in required reporting to reflect this change. Specifically, it amends the required elements in the annual reporting³⁵ on the HPTF, as well as a report³⁶ that the Department of Housing and Community Development provides following the written notification of selected applicants for a request for proposals.

Financial Plan Impact

The subtitle does not have an impact on the budget and financial plan.

³³ D.C. Official Code § 42-818.02(b)(1) and (2).

³⁴ D.C. Official Code § 42-2802(b-1)(1) and (2).

³⁵ D.C. Official Code § 42-2803.01.

³⁶ D.C. Official Code § 42-2802(9).

TITLE III – PUBLIC SAFETY AND JUSTICE

Subtitle (III)(A) – Public Services Hotel Occupancy Fee Amendment Act of 2026

Background

Starting on October 1, 2026, the subtitle imposes³⁷ an 80 cent-per-night fee for occupied hotel rooms. The revenue must be deposited into a newly established Public Services Telecommunications Fund (Fund). Money in the Fund may be used for the purposes described in the section for personnel, technology hardware, software and software maintenance, contractual support, outreach, training, supplies, and equipment costs necessary to provide the 911 and 311 systems. Any money remaining available in the Fund at the end of a fiscal year must be transferred to the unassigned fund balance of the General Fund of the District of Columbia as part of the fiscal year-end close.

Financial Plan Impact

The subtitle will increase special purpose revenue and budget authority at the Office of Unified Communications (OUC) by \$6.7 million starting in fiscal year 2027 and a total of \$27.2 million over the financial plan. OUC’s Local Funds budget authority has been reduced by the same amount.

Subtitle (III)(A) – Public Services Hotel Occupancy Fee Amendment Act of 2026					
Total Revenue Increase (\$ in thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Total Revenue Increase	\$6,731	\$6,812	\$6,862	\$6,802	\$27,208

Subtitle (III)(B) – Law Enforcement Cadet Pathways Expansion Amendment Act of 2026

Background

District law³⁸ stipulates that the Metropolitan Police Department (MPD) cadet program be comprised of District residents (or those with substantial ties³⁹) who are senior-year high school students or graduates under the age of 25, with the purpose of training cadets on MPD’s operations, the duties and responsibilities of serving as an MPD police officer, and to offer a pathway for young adults to enter the police force. The subtitle also expands⁴⁰ the composition of the cadet program to provide eligibility to high school graduates under 25 years of age who reside in any jurisdiction that is a

³⁷ By amending the Emergency and Non-Emergency Telephone Calling Systems Fund Act of 2000, effective October 19, 2000 (D.C. Law 13-172; D.C. Official Code § 34-1801 et seq.)

³⁸ D.C. Official Code § 5-109.01.

³⁹ Defined as currently or formerly residing, attending school, or working in the District for a significant period of time.

⁴⁰ By amending the Police Officer and Firefighter Cadet Programs Funding Authorization and Human Rights Act of 1977 Amendment Act of 1982, effective March 9, 1983 (D.C. Law 4-172; D.C. Official Code § 5-109.01(a)(2)).

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member of the Metropolitan Washington Council of Governments, with preference given to District residents. The subtitle limits these slots to 25.

Financial Plan Impact

The subtitle does not have an impact on the budget and financial plan. This subtitle is limited by the number of authorized positions, and MPD cannot hire beyond those levels. MPD will continue to administer the cadet program with resources budgeted in the fiscal year 2027 budget and financial plan.

Subtitle (III)(C) – Criminal Background Check and Fingerprinting Authority Amendment Act of 2026

Background

District law⁴¹ requires MPD to participate, on behalf of the District, in the Federal Bureau of Investigation’s (FBI) Next Generation Identification Record of Arrest and Prosecution Background Service (Rap Back Service). District agencies that participate in the program submit fingerprints of covered individuals⁴² to MPD, which forwards the fingerprints to the FBI for a national criminal history check and subscription to the Rap Back Service.

The subtitle amends the authority to conduct fingerprinting for background checks, through making technical changes to the law by adding “shall” in instances directing the fingerprinting process; and by specifying the laws applicable to the authority granted under the section.

The authority for conducting fingerprinting for background checks is for participation in the Rap Back Service, and the subtitle expands it to include the commission or employment of a special police officer; the certification or employment of a security officer; employees and applicants of licensed child development facilities; individuals who seek to be approved or licensed for care of a child through placement⁴³; employees and volunteers participating in youth employment programs administered by the Department of Employment Services (DOES); firearm registration applicants, firearm dealer licensing, and concealed carry pistol licensing; licensed health professionals; individuals providing direct services to children or youth, or for the benefit of children or youth; and Department of Corrections (DOC) employees.

Financial Plan Impact

The subtitle does not have an impact on the budget and financial plan. MPD will continue to administer the background check and fingerprinting program with resources budgeted in the fiscal year 2027 budget and financial plan. DOES, DOC, and Office of the State Superintendent for Education already obtain fingerprints from volunteers and employees for youth employment

⁴¹ Background Check Fingerprinting Authority and Rap Back Program Act of 2025, effective December 6, 2025 (D.C. Law 26-55; D.C. Official Code § 4-1551.01 et seq.).

⁴² Covered individuals are those who submit to a fingerprint-based background check as a condition of caring for children, persons with a disability, the elderly, or vulnerable adults, protecting property, preventing theft, damage to real or personal property, assaults, disorders, or other illegal occurrences, or for purposes of licensure, appointment, commission, certification, registration, employment, or volunteer service with a participating entity pursuant to District law or regulation.

⁴³ D.C. Official Code § 16-2320(a).

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programs; employees; and employees and applicants of licensed child development facilities, respectively, and can forward them to the MPD with resources budgeted in the fiscal year 2027 budget and financial plan.

Subtitle (III)(D) – Senior Police Officer Eligibility Expansion Amendment Act of 2026

Background

District law⁴⁴ stipulates that an applicant is ineligible for appointment as a sworn member of the MPD⁴⁵ if the applicant was previously terminated or forced to resign for disciplinary reasons, or previously resigned to avoid adverse disciplinary action or termination.⁴⁶ The subtitle provides that if an applicant served as an officer for at least five years after a determination of serious misconduct and did not receive a suspension of 10 days or more in the five years preceding the member’s retirement, the applicant may be hired.

Financial Plan Impact

The subtitle does not have an impact on the budget and financial plan. The subtitle may expand the pool of eligible hires, but MPD hiring is limited by the number of authorized positions, and MPD cannot hire beyond those levels.

Subtitle (III)(E) – Metropolitan Police Department Training Academy College Credit Opportunity Amendment Act of 2026

Background

District law⁴⁷ establishes minimum appointment standards for MPD sworn officers, requiring 60-plus college hours, with an exception for recruits who have either successfully completed an MPD training program through partnership with an accredited higher education institution; have at least two years of active-duty military service; or have three-or-more years of prior full-duty police experience. Applicants with serious misconduct or disciplinary related involuntary termination are ineligible. The subtitle clarifies⁴⁸ that credit hours earned through MPD training may count toward satisfying the 60-credit hour requirement at MPD’s discretion.

Financial Plan Impact

⁴⁴ D.C. Official Code § 5-107.01(f).

⁴⁵ District of Columbia Metropolitan Police Department. (2026, March 26). Written Directives: General Orders. Retrieved from Metropolitan Police Washington D.C.: <https://mpdc.dc.gov/page/written-directives-general-orders>

⁴⁶ By amending the Omnibus Police Reform Amendment Act of 2000, effective October 4, 2000 (D.C. Law 13-160; D.C. Official Code § 5-107.01(f)(1)).

⁴⁷ D.C. Official Code § 5-107.01(e).

⁴⁸ By amending the Omnibus Police Reform Amendment Act of 2000, effective October 4, 2000 (D.C. Law 13-160; D.C. Official Code § 5-107.01(e)(1)).

The subtitle does not have an impact on the budget and financial plan. MPD will continue to review and administer exceptions for recruits who have completed a training program with resources budgeted in the fiscal year 2027 budget and financial plan.

Subtitle (III)(F) – Homeland Security Commission Dissolution Amendment Act of 2026

Background

The Homeland Security Commission (HSC) was established in 2006⁴⁹ to make recommendations for improvements in security and preparedness in the District. The HSC gathers and evaluates information on the status of homeland security, measuring progress and gaps in preparedness, recommending security improvement priorities in consultation with major public and private entities, and advising District government on the HSC’s homeland security program. The HSC provided an annual report to the Mayor and Council and is under the purview of the Homeland Security and Emergency Management Agency (HSEMA). The subtitle repeals the HSC, makes all materials pertaining to the HSC property of HSEMA, and directs HSEMA to destroy those materials by September 30, 2027.

The subtitle establishes strict confidentiality requirements for the HSC, its records, and its meetings that were closed to the public. The subtitle forbids attendees and HSC members from disclosing what occurred in closed meetings to anyone who was not present; prohibits information presented in meetings and opinions formed there from being compelled in any administrative, civil, or criminal proceeding; declares all HSC-generated or acquired records to be confidential, with exceptions⁵⁰; and restricts HSC information and records⁵¹ from being disclosed voluntarily—through subpoenas, discovery, Freedom of Information Act requests—or introduced as evidence, except as permitted.

Financial Plan Impact

The subtitle does not have an impact on the budget and financial plan. The HSC was functionally obsolete⁵² as of calendar year 2024.

Subtitle (III)(G) – Safe Passage Program Amendment Act of 2026

Background

District law⁵³ bestows the Deputy Mayor for Public Safety and Justice (DMPSJ) with grant-making authority for the purpose of providing grants to support the Safe Passage Safe Blocks program, which

⁴⁹ The Homeland Security, Risk Reduction, and Preparedness Amendment Act of 2006, effective March 14, 2007 (D.C. Law 16-262; D.C. Code §§ 7-2271.01–7-2271.07).

⁵⁰ HSEMA may disclose them only when necessary to fulfill its duties or to other homeland security bodies with equal or stronger confidentiality protections.

⁵¹ Information given to the HSC is not protected from subpoena, discovery, or use in legal proceedings if it can be obtained from other sources.

⁵² Mayor’s Office of Talent and Appointments. (2026, March 23). Boards, Commissions and Task Forces in District Government. Retrieved from Deputy Mayor for Public Safety, Justice (DMPSJ):

<https://octo.quickbase.com/nav/app/bjngwr9nv/table/bjngwr9pe/action/q?qid=-1240490&dr=1&isDDR=1>

⁵³ D.C. Official Code § 1-301.192.

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provides presence and safe passage for students and families as they travel to and from school in designated priority areas⁵⁴. Grant recipients must submit annual reports detailing activities, training, incident summaries, coordination efforts, and any other required data. The subtitle provides that DMPSJ’s selection of priority areas and reporting to Council is contingent upon available appropriations.

Financial Plan Impact

The subtitle reflects that the budget and financial plan includes funding for the Safe Passage grant program in fiscal year 2027 only, eliminating the need for DMPSJ activities related to priority area selection.

⁵⁴ Starting in 2025, the DMPSJ has been required to identify priority areas based on violent crime data, unusual incident reports, and stakeholder input, and report these to the Council of the District of Columbia annually by May 1.

TITLE IV – PUBLIC EDUCATION SYSTEM

Subtitle (IV)(A) - Funding for Public Schools and Public Charter Schools Amendment Act of 2026

Background

The subtitle sets⁵⁵ the fiscal year 2027 base level funding for the Uniform Per Student Funding Formula (UPSFF) at \$15,455, a 2.55 percent increase over fiscal year 2026. The subtitle also decreases the UPSFF for fiscal years 2028 through 2030 to \$14,632. The UPSFF is multiplied by the weight for each grade level or add-on service to determine the per student funding at that level or for those services.

The subtitle establishes a UPSFF allocation for Advanced Technical Centers (ATCs). ATCs are operated by the Office of the State Superintendent of Education (OSSE) and are open-enrollment education centers where students enrolled in DCPS or public charter high schools can participate in career and technical education programming while remaining enrolled in their high school. The subtitle sets the allocation at 58 percent of UPSFF, meaning ATCs will receive \$8,964 per enrolled student in fiscal year 2027.

The following tables show the UPSFF at each grade level and the various add-ons in fiscal year 2027:

Weightings applied to counts of students enrolled at specific grade levels		
Grade Level	Weight	Per Student Allocation in FY 2027
Pre-Kindergarten 3	1.34	\$20,710
Pre-Kindergarten 4	1.30	\$20,092
Kindergarten	1.30	\$20,092
Grades 1-5	1.00	\$15,455
Grades 6-8	1.08	\$16,691
Grades 9-12	1.22	\$18,855
Alternative program	1.58	\$24,419
Special education school	1.17	\$18,082
Adult	1.00	\$15,455

Special Education Add-ons			
Level/ Program	Definition	Weighting	Per Student Supplemental Funds
Level 1: Special Education	Eight hours or less per week of specialized services.	0.97	\$14,991

⁵⁵ By amending The Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 1998, effective March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2901 et seq.).

Special Education Add-ons			
Level/ Program	Definition	Weighting	Per Student Supplemental Funds
Level 2: Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services.	1.20	\$18,546
Level 3: Special Education	More than 16 hours and less than or equal to 24 hours per school week of specialized services.	1.97	\$30,446
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.	3.49	\$53,938
Special Education Compliance Funding	Weight provided in addition to special education level add-on weights on a per student basis for Special Education compliance.	0.099	\$1,530
Attorney’s Fees Supplement	Weight provided in addition to special education level add-on weights on a per student basis for attorney’s fees.	0.089	\$1,375

General Education Add-ons including English Language Learners (ELL)			
Level / Program	Definition	Weighting	Per Student Supplemental Funds
Elementary ELL	Additional funding for English Language Learners in grades PK3-5.	0.50	\$7,728
Secondary ELL	Additional funding for English Language Learners in grades 6-12, alternative students, adult students, and students in special education schools.	0.75	\$11,591
At-Risk	Additional funding for students in foster care, who are homeless, on Temporary Assistance for Needy Families or Supplemental Nutrition Assistance Program, or behind grade level.	0.24	\$4,637
At-risk High School Over-age Supplement	Additional funding beyond the existing at-risk weight for students who are behind grade level in high school.	0.06	\$927
At-risk > 40 percent Concentration Supplement	Weight provided in addition to at-risk weight for the percentage of at-risk students above 40 percent enrolled in a	0.07	\$1,082

General Education Add-ons including English Language Learners (ELL)			
	school where at least 40 percent of the student population is at-risk.		
At-risk > 70 percent Concentration Supplement	Weight provided in addition to at-risk weight for the percentage of at-risk students above 70 percent where at least 70 percent of the student population is at-risk.	0.07	\$1,082

Residential Add-ons			
Level/ Program	Definition	Weighting	Per Student Supplemental Funds
Residential (general)	DCPS or DC PCS that provides students with room and board in a residential setting, in addition to their instructional program.	1.67	\$25,810
Level 1: Special Education - Residential	Additional funding to support the after-hours Level 1 special education needs of students living in a DCPS or DC PCS facility that provides students with room and board in a residential setting.	0.37	\$5,718
Level 2: Special Education - Residential	Additional funding to support the after-hours Level 2 special education needs of students living in a DCPS or DC PCS facility that provides students with room and board in a residential setting.	1.34	\$20,710
Level 3: Special Education - Residential	Additional funding to support the after-hours Level 3 special education needs of students living in a DCPS or DC PCS facility that provides students with room and board in a residential setting.	2.89	\$44,665
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 DC PCS facility that provides students with room and board in a residential setting.	2.89	\$44,665
LEP/NEP - Residential	Additional funding to support the after-hours limited and non-English proficiency needs of students living in a DCPS or DC PCS facility that provides students with room and board in a residential setting.	0.668	\$10,324

Special Education Add-ons for Students with Extended School Year (ESY) Indicated in Their Individualized Education Programs (IEPs)			
Level/ Program	Definition	Weighting	Per Student Supplemental Funds
Special Education Level 1 ESY	Additional funding supports the summer school/program needs for students requiring extended school year services in their IEPs.	0.063	\$974
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.	0.227	\$3,508
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.	0.491	\$7,588
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.	0.491	\$7,588

Financial Plan Impact

The 2.55 percent UPSFF increase will result in additional formula-driven Local Fund expenditures. The proposed fiscal year 2027 budget includes approximately \$2.66 billion for instructional budgets based on the UPSFF: \$1.40 billion for DCPS and \$1.26 billion for DC PCS.

DCPS will also receive Local funding outside the UPSFF, including Early Stages funding and IMPACT Bonuses. These additions bring the collective DCPS funding to \$1.43 billion in fiscal year 2027. DC PCS will also receive \$187.3 million for facility allowances in fiscal year 2027, bringing the collective DC PCS formula-driven Local fund budget to \$1.45 billion.

The out-year reductions to the UPSFF , combined with a projected 1 percent decrease in DCPS enrollment, will result in savings for DCPS and DC PCS. DCPS will realize \$82.9 million in savings each fiscal year, and DC PCS will realize \$67.1 million in savings each fiscal year. The total amount saved over the financial plan is \$450 million in Local funds.

Subtitle (IV)(A) - Funding for Public Schools and Public Charter Schools Amendment Act of 2026 Total Savings (\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
DCPS	\$0	\$82,885	\$82,885	\$82,885	\$248,654
DC PCS	\$0	\$67,138	\$67,138	\$67,138	\$201,414
Total	\$0	\$150,023	\$150,023	\$150,023	\$450,068

The Honorable Phil Mendelson
Fiscal Impact Statement for the “Fiscal Year 2027 Budget Support Act of 2026,” Draft bill as provided to Office of Revenue Analysis, April 10, 2026

The fiscal year 2027 budget also includes \$4.6 million in UPSFF allocation for ATCs in the Advanced Technical Center Fund. This funding will be used to support tuition payments, supplies, and staffing at ATCs.

Subtitle (IV)(B) - Advanced Technical Centers Fund Amendment Act of 2026

Background

The subtitle establishes⁵⁶ a lapsing ATC Fund at OSSE to collect funds paid to the District by private entities for the rental, use, or maintenance of space within an ATC facility. Money in the ATC Fund must be used to operate and administer ATCs.

Financial Plan Impact

The fiscal year 2027 through fiscal year 2030 budget and financial plan includes \$150,000 of annual revenue in the ATC Fund from rent payments for an entity occupying space within the Ward 5 ATC. This funding will be used to support the operation of ATCs.

Subtitle (IV)(C) - District of Columbia Public Schools Food Services Fund Amendment Act of 2026

Background

Revenue from food services at DCPS is currently deposited into a lapsing special purpose revenue fund, the Cafeteria Fund. The subtitle renames⁵⁷ this Fund as the Food Services Fund and reclassifies it as a non-lapsing fund. Money in the Food Services Fund will be used to support operations and improvements related to school food at DCPS.

Financial Plan Impact

The fiscal year 2027 budget includes \$1 million in the Cafeteria Fund to use to support operations and improvements related to school food. The fund will be renamed in fiscal year 2027.

Subtitle (IV)(D) - Alternative School Breakfast Serving Model Subsidy Amendment Act of 2026

Background

The subtitle eliminates⁵⁸ the alternative breakfast serving model subsidy program. The program is operated by OSSE and provides an annual subsidy of \$2 per student to public schools, public charter schools, and participating private schools that implement an approved alternative breakfast serving model.

⁵⁶ By amending The State Education Office Establishment Act of 2000, effective March 10, 2015 (D.C. Law 20-196; D.C. Official Code § 38-2601 et seq.).

⁵⁷ By amending Section 5 of the District of Columbia Food Services Act, approved October 8, 1951 (65 Stat. 369; D.C. Official Code § 38-804).

⁵⁸ By repealing Section 102(c)(4A) of the Healthy Schools Act of 2010, effective July 27, 2010 (D.C. Law 18-209; D.C. Official Code § 38-821.02(c)(4A)).

Financial Plan Impact

The fiscal year 2027 budget includes \$186,000 in savings to account for the elimination of the alternative breakfast model subsidy program.

Subtitle (IV)(E) - Education Through Employment Data System Amendment Act of 2026

Background

The subtitle allows⁵⁹ the Deputy Mayor for Education (DME) to share education data, workforce data, and health and human services information from the centralized data system with federal, state, and local governmental agencies, and the agents and contractors of such governmental agencies, to the maximum extent allowed by federal law and notwithstanding the provisions of any District law otherwise limiting the sharing of such data and information. The data may be shared to evaluate the effectiveness of education and workforce-related programs; perform financial analysis related to the impact and return on investment of publicly funded programming; assess and prepare reports on the operation and performance of education and workforce-related programs; and establish and implement collaborative management and information systems between federal, state, and local government agencies delivering or supporting education, social services, or workforce services for a shared population. The subtitle also allows the DME to collect health and human services data in its centralized data system, including information on governmental benefits and non-individualized health data.

Financial Plan Impact

The DME can share education and workforce-related data with other jurisdictions to conduct research studies with staff and resources included in the fiscal year 2027 budget. Likewise, DME can collect health and human services data in its centralized data system with resources included in the fiscal year 2027 budget.

Subtitle (IV)(F) - Universal Paid Leave Amendment Act of 2026

Background

The subtitle makes several changes to the benefits provided through the Universal Paid Leave Program⁶⁰ (“UPL Program”), managed by the Department of Employment Services (DOES).

Currently, the UPL Program provides up to 12 weeks⁶¹ of benefit payments to participating District workers experiencing a qualifying parental leave event⁶², a qualifying medical leave event⁶³, or a qualifying family leave event⁶⁴. The UPL Program also provides up to 2 weeks of benefit payments

⁵⁹ By amending Section 202(b-1) of the Department of Education Establishment Act of 2007, effective June 12, 2007 (D.C. Law 17-9; D.C. Official Code § 38-191(b-1)).

⁶⁰ D.C. Official Code § 32-541.02.

⁶¹ D.C. Official Code § 32-541.04(e-1)(3).

⁶² D.C. Official Code § 32-541.01(17).

⁶³ D.C. Official Code § 32-541.01(15).

⁶⁴ D.C. Official Code § 32-541.01(13).

for qualifying pre-natal leave events⁶⁵. The amount of the weekly benefit provided by the UPL Program cannot exceed the maximum weekly benefit currently set at \$1,190⁶⁶, which is adjusted by inflation annually⁶⁷.

Beginning in fiscal year 2027, the subtitle permanently caps the maximum weekly benefit amount at \$1,000 for all benefit types. The subtitle also ceases benefit payments for qualifying medical or family leave claims filed in fiscal year 2027 (between October 1, 2026 and September 30, 2027). Benefit payments resume in fiscal year 2028 for qualified medical and family leave claims filed in fiscal year 2028 (beginning on October 1, 2027 and thereafter). The subtitle also reduces the maximum number of weeks allowed for medical leave to 8 weeks, and reduces the maximum number of weeks allowed for family leave to 6 weeks.

Covered employers in the UPL Program pay a 0.75 percent tax on wages of covered employees⁶⁸. Under current law⁶⁹, the OCFO updates projections for the Universal Paid Leave Fund (“UPL Fund”)⁷⁰ in a March 1 annual certification, to determine the amount of the employer tax that must be dedicated to the UPL Fund. Any amount not required for the UPL Fund by the March 1 certification are deposited in the General Fund.⁷¹ The subtitle requires the OCFO to update the certification to account for any statutory amendments the Mayor proposes in the Mayor’s proposed budget and financial plan.

Financial Plan Impact

The subtitle reduces benefit costs for the UPL Program, which reduces the amount of the payroll tax required to support the UPL Fund. In March 2026, the OCFO certified that the UPL Fund will require 0.25 percent rate of dedicated payroll tax beginning in fiscal year 2027 to maintain current benefit levels. The subtitle’s benefit changes allow for the rate to be reduced to 0.11 percent in fiscal year 2027 and 0.19 percent in fiscal year 2028 and the remainder of the financial plan. The lower rates for the UPL Fund means an additional \$95.3 million will be deposited in the General Fund in fiscal year 2027, and \$230 million over the four-year financial plan. The chart below outlines the additional General Fund deposits that will be made as a result of the lower rates..

Subtitle (IV)(F)- Universal Paid Leave Amendment Act of 2026					
Additional General Fund Dedication (\$ in thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Additional General Fund deposits from permanent benefit changes (max weeks and max weekly benefit reductions)	\$40,886	\$42,873	\$42,845	\$46,984	\$175,568
Additional General Fund deposits from one-year	\$54,489	\$0	\$0	\$0	\$54,489

⁶⁵ D.C. Official Code § 32-541.01(17B).

⁶⁶ <https://dcpaidfamilyleave.dc.gov/benefits-calculator/>

⁶⁷ D.C. Official Code § 32-541.04(g)(6)(A).

⁶⁸ D.C. Official Code § 32-541.03(a).

⁶⁹ D.C. Official Code § 32-541.04a(b)(1).

⁷⁰ D.C. Official Code § 32-551.01.

⁷¹ D.C. Official Code § 32-541.03(b-1).

Subtitle (IV)(F)- Universal Paid Leave Amendment Act of 2026					
Additional General Fund Dedication (\$ in thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
cessation of Medical and Family benefits					
TOTAL Additional General Fund deposits	\$95,355	\$42,873	\$44,845	\$46,984	\$230,056

Subtitle (IV)(G) – Charter School Facility Allowance Amendment Act of 2026

Background

The subtitle repeals the requirement that the charter school facility allowance increase to \$4,219 per pupil for non-residential facilities and \$11,393 per pupil for residential facilities in fiscal year 2029. The subtitle sets the per-pupil charter school facility allowance for non-residential facilities at \$3,850 per pupil and sets the amount for residential facilities at \$10,396 per pupil for fiscal years 2027 through 2030. The subtitle also pauses⁷² the statutorily required 3.1 percent annual increase to the per-pupil public charter school facility allowance until fiscal year 2031.

Financial Plan Impact

Freezing the non-residential facility allowance at \$3,850 per pupil and residential facilities at \$10,396 per pupil until fiscal year 2031 results in savings of \$42.3 million over the financial plan.

Subtitle (IV)(I)- Charter School Facility Allowance Amendment Act of 2026					
Total Savings (\$ in thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Savings	\$0	\$0	(\$17,961)	(\$24,323)	(\$42,284)

Subtitle (IV)(H) – Early Childhood Educator Pay Equity Fund Amendment Act of 2026

Background

The Early Childhood Educator Pay Equity Fund (ECE PEF) is used by OSSE to provide payments to child development facilities (CDF) that pay eligible early childhood educators fixed salaries or wages that meet or exceed the minimum salaries established in law.⁷³ Funds are distributed from the ECE PEF using a CDF payroll funding formula that considers educator roles and credentials at each CDF participating in the program. The ECE PEF also covers educator health insurance premiums and OSSE administrative expenses, subject to the availability of funding.

⁷² By amending Section 109 of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 1998, effective March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2908).

⁷³ D.C. Official Code § 4-410.02.

The subtitle retroactively adjusts⁷⁴ the minimum salary levels that CDFs must pay early childhood educators to qualify for fiscal year 2026 payments from the ECE PEF. From January 1, 2026, through December 31, 2026, CDFs must pay at a minimum:

Assistant Teacher		Lead Teacher	
Credential Level	Minimum Salary	Credential Level	Minimum Salary
Less than a CDA ⁷⁵	N/A	Child development center teacher or expanded child development home caregiver with a CDA	\$48,736/year (\$24.43/hour)
CDA	\$48,736/year (\$24.43/hour)	Child development home caregiver with a CDA	\$51,576/year (\$24.80/hour)
Associate degree or higher or 60 hours of college-level coursework in any field	\$51,576/year (\$24.80/hour)	Associate in ECE; associate with at least 12 credit hours in ECE; 60 college credit hours with at least 12 credit hours in ECE	\$60,678/year (\$29.17/hour)
		Bachelor’s or higher in ECE; or Bachelor’s or higher with at least 12 credit hours in ECE	\$71,010/year (\$34.14/hour)

Table Note: Child Development Associate (CDA) credentials are based on a core set of competency standards that guide early childhood professionals toward becoming qualified educators of young children.

The subtitle sets the fiscal year 2027 funding for ECE PEF at \$12 million. It also stipulates that in fiscal Year 2027, the ECE PEF can only be used to reduce health insurance premiums paid by CDFs, or by employees directly, for employees eligible to receive the minimum salaries.

Financial Plan Impact

The adjustments made to the calendar year 2026 minimum salary scales allow the ECE PEF to remain within its fiscal year 2026 budget allocation of \$72.1 million. The fiscal year 2027 budget includes \$12 million in recurring Local funding to reduce health insurance premiums paid by CDFs or employees of CDFs.

Subtitle (IV)(I) – Attendance-Related Data Sharing Amendment Act of 2026

Background

The subtitle allows⁷⁶ the DME and OSSE to inspect juvenile case records and juvenile social records for the purposes of carrying out their official duties.

Financial Plan Impact

The subtitle does not have a cost. DME and OSSE can access juvenile case records and social records without additional resources. This access will allow the agencies to share attendance data to coordinate the District’s response to attendance patterns.

⁷⁴ By amending The Day Care Policy Act of 1979, effective September 19, 1979 (D.C. Law 3-16; D.C. Official Code § 4-401 et seq.).

⁷⁵ Less than CDA positions are not eligible for ECE PEF payments beginning January 1, 2025.

⁷⁶ By amending Title 16 of the District of Columbia Official Code.

TITLE V – HUMAN SUPPORT SERVICES

Subtitle (V)(A) - Rapid Re-Housing Continuation Clarification Emergency Amendment Act of 2026

Background

The Homeless Service Reform Emergency Amendment Act of 2025 in the Fiscal Year 2026 Budget Support Emergency Act of 2025⁷⁷ and corresponding permanent Fiscal Year 2026 Budget Support Act of 2025⁷⁸ required clients in the Department of Human Services (DHS) Rapid Re-Housing Program (RRP) to be exited at the end of the time limit for the program, which may be established by the Mayor by rule so long as it is not shorter than 12 months. The subtitle also required clients who received a notice of exit prior to the effective date of the Fiscal Year 2026 Budget Support Emergency Act to exit the program after the later of 24 months of benefits or by September 30, 2025, and regardless of any pending administrative review, fair hearing, or appeal of the client’s time limit in the program.

The subtitle clarifies the intent of the Budget Support Emergency Act of 2025 provision to state that clients who received their time limit notice of exit prior to the effective date of the Fiscal Year 2026 Budget Support Emergency Act may not receive a continuation of services after an administrative review decision is issued upholding the notice of program exit. The subtitle applies from September 3, 2025.

Financial Plan Impact

The subtitle provides a clarification of current law, and is intended to prevent additional unplanned payments to families that were exited with fewer than 24 months of benefits under the Homeless Service Reform Emergency Amendment Act of 2025 . Approximately 540 families were exited with fewer than 24 months of benefits. If courts were to determine all of these families should have received a full 24 months of benefits, the additional cost could be up to \$15.2 million, which is not currently planned or budgeted.

Subtitle (V)(B) - AIDS Drug Assistance Fund Amendment Act of 2026

Background

The subtitle renames⁷⁹ the Communicable and Chronic Disease Prevention and Treatment Fund, as the AIDS Drug Assistance Program (ADAP) Fund. It also updates the types of revenue collected in the Fund to include rebates from pharmaceutical companies for medications included in the ADAP formulary, insurance refunds, and tax credits recovered by the District from ADAP program participants. The money can be used to administer the Prescription Benefits Program (PBP),

⁷⁷ Enacted September 3, 2025 (DC Act 26-146; 72 DCR 9623) (Subtitle V-K).

⁷⁸ Effective December 6 2025 (DC Act Law 26-55148; 72 (DC Law 26-55; 73 DCR 1)(Subtitle V-K).

⁷⁹ By amending Section 4907b of the Department of Health Functions Clarification Act of 2001, effective February 26, 2015 (D.C. Law 20-155; D.C. Official Code § 7-736.02).

including the procurement of HIV/AIDS medications and the provision of HIV care and services for eligible District residents, and to fulfill federal grant-matching requirements for PBP.

Financial Plan Impact

The subtitle may increase revenue in the Fund, but due to uncertainty in the amount, no additional revenue is being certified at this time. The fiscal year 2027 budget and financial plan includes \$4.1 million in recurring special purpose revenue funds in the ADAP Fund to administer the PBP program. The Fund is nonlapsing, so any additional revenue collected in fiscal year 2027 will be available to use for the Fund’s authorized purposes in future budgets.

Subtitle (V)(C) - Pet Food Registration and Commercial Pet Facility Regulation Amendment Act of 2026

Background

The subtitle makes permissive the requirement that the Department of Health (DC Health) offer low-cost or no-cost preventive and emergency veterinary services for cats and dogs and low-cost or no-cost spay and neuter clinic services for cats and dogs. The subtitle also makes the requirement that DC Health provide education to animal owners regarding pet care and safety, including extreme-weather and emergency situations, and the laws related to pet ownership.

The subtitle repeals the dedication of \$2 of each fee paid for a dog license into the non-lapsing Animal Education and Outreach Fund and replaces it with a dedication of 25 percent of each license fee and pet food registration fees (below). The Animal Education Outreach Fund is used to provide low-cost spay and neuter clinic services, educational programs for animal owners regarding pet care and safety, and overhead and administrative expenses related to the Fund.

The subtitle requires each pet food product distributed for retail sale in the District be registered annually with DC Health by the manufacturer of the pet food product. The manufacturer must pay a pet food registration fee of \$50 for each annual registration. A pet food product cannot be distributed for retail sale in the District unless it has been registered with DC Health.

The subtitle requires all commercial pet care facilities to obtain a Basic Business License with an Inspected Sales and Service license endorsement⁸⁰ and an operational permit from DC Health. DC Health will issue rules to establish standards for the care and management of animals in a commercial pet care facility, which may provide for initial and periodic inspections of a facility and remedial action to be taken against the operational permit for failure of the facility to comply with the standards of care and management established by the rules or any District or federal law or regulation applicable to the facility, including summary suspension of the license where the failure presents an imminent danger to the health or safety of a person or animal in the facility. The subtitle also adds⁸¹ commercial pet care facilities and commercial animal breeder facilities as entities regulated by the Department of Health.

⁸⁰ Pursuant to Title 47 of the District of Columbia Official Code.

⁸¹ By amending Section 4902(a)(4) of the Department of Health Functions Clarification Act of 2001, effective October 3, 2001 (D.C. Law 14-28; D.C. Official Code § 7-731(a)(4)).

Financial Plan Impact

Dedicating 25 percent of each dog license fee and establishing a \$50 pet food registration fee may generate \$425,000 in fiscal year 2027 and \$1.7 million over the financial plan in the Animal Education and Outreach Fund, provided DC Health has the resources to implement collection of the new pet food registration fee. No funds are being certified for the subtitle at this time. When the new fee is collected, the special purpose revenue fund may be used to provide low-cost spay and neuter clinic services, educational programs for animal owners on pet care and safety, and to cover overhead and administrative expenses.

Subtitle (V)(D) – School Health Services Amendment Act of 2026

Background

The subtitle clarifies⁸² the number of hours that a registered nurse, licensed practical nurse, or school health technician employed or contracted by the DC Health will provide school health services to students at each District elementary and secondary public and public charter school. The subtitles provides for a minimum of 20 hours per week during each semester and during summer school, if a summer school program is operated. The bill updates existing law to conform to current practice.

Financial Plan Impact

The fiscal year 2027 budget and financial plan includes funding to provide at least 20 hours of registered nurse, licensed practical nurse, or school health technician presence at public schools in the District.

Subtitle (V)(E) – Tobacco Permit Fees Amendment Act of 2026

Background

The subtitle requires⁸³ businesses to obtain a tobacco sales permit to sell tobacco or tobacco products at wholesale or retail locations. Retail businesses must pay a fee of \$15 per year, and wholesale businesses must pay \$50 per year to obtain a permit. Revenue from tobacco sales permits must be deposited into the non-lapsing Tobacco Use Cessation Fund.

Financial Plan Impact

The subtitle will generate \$15,000 of additional resources for the Tobacco Use Cessation Fund. There are currently 842 tobacco retailers and 40 tobacco wholesalers licensed to operate in the District. Monies collected from sales permit fees may also be used to support anti-smoking and anti-vaping programs.

⁸² By amending Section 2 of the District of Columbia Public School Nurse Assignment Act of 1987, effective December 10, 1987 (D.C. Law 7-45; D.C. Official Code § 38-621).

⁸³ By amending Section 47-2404 of the District of Columbia Code.

Subtitle (V)(F) – Truancy Reduction Programs Amendment Act of 2026

Background

The Truancy Reduction Pilot Program operated by the Department of Human Services (DHS) is authorized through the end of School Year 2025-2026⁸⁴ and is required to include ten participating schools, including one middle school, with truancy rates greater than 35 percent. Participating schools must refer students aged 14 through 17 to DHS no later than two school days after the accrual of 15 unexcused absences. Schools must refer students aged 10 through 13 to DHS within two days after the accrual of ten unexcused absences.

The subtitle authorizes the Mayor to establish and administer a permanent Truancy Reduction Program (“Program”). It grants the Mayor the authority to set parameters for the Program via rulemaking, including the number of schools that must participate and the minimum number of unexcused absences required for a school to refer a student to the Program. Participating schools must still refer students within two days when the set number of absences are reached. The Mayor is required to publish a report on the Program describing the services provided and analysis on attendance and outcomes.

Financial Plan Impact

The subtitle replaces an expiring pilot program with a permanent program. The Truancy Reduction Program is budgeted in the DHS budget at a similar level to the pilot program.

Subtitle (V)(G) – District of Columbia Public Assistance Amendment Act of 2026

Background

Under current law⁸⁵, federally funded Temporary Assistance for Needy Families (TANF) benefits are paid for up to 60 months. The District continues to pay for benefits beyond the 60 months, using local funds. The Fiscal Year 2026 Budget Support Act of 2025 provided that, beginning in fiscal year 2027, locally funded public assistance for adults who have received benefits for 60 months will be reduced by 30 percent of the fiscal year 2026 levels, 50 percent in fiscal year 2028, and 75 percent in fiscal year 2029 and thereafter.⁸⁶

The subtitle reduces benefits for over 60 months to zero beginning in fiscal year 2028.

Financial Plan Impact

Reducing locally funded TANF benefits for those receiving benefits for over 60 months to zero beginning in fiscal year 2028 saves \$21.8 million in fiscal year 2028 and \$44.3 million over the four year budget and financial plan. This fiscal year 2028 savings reflects the difference between the 50 percent stepdown of benefits under current law and the removal of benefits. The fiscal year 2029 and fiscal year 2030 savings reflects the difference between the 75 percent stepdown of benefits under current law and the zeroing out of benefits.

⁸⁴ D.C. Official Code § 38-208(c-2).

⁸⁵ D.C. Official Code § 4-205.11a(a).

⁸⁶ D.C. Official Code § 4-205.52(c-4).

Subtitle (V)(G) - District of Columbia Public Assistance Amendment Act of 2026					
Savings relative to current law					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Benefit reduction for over 60-month recipients	\$0	\$21,816	\$11,131	\$11,354	\$44,312

Subtitle (V)(H) – Emergency Rental Assistance Program Amendment Act of 2026

Background

The subtitle clarifies that assistance funding under the Emergency Rental Assistance Program (ERAP)⁸⁷ managed by the Department of Human Services, is subject to the appropriation of funds and the benefit is not an entitlement. ERAP provides rental assistance funding to qualified applicants facing an emergency situation.

Financial Plan Impact

The subtitle reflects that the budget and financial plan includes funding for ERAP in fiscal year 2027 only.

⁸⁷ D.C. Official Code § 4-753.08.

TITLE VI – OPERATIONS AND INFRASTRUCTURE

Subtitle (VI)(A) – Alternative Fuel Vehicle Conversion Credit Amendment Act of 2026

Background

The District offers non-refundable personal and business income tax credits to taxpayers who convert a motor vehicle from being gasoline powered to powered by an alternative fuel.⁸⁸ The credit is for 50 percent of the equipment and labor costs, up to \$19,000 per vehicle. The credit is scheduled to expire on December 31, 2026.

The subtitle extends the vehicle conversion tax credit through December 31, 2035.⁸⁹

The subtitle also expands the credits to include the conversion cost of changing the generators used to power mobile food vendor’s food preparation and servicing appliances. A mobile food vendor who replaces a fossil-fuel powered generator with a battery-powered or zero-emissions generator can receive a personal or business income tax credit of up to \$15,000 to cover 50 percent of the cost of the labor and equipment associated with transitioning to a new generator. Mobile food vending operators claiming the personal income tax credit must claim the credit in equal amounts over three years and only if they are licensed to operate in the tax year in which they claim the credit. The credit is non-refundable, but an individual income taxpayer can carry forward the credit for up to two years. The taxpayer may not claim the individual income tax credit if the taxpayers also operated a business in the District that generated more than \$12,000 in gross income.

Financial Plan Impact

The current income tax credits are scheduled to expire at the end of tax year 2026. The extension of the vehicle conversion tax credit through 2035 and the expansion to include mobile food vendor generator conversions will reduce personal, corporate, and unincorporated business income tax revenue beginning in fiscal year 2028, which accounts for tax year 2027 claims. The subtitle will reduce income tax revenues by approximately \$1.4 million over the four-year financial plan period.

Subtitle (VI)(A) - Alternative Fuel Vehicle Conversion Credit Amendment Act of 2026					
Personal and Business Income Tax Reduction					
Fiscal Year 2027 – Fiscal Year 2030					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Revenue Reduction	\$0	\$399	\$464	\$531	\$1,394

⁸⁸ Alternative Fuel Vehicle and Infrastructure Installation Through Tax Incentives Act of 2014, effective February 26, 2015 (D.C. Law 20-155; D.C. Official Code §§ 47-1806.13, 47-1807.11, and 47-1808.11).

⁸⁹ The subtitle also limits the types of eligible alternative fuels consistent with the changes in Subtitle (VI)(B) of this Budget Support Act.

Subtitle (VI)(B) – Electric Vehicle Charging Infrastructure Incentive Act of 2026

Background

The District offers non-refundable personal and business income tax credits to offset the cost of installing infrastructure that dispenses alternative fuels.⁹⁰ A taxpayer can claim a credit of 50 percent of the labor and equipment cost of installing alternative fuel infrastructure, up to \$1,000 for a qualified private residence and \$10,000 for qualified alternative fuel vehicle refueling property.⁹¹ The credit is applicable to infrastructure that stores or dispenses 85 percent ethanol, natural gas, compressed natural gas, liquified natural gas, liquified petroleum gas, biodiesel, electricity, or hydrogen. The credits are scheduled to expire on December 31, 2026.

The subtitle extends the credits through December 31, 2036, limits the types of alternative fuels that can receive the credits, and eliminates the credit for qualified alternative fuel vehicle refueling properties. The credits will now be limited to infrastructure that stores and dispenses biodiesel, electricity, and hydrogen.

Financial Plan Impact

The current income tax credits are scheduled to expire at the end of tax year 2026. The extension of the alternative fuel infrastructure tax credit through 2036 for qualified private residences will reduce personal, corporate, and unincorporated business income tax revenue beginning in fiscal year 2028, which accounts for tax year 2027 claims. The subtitle will reduce income tax revenues by approximately \$1.5 million over the four-year financial plan period. The subtitle’s limitation on the types of alternative fuels and the eliminated eligibility of qualified alternative fuel vehicle refueling properties only apply after the tax year 2026 expiration of the existing income tax credits.

Subtitle (VI)(B) - Electric Vehicle Charging Infrastructure Incentive Act of 2026 Personal and Business Income Tax Reduction (\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Revenue Reduction	\$0	\$466	\$507	\$551	\$1,525

Subtitle (VI)(C) – Electric Vehicle Publicly Accessible Charging Stations Personal Property Tax Exemption Act of 2026

Background

The District assesses a personal property tax of \$3.40 per \$100 of assessed value over \$225,000 on the tangible personal property held by any person or business.⁹² The subtitle exempts the equipment and software related to electric vehicle chargers from personal property taxation , so long as those chargers are available for public use during the tax year in which the exemption is claimed.

⁹⁰ Alternative Fuel Vehicle and Infrastructure Installation Through Tax Incentives Act of 2014, effective February 26, 2015 (D.C. Law 20-155; D.C. Official Code §§ 47-1806.12, 47-1807.10, and 47-1808.10).

⁹¹ These properties are located in the District, contain equipment for storing and dispensing alternative fuels, and are available for use by the public.

⁹² Personal Property Tax Amendment Act of 1986, effective February 28, 1987 (D.C. Law 6-212; D.C. Official Code § 47-1522).

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Financial Plan Impact

The subtitle’s exemption of electric vehicle chargers from personal property taxation will reduce the District’s personal property tax collections by \$100,000 in fiscal year 2027 and \$509,000 over the four-year financial plan period. The table outlines the annual cost of the tax exemption.

Subtitle (VI)(C) - Electric Vehicle Publicly Accessible Charging Stations Personal Property Tax Exemption Act of 2026					
Personal Property Tax Reduction					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Revenue Reduction	\$100	\$115	\$135	\$159	\$509

Subtitle (VI)(D) – District Energy Fund Amendment Act of 2026

Background

The Department of Energy and Environment (DOEE) imposes surcharges on electric, natural gas, and home heating oil providers in the District. Prior to fiscal year 2024, these surcharges were dedicated to the DOEE-managed Sustainable Energy Trust Fund⁹³ (SETF) to support energy efficiency and renewable energy projects, including through DOEE’s contract with the Sustainable Energy Utility. In fiscal year 2025, the Council expanded the allowable uses of SETF resources to include substantial government energy costs.^{94,95} In fiscal year 2026, the Council split the SETF surcharge into a surcharge to support energy efficiency and renewable energy projects and a surcharge to pay for District energy costs. The Council established a new special purpose revenue fund, the Mayor’s Energy Surcharge Fund (Fund), into which DOEE deposits the surcharge proceeds intended to pay for the District’s energy ⁹⁶.

The subtitle renames the Mayor’s Energy Surcharge Fund as the District Energy Fund.

Financial Plan Impact

There are no costs associated with changing the name of the Mayor’s Energy Surcharge Fund to the District Energy Fund.

⁹³ Clean and Affordable Energy Act of 2008, effective October 22, 2008 (D.C. Law 17-250; D.C. Official Code § 8-1774.10).

⁹⁴ The SETF had been authorized to offset the cost of SETF surcharge increases borne by the District Government on its own utility bills, but not broader utility costs beyond the purchase of solar, wind, or other renewable energy.

⁹⁵ Reversing the Defunding of Our Climate Equity Commitments Amendment Act of 2024, effective September 18, 2024 (D.C. Law 25-217; D.C. Official Code § 8-1774.10).

⁹⁶ Sustainable Energy Trust Fund Amendment Act of 2024, effective December 6, 2025 (D.C. Law 26-55; D.C. Official Code § 8-1774.10a).

Subtitle (VI)(E) – Enhanced Consumer Protections in the Retail Energy Market Act of 2026

Background

The Public Service Commission (PSC) is charged with regulating utility operators and protecting customers in the District. The subtitle expands PSC’s regulatory oversight to include more controls and consumer protections over non-standard service electricity and natural gas operators. Non-standard service providers are any utility providers that are not the District’s default providers and contract directly with consumers.

The subtitle requires PSC to set a price cap for non-standard service providers of electricity and natural gas at no more than 110 percent of the price of the standard offer service. PSC may also allow a market participant to exceed the electricity price cap if it is in the public’s interest and the provider meets the subtitle’s enumerated factors for consideration in granting an exception. For electricity market participants, PSC can also provide an exemption to the price cap if the provider is sourcing its electricity from tier one or tier two renewable energy sources and those sources exceed the required shares under the renewable energy portfolio standard.⁹⁷ A contract between a consumer and market provider that exceeds the price cap can remain in place for sixty days after the cap establishment and will become void if the operator does not amend the terms to comply with the cap.

PSC must approve or support a platform for non-standard service electricity and natural gas providers to publish the standard terms of their contracts with consumers so that consumers can compare the contracts among different market participants. The subtitle prohibits a market participant from charging early termination fees or penalties to any consumer that terminates a contract before the term is up.

The subtitle imposes a new reporting requirement on all electricity and natural gas market participants, including the default service providers, regarding the consumers within each provider’s portfolio. The participants must detail the number of rates they offer, the number of participants in each rate, the usage⁹⁸ under each rate, the number of customers behind on their bills, the number of customers that switched to and from each rate, and the number of customers with different contract rates under each rate. After all confidential information is redacted, PSC should make the reports publicly available.

PSC must issue rules to implement the subtitle’s provisions within 270 days of the subtitle’s effective date.

Financial Plan Impact

PSC operations are funded through assessments imposed on utility operators. PSC’s proposed budget does not change the assessment revenue expected from the utility operators, but the budget will need to be adjusted to accommodate the hiring of an additional economist to support the subtitle’s rate cap, contract transparency, and reporting requirements.⁹⁹

⁹⁷ Renewable Energy Portfolio Standard Act of 2004, effective April 12, 2005 (D.C. Law 15-340; D.C. Official Code § 34-1432).

⁹⁸ Usage should be measured as the volume of kilowatt hours for electricity providers and volume of therms for gas providers.

⁹⁹ PSC requires the establishment of an additional full-time equivalent in its budget that is not presently included. This need will be included in the errata letter the Mayor submits with the budget to adjust budget omissions.

Subtitle (VI)(F) – Fleet Electrification Amendment Act of 2026

Background

District law¹⁰⁰ required the Mayor to create a transportation electrification program by March 29, 2020, which mandated that by 2045, all public buses, large privately-owned fleets, commercial motor carriers, limousines, and District-certified taxis operate as 100 percent zero-emissions vehicles (ZEVs). The program includes phased targets:

- 2030: 50 percent of these vehicles must be low- or zero-emission.
- 2035: 75 percent must be low- or zero-emission.
- 2040: 90 percent must be low- or zero-emission.
- 2045: 100 percent must be zero-emission.

The subtitle extends these deadlines, respectively, by five years each to a realization year of 2050 for 100 percent zero-emission.

- 2035: 50 percent of these vehicles must be low- or zero-emission.
- 2040: 75 percent must be low- or zero-emission.
- 2045: 90 percent must be low- or zero-emission.
- 2050: 100 percent must be zero-emission.

Financial Plan Impact

The current law’s deadlines affect private entities and the Washington Metropolitan Area Transit Authority (WMATA), to which the District is a contributing jurisdiction. Budgetary impacts on WMATA from the current law’s 2030 mandate are unknown, but the subtitle’s extension to 2035 reflects WMATA’s current electrification plans released in 2023¹⁰¹. Under this plan, WMATA would require \$2.3 billion of capital investments to transition to an electric fleet. WMATA anticipated meeting the 50 percent electrification threshold by 2033, and the WMATA board had adopted a resolution to meet the 100 percent threshold by 2045. Any additional funding WMATA requires is subject to the multi-jurisdictional funding compact¹⁰².

Subtitle (VI)(G) – Stormwater Fund Amendment Act of 2026

Background

The Department of Energy and Environment (DOEE) leads the District’s efforts to comply with the Municipal Separate Storm Sewer System (MS4) permit. The permit requires the District to keep trash and other pollutants out of the District’s river systems. DOEE and partner agencies perform various activities, including construction-related stormwater inspections, planting trees, installing stormwater best management practices, street sweeping, and other activities as outlined in the MS4 permit. To fund these efforts the District imposes a stormwater fee on all District water bills issued

¹⁰⁰ The CleanEnergy DC Omnibus Amendment Act of 2018, effective March 22, 2019 (D.C. Law 22-257; D.C. Official Code § 50-741).

¹⁰¹ [WMATA-ZEB-Executive-Summary-3-17-23.pdf](#)

¹⁰² D.C. Official Code § 9–1103.01 et seq.

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by DC Water. These fees are deposited into the Stormwater Permit Compliance Enterprise Fund¹⁰³ (Fund).

The subtitle directs the use of \$4,426,197 of the Fund’s resources by the Department of Public Works (DPW) to support that agency’s stormwater management activities.

Financial Plan Impact

The proposed fiscal year 2027 budget allocates approximately \$4.4 million in one-time funding from the Fund’s fund balance to support DPW’s street sweeping and leaf collection programs. Under the MS4 permit, the District must sweep at least 10,932 road miles annually. The Fund generates approximately \$13 million annually in fee revenues.

Subtitle (VI)(H) – Fishing License Fund Sweep Repeal and Reversal Amendment Act of 2026

Background

The Department of Energy and Environment (DOEE) manages the Fishing License Fund (Fund).¹⁰⁴ DOEE deposits all proceeds from the sale of fishing licenses or licensure endorsements into the Fund. DOEE uses the Fund’s resources to administer DOEE’s fish and wildlife regulatory activities. In the revised fiscal year 2025 budget, the Council approved a sweep of approximately \$74,000 from the Fund into the District’s Local Fund.¹⁰⁵ In the fiscal year 2026 budget, the Council also approved an annual transfer of \$1,200 from the Fund to the District’s Local Fund through fiscal year 2029.¹⁰⁶

The subtitle repeals both the sweep and the transfer and provides that any unspent resources transferred from the Fund to the Local Fund in fiscal year 2025 should be transferred back to the Fund on October 1, 2027. The subtitle repeals these provisions effective October 1, 2025.

Financial Plan Impact

The proposed fiscal year 2026 revised budget and the proposed fiscal year 2027 through fiscal year 2030 budget and financial plan reverse the planned transfers from the Fund to the Local Fund. The Fund will maintain \$1,200 annually, for the Fund’s dedicated uses, from fiscal year 2026 through fiscal year 2029, when the transfer was planned to end. The fiscal year 2025 budget ended on September 30, 2025 and all adjustments to that budget year are now complete. Legally repealing the fiscal year 2025 sweep has no impact on the proposed budgets and financial plan.

¹⁰³ Comprehensive Stormwater Management Enhancement Amendment Act of 2008, effective March 25, 2009 (D.C. Law 17-731; D.C. Official Code § 8-152.02).

¹⁰⁴ Fisheries and Wildlife Omnibus Amendment Act of 2016, effective May 19, 2017 (D.C. Law 21-282; D.C. Official Code § 8-103.03a).

¹⁰⁵ Fiscal Year 2025 Revised Local Budget Temporary Act of 2025, effective December 11, 2025 (D.C. Law 26-56; 72 DCR 12372).

¹⁰⁶ Non-Lapsing Fund Transfers Act of 2025, effective December 6, 2025 (D.C. Law 26-55; 72 DCR 9825).

Subtitle (VI)(I) – Hazardous Waste and Toxic Chemical Source Reduction Fund Amendment Act of 2026

Background

The Department of Energy and Environment (DOEE) manages the Hazardous Waste and Toxic Chemical Source Reduction Fund (Fund).¹⁰⁷ DOEE deposits all fees, fines, and penalties the agency collects for the permitting, licensing, and enforcement of the generation, storage, transportation, treatment, and disposal of hazardous waste into the Fund. DOEE uses the Fund’s resources to support the agency’s regulation of hazardous waste and of fuels containing hazardous waste. In fiscal year 2026, the Council made the Fund lapsing, so that any resources remaining in the Fund the end of the fiscal year would be transferred to the District’s Local Fund.¹⁰⁸

The subtitle re-establishes that the Fund should be non-lapsing. As a non-lapsing fund, DOEE will retain any unspent resources in the Fund at the end of a fiscal year.

Financial Plan Impact

The subtitle re-establishes the Fund as a non-lapsing special purpose revenue fund. This allows DOEE to retain any unspent resources in the Fund at the end of a fiscal year and to expend those resources in a future fiscal year.

Subtitle (VI)(I) – Pesticide Registration Fund Amendment Act of 2026

Background

The Department of Energy and Environment (DOEE) manages the Pesticide Registration Fund (Fund).¹⁰⁹ DOEE deposits all fees the agency collects for the registration of pesticides and the registration and education of pesticide applicators into the Fund. DOEE uses the Fund’s resources to administer the agency’s pesticide, chemical, tank, land remediation, and wildlife protection programs. In fiscal year 2026, the Council made the Fund lapsing, so that any resources remaining in the Fund the end of the fiscal year would be transferred to the District’s Local Fund.¹¹⁰

The subtitle re-establishes that the Fund should be non-lapsing. As a non-lapsing fund, DOEE will retain any unspent resources in the Fund at the end of a fiscal year.

Financial Plan Impact

The subtitle re-establishes the Fund as a non-lapsing special purpose revenue fund. This allows DOEE to retain any unspent resources in the Fund at the end of a fiscal year and to expend those resources in a future fiscal year.

¹⁰⁷ Environmental Special Purpose Funds Reestablishment Amendment Act of 2020, effective December 3, 2020 (D.C. Law 23-149; D.C. Official Code § 8-1319.01).

¹⁰⁸ Non-Lapsing Fund Modifications Amendment Act of 2025, effective December 6, 2025 (D.C. Law 26-55; D.C. Official Code § 8-1319.01(d)).

¹⁰⁹ Pesticide Registration Fund Preservation Amendment Act of 2013, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 8-438.01).

¹¹⁰ Non-Lapsing Fund Modifications Amendment Act of 2025, effective December 6, 2025 (D.C. Law 26-55; D.C. Official Code § 6-1451.07(d)).

Subtitle (VI)(K) – Sustainable Materials and Building Fund Act of 2026

Background

The District requires all non-residential construction or substantial improvement projects greater than 50,000 square feet in gross floor area to meet or exceed the current LEED certification level for commercial and institutional buildings.¹¹¹ These building owners must provide a financial guarantee that they will meet the standard, and the District can draw down on the guarantee if the owner fails to comply. The District can issue fines for noncompliance. The Department of Buildings (DOB) also assesses a Green Building Fee¹¹² on building permits. Any drawdowns or fines for failure to comply and Green Building Fees are deposited into the DOB-managed Green Building Fund.¹¹³ DOB uses resources in the Fund to provide technical assistance, plan review, monitoring, and inspections of green buildings; for research green building practices; for education, outreach, and training; for support for demonstration projects; and to defray the costs of green building materials for low-income residents. DOB also transfers 50 percent of the Green Building Fund’s resources to the Department of Energy and Environment’s (DOEE) Sustainable Energy Trust Fund¹¹⁴ (SETF) for DOEE to support the same activities.

DOEE also manages a Product Stewardship Fund¹¹⁵ that collects registration and permit fees and fines in support of the District’s product stewardship programs. These programs include paint, covered electronics, and batteries and require manufacturers to take responsibility for the proper disposal of products they sell in the District.

The subtitle renames the Product Stewardship Fund as the Sustainable Materials and Building Fund. The subtitle redirects the transfer of 50 percent of the Green Building Fund resources from the SETF to the Sustainable Materials and Building Fund. The Sustainable Materials and Building Fund maintains the current allowable uses of the Sustainable Materials and Building Fund’s resources for both product stewardship programs and green building efforts.

The subtitle also re-establishes that both the Green Building Fund and Sustainable Materials and Building Fund should be non-lapsing. As non-lapsing funds, DOB and DOEE will retain any unspent resources at the end of a fiscal year.

Financial Plan Impact

There are no costs associated with changing the name of the Product Stewardship Fund to the Sustainable Materials and Building Fund. DOEE’s Urban Sustainability Administration will manage the Sustainable Materials and Building Fund as it does currently with the Product Stewardship Fund. The allowable uses of the resources received from the Green Building Fund are unchanged and are more closely aligned with the Urban Sustainability Administration’s activities than the Energy Administration, which manages the SETF.

¹¹¹ Green Building Act of 2006, effective March 8, 2007 (D.C. Law 16-234; D.C. Official Code § 6-1451.01 et seq.).

¹¹² D.C. Official Code § 6-1451.08.

¹¹³ D.C. Official Code § 6-1451.07.

¹¹⁴ Clean and Affordable Energy Act of 2008, effective October 22, 2008 (D.C. Law 17-250; D.C. Official Code § 8-1774.10).

¹¹⁵ Product Stewardship Amendment Act of 2017, effective December 13, 2017 (D.C. Law 22-33; D.C. Official Code § 1-325.381).

Subtitle (VI)(L) – Underground Storage Tank Regulation Fund Act of 2026

Background

The Department of Energy and Environment (DOEE) manages the Underground Storage Tank Regulation Fund (Fund).¹¹⁶ DOEE deposits all fees, fines, and penalties the agency collects for the registration and enforcement of the legal use of underground storage tanks in the District into the Fund. DOEE uses the Fund’s resources to administer underground storage tank laws and rules, and to assess, clean up, and provide housing and relocation assistance. In fiscal year 2026, the Council made the Fund lapsing, so that any resources remaining in the Fund the end of the fiscal year would be transferred to the District’s Local Fund.¹¹⁷

The subtitle re-establishes that the Fund should be non-lapsing. As a non-lapsing fund, DOEE will retain any unspent resources in the Fund at the end of a fiscal year.

Financial Plan Impact

The subtitle re-establishes the Fund as a non-lapsing special purpose revenue fund. This allows DOEE to retain any unspent resources in the Fund at the end of a fiscal year and to expend those resources in a future fiscal year.

Subtitle (VI)(M) – User Fees for Events on Lands Managed by the Department of Energy and Environment Amendment Act of 2026

Background

The Department of Energy and Environment (DOEE) has administrative control over approximately 47 acres of land in the District, including Kingman and Heritage Islands. The subtitle authorizes DOEE to issue rules establishing fees for permitted and other use of property under the administrative control of DOEE. The subtitle directs DOEE to deposit any fees collected for these permits in the Anacostia River Clean Up and Protection Fund¹¹⁸ (Fund) to support programs preventing pollution, and aiding wildlife rehabilitation and environmental health.

Financial Plan Impact

The subtitle authorizes DOEE to issue permits and charge fees for the use of properties under the administrative control of DOEE for private events and activities. DOEE will issue rules to set the fee levels and no permitted activities are expected until that time. As activities are permitted and fees are collected, they will be deposited into the Fund.

¹¹⁶ Environmental Special Purpose Funds Reestablishment Amendment Act of 2020, effective December 3, 2020 (D.C. Law 23-149; D.C. Official Code § 8-113.05a).

¹¹⁷ Non-Lapsing Fund Modifications Amendment Act of 2025, effective December 6, 2025 (D.C. Law 26-55; D.C. Official Code § 8-113.05a(d)).

¹¹⁸ Anacostia River Clean Up and Protection Act of 2009, September 23, 2009 (D.C. Law 18-55; D.C. Official Code § 8-102.05).

Subtitle (VI)(N) – Utility Assistance and Lead Poisoning Prevention Funds Sweep Repeal Amendment Act of 2026

Background

DOEE manages the Lead Poisoning Prevention Fund.¹¹⁹ DOEE deposits any fees and fines associated with regulating and enforcing lead-based paint prohibitions into the Lead Poisoning Prevention Fund. DOEE requires lead-based paint abatement inspectors, technicians, and specialists to be certified and pay related fees. DOEE uses the resources in the Lead Poisoning Prevention Fund to regulate lead-based paint activities and to support low- income families with lead-based paint abatement needs.

DOEE also manages the application process for three utility-related assistance programs for lower income residents. Pepco, Washington Gas, and Verizon provide low income residents with discounted services to ensure they can access these critical utilities. These utilities assess a fee to full ratepayers to support these programs. DOEE supports these programs by processing applications and confirming the eligibility of residents to participate in the programs. The three utilities reimburse DOEE for these activities through three special purpose revenue funds. These funds are the Residential Aid Discount Program Fund (Pepco),¹²⁰ Residential Essential Service Program Fund (Washington Gas),¹²¹ and Economy II Program Fund (Verizon).¹²²

In the fiscal year 2026 budget, the Council approved an annual revenue transfer from each of these funds to the District’s Local Fund through fiscal year 2029.¹²³ The chart below indicates the amounts transferred from each of the funds.

Fund Name	FY 2026	FY 2027	FY 2028	FY 2029
Lead Poisoning Prevention	\$150,000	\$150,000	\$150,000	\$150,000
Economy II	\$12,892	\$12,892	\$12,892	\$12,892
Residential Aid Discount	\$6,064	\$6,064	\$6,064	\$6,064
Residential Essential Services	\$42,111	\$42,111	\$42,111	\$42,111

The subtitle repeals these transfers, effective October 1, 2025, and ensures that each fund retains the resources needed to support the utility assistance programs.

Financial Plan Impact

The proposed fiscal year 2026 revised budget and the proposed fiscal year 2027 through fiscal year 2030 budget and financial plan reverse the planned transfers from these four special purpose funds to the Local Fund. The funds will collectively maintain, for their dedicated uses, over \$211,000 annually from fiscal year 2026 through fiscal year 2029, when the transfers were planned to end.

¹¹⁹ Environmental Special Purpose Funds Reestablishment Amendment Act of 2020, effective December 3, 2020 (D.C. Law 23-149; D.C. Official Code § 8-231.09a).

¹²⁰ Residential Aid Discount Subsidy Stabilization Amendment Act of 2010, effective July 23, 2010 (D.C. Law 18-195; D.C. Official Code § 8-1774.14).

¹²¹ Residential Essential Service Subsidy Stabilization Amendment Act of 2014, effective February 26, 2015 (D.C. Law 20-155; D.C. Official Code § 8-1774.15).

¹²² Telecommunications Competition Act of 1996, effective September 9, 1996 (D.C. Law 11-154; D.C. Official Code § 34-2003).

¹²³ Non-Lapsing Fund Transfers Act of 2025, effective December 6, 2025 (D.C. Law 26-55; 72 DCR 9825).

Subtitle (VI)(N) - Utility Assistance and Lead Poisoning Prevention Funds Sweep Repeal Amendment Act of 2026						
Special Purpose Fund Transfer Reversals						
(\$ thousands)						
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Lead Poisoning Prevention	\$150	\$150	\$150	\$150	\$0	\$600
Economy II	\$13	\$13	\$13	\$13	\$0	\$52
Residential Aid Discount	\$6	\$6	\$6	\$6	\$0	\$24
Residential Essential Services	\$42	\$42	\$42	\$42	\$0	\$168
Total Transfer Reversals	\$211	\$211	\$211	\$211	\$0	\$844

Subtitle (VI)(O) – Public Inconvenience Fee Amendment Act of 2026

Background

The District Department of Transportation (DDOT) charges a public inconvenience fee (PIF) for the temporary occupancy of public space that disrupts public access to that space for an extended period of time. DDOT does not charge a fee for the first thirty days of temporary occupancy, but begins to charge a per square foot fee for any sidewalks, parking lanes, travel lanes, or alleys occupied beyond thirty days up to a maximum fee per block per thirty-day period. DDOT charges variable fees depending on which part of public space is occupied and whether that public space is located within or outside of the District’s Central Business District (CBD). DDOT deposits the PIF it collects into the Transportation Initiatives Fund.¹²⁴

The subtitle increases the PIF according to the following chart.

Occupancy	Current Fee	Proposed Fee
First travel lane (CBD)	\$0.04	\$0.07
Second/Subsequent travel lane (CBD)	\$0.06	\$0.11
Alley (CBD)	\$0.02	\$0.04
Sidewalk (CBD)	\$0.03	\$0.06
Pedestrian Walkway Credit (CBD)	-\$0.03	-\$0.06
First travel lane	\$0.03	\$0.06
Second/Subsequent travel lane	\$0.045	\$0.09
Alley	\$0.015	\$0.03
Sidewalk	\$0.02	\$0.04
Pedestrian Walkway Credit	-\$0.02	-\$0.04

The subtitle also extends, from thirty days to sixty days, the grace period for utility operators applying for a public space occupancy permit. The subtitle dedicates the first \$4,086,000 in PIF revenue to the District’s Local Fund.

¹²⁴ District Department of Transportation Omnibus Amendment Act of 2010, effective April 8, 2011 (D.C. Law 18-370; D.C. Official Code § 50-921.13).

Financial Plan Impact

The subtitle’s provisions to increase the PIF both within and outside the CBD will generate approximately \$4.5 million annually in additional PIF revenues. The subtitle’s provision to provide utility operators with an additional thirty-day grace period will reduce revenues by \$379,000 annually. The subtitle directs the net incremental revenue from these changes to the District’s Local Fund by dedicating all PIF revenue after the first \$4,086,000 to the Transportation Initiatives Fund; thereby retaining that first \$4,086,000 in the Local Fund.

Subtitle (VI)(O) - Public Inconvenience Fee Amendment Act of 2026					
Revenue Impact					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
New PIF Revenue	\$4,465	\$4,465	\$4,465	\$4,465	\$17,860
Utility Grace Period	(\$379)	(\$379)	(\$379)	(\$379)	(\$1,516)
Net Incremental PIF Revenue^a	\$4,086	\$4,086	\$4,086	\$4,086	\$16,344

Table Notes

^a The subtitle dedicates the first \$4,086,000 of PIF revenue to the Local Fund.

Subtitle (VI)(P) – Building Energy Performance Standards Amendment Act of 2026

Background

The District requires all buildings to meet building energy performance standards (BEPS) set by DOEE.¹²⁵ All privately-owned buildings with at least 25,000 and 10,000 square feet of gross floor area must meet BEPS by 2028 and 2034, respectively. The subtitle delays BEPS applicability for 25,000 and 10,000 square foot buildings from 2028 and 2034 to 2029 and 2035. The subtitle also delays from 2028 to 2029 the start of the six-year cycle for DOEE to establish and update property types and BEPS for each property type. The subtitle delays the ability of a building owner to meet building-specific performance targets under a trajectory compliance pathway to align with the subtitle’s 2029 delay for 25,000 square foot buildings.

Financial Plan Impact

DOEE manages the BEPS program through the setting of standards, receipt of energy benchmarking reports, enforcement, and monitoring of compliance efforts. DOEE can manage the bill’s changes to the compliance timelines within its approved budget. The Department of General Services (DGS) estimates that it could cost over \$340 million¹²⁶ in unfunded capital improvements, including for retrofits of a whole building, a whole system, or a system component, or a retro-commissioning of a current system, to meet a 35 percent reduction in energy usage by the end of the second BEPS cycle, which is 2033 under the subtitle’s one-year delay. However, DGS does not yet have an approved compliance pathway with DOEE and the timing and extent of those costs will need to be reevaluated once the baselines and energy reduction targets are established.

¹²⁵ CleanEnergy DC Omnibus Amendment Act of 2018, effective March 22, 2019 (D.C. Law 22-257; D.C. Official Code § 8-1772.21).

¹²⁶ In 2025 dollars

Subtitle (VI)(Q) – Zero-Emission Sport Utility Vehicle Purchases Amendment Act of 2026

Background

District law prohibits the government from leasing or purchasing sport utility vehicles (SUVs) for government uses, unless needed for security, emergency rescue, snow removal, or armored vehicles.¹²⁷ All other vehicle leases or purchases must be for vehicles that average at least 22 miles per gallon.

The subtitle authorizes the District to purchase SUVs for government operations if the SUVs are electric or zero-emissions vehicles that meet specific safety and design requirements¹²⁸.

Financial Plan Impact

The subtitle does not require the District to purchase SUVs, but authorizes their purchase if they meet certain criteria. The fiscal year 2027 budget does not include additional funds to purchase SUVs, so any purchases will replace other vehicle purchases. If an SUV purchase is more expensive than another vehicle, the District will purchase fewer vehicles overall within the approved budget.

Subtitle (VI)(R) – Electric Vehicle Purchases Amendment Act of 2026

Background

District law requires the government to lease or purchase only zero-emissions vehicles (ZEVs) beginning on January 1, 2026, except in cases where there is no such vehicle readily available on the market.¹²⁹

The subtitle delays this requirement to January 1, 2031.

Financial Plan Impact

In the fiscal year 2027 proposed budget, approximately \$2 million in new capital funding is available for vehicle purchases. Assuming an average cost of a gas-powered vehicle at \$60,000 the District will be able to purchase 50 vehicles. The precise number of vehicles that will be purchased will depend on the type of vehicle needed (i.e. car, truck or special needs vehicle) for a given agency, and whether the procurement is a purchase or a lease.

ZEVs are generally more expensive; the precise premium varies by model and requirements. Assuming a 15 percent premium for ZEVs, the District will be able to purchase 43 vehicles instead of 50. Additionally, as the proportion of ZEVs in the fleet increases, the District will require significant

¹²⁷ Government Sport Utility Vehicle Purchasing Amendment Act of 2002, effective March 25, 2003 (D.C. Law 14-231; D.C. Official Code 50-203).

¹²⁸ That is, object detection, automatic braking, and blind spot monitoring, but also limits on weight, hood height, and front-end slope.

¹²⁹ Climate Commitment Amendment Act of 2022, effective September 21, 2022 (D.C. Law 24-176; D.C. Official Code § 8-151.09e(b)).

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infrastructure upgrades to service the changing fleet. A recent multi-agency project team report¹³⁰ estimates that as the fleet moves toward 100 percent zero emission, required infrastructure improvements will increase capital costs by \$377 million over ten years. The report also estimates annual operating savings of \$2 million annually at the end of fleet transition, as ZEVs save on fuel and maintenance.

Delaying the requirement to purchase ZEVs allows the District to purchase more vehicles over the financial plan and delay infrastructure improvements to accommodate zero emission vehicles to future years.

¹³⁰ “District of Columbia Strategic Fleet Electrification Plan”, Multi-agency project team report, September 2025.

TITLE VII – FINANCE AND REVENUE

Subtitle (VII)(A) – Sales Tax Increase Delay Amendment Act of 2026

Background

In fiscal year 2024, the Council approved an increase to the District’s general sales and use tax rates from 6 percent prior to fiscal year 2026 to 6.5 percent for fiscal year 2026 and 7 percent for fiscal year 2027 and each year thereafter. In fiscal year 2025, Council repealed the fiscal year 2026 increases to 6.5 percent, thereby delaying any sales and use tax increases until the rates change to 7 percent increase starting in fiscal year 2027.

The subtitle further delays the increases to the sales and use tax rates by one year. The rates will now increase to 7 percent beginning in fiscal year 2028.

Financial Plan Impact

The subtitle maintains the general sales and use tax rates at 6 percent for fiscal year 2027. This delay creates a direct, one-time reduction in sales and use tax collections of \$150.7 million in fiscal year 2027. As explained below, the impact of this change on the District’s dedication to the Arts and Humanities Fund¹³¹ (Fund) will cause approximately \$4.3 million in sales and use tax collections to stay available for general budget uses. The net impact on fiscal year 2027 sales and use tax collections is a reduction of \$146.4 million.

The fiscal year 2027 reduction in sales and use tax collections will impact the District’s dedication¹³² to the Fund, which receives the lesser of 4.286 percent of sales tax collections or 102 percent of sales tax collections to the Fund in the prior year. The reduced fiscal year 2027 sales and use tax collections means that the Fund receipts will be calculated in fiscal year 2027 on the 4.286 percent of fiscal year 2027 collections. In subsequent years, Fund receipts will be calculated on 102 percent of that calculated fiscal year 2027 lower amount. Therefore, the Fund will see a lower dedication over the four-year financial plan period. The reduced dedication amounts are concurrently recognized as an increase in Local Funds sales and use tax receipts of approximately \$4.3 million in fiscal year 2027 and \$17.7 million over the four-year financial plan period.

The table on the following page outlines the net impacts on both available local resources and the Fund.

¹³¹ Arts and Humanities Enterprise Fund Establishment Amendment Act of 1997, effective January 29, 1998 (D.C. Law 12-42; D.C. Official Code § 39-205.01).

¹³² Dedicated WMATA Funding and Tax Changes Affecting Real Property and Sales Amendment Act of 2018, effective October 30, 2018 (D.C. Law 22-168; D.C. Official Code §§ 47-2002(d) and 47-2202(b)).

Subtitle (VII)(A) – Sales Tax Increase Delay Amendment Act of 2026					
Local and Dedicated Tax Revenue Impacts					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Local Fund Sales and Use Taxes	(\$146.4) ^a	\$4.4	\$4.5	\$4.5	\$133.1 ^b
Arts and Humanities Fund	(\$4.3)	(\$4.4)	(\$4.5)	(\$4.5)	(\$17.7)

Table Notes

^a The net loss of \$146.4 million includes a loss of \$150.7 million and an increase of \$4.3 million associated with the Arts and Humanities Fund reduction.

^b Amounts may not add due to rounding.

Subtitle (VII)(B) - Hotel and Rental Car Taxes Amendment Act of 2026

Background

The subtitle increases the rate of sales and use tax on charges for the rental or leasing of rental vehicles and utility trailers for 9.25 percent to 11 percent.

The subtitle indefinitely extends a separate, additional 1 percent sales tax on hotel rooms¹³³ that was set to expire September 30, 2027. The subtitle changes the current dedications for this revenue, beginning in fiscal year 2028, so that two-thirds is dedicated to the Washington Convention and Sports Authority (Events DC), for transfer to Destination DC for the purposes of marketing and promoting the District as a destination, and one-third will be dedicated to the Office of the Deputy Mayor for Planning and Economic Development (DMPED), for transfer to the Washington DC Economic Partnership (WDCEP).

Financial Plan Impact

From the increase of the sales tax rate on rental vehicles and trailers, the subtitle generates for Local Funds \$2.56 million in fiscal year 2027 and a total of \$10.28 million over the financial plan. From the extension of the 1 percent hotel sales tax surcharge, the subtitle generates \$68.9 million for Dedicated Tax funds between fiscal year 2028 and fiscal year 2030.

Subtitle (VII)(B) - Hotel and Rental Cars Taxes Amendment Act of 2026					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Additional revenue for Local Funds	\$2,561	\$2,508	\$2,582	\$2,633	\$10,284
Additional dedicated revenue to be used for Destination DC ^a	\$0	\$ 14,954	\$15,308	\$15,671	\$45,934
Additional dedicated revenue to be used for WDCEP ^b	\$0	\$7,477	\$ 7,654	\$7,836	\$22,967
TOTAL	\$2,561	\$24,939	\$25,545	\$26,140	\$79,184

(Table notes on following page)

¹³³ D.C. Official Code § 47-2002.03a(2)

Table notes

- a) To be transferred through Events DC
- b) To be transferred through DMPED

**Subtitle (VII)(C) – Frequency Standardization for Contributions to District Government
Employee Benefit Funds Amendment Act of 2026**

Background

The subtitle amends District law to provide that the appropriated amounts for the District’s required contributions to the Other Post-Employment Benefits (OPEB) Fund be made on a regular pay-period basis. It also amends the required deposit schedule for the District’s contributions to the Police Officers and Fire Fighters’ Retirement Fund and the Teachers’ Retirement Fund (collectively the Retirement Funds) to make the payments due on the 15th and last day of every month rather than by 30 days after the start of each fiscal year.

Employees who participate in the District’s deferred compensation plan pursuant to Section 457 of the Internal Revenue Code receive a District contribution¹³⁴ to a Section 401(a)¹³⁵ Trust. Current law requires the District’s contributions to be made no less frequently than quarterly, and the subtitle amends the timing to be on a regular pay-period basis.

Financial Plan Impact

Funds are sufficient to implement the subtitle. The subtitle will increase costs in fiscal years 2029 and fiscal year 2030, but revenue increases from the subtitle more than offset the increased costs. In total, the subtitle increases District Local Fund resources by \$4.6 million in fiscal year 2027 and a total of \$13.8 million over the financial plan.

Currently, the entire amount appropriated each fiscal year for the District’s required contributions to the OPEB Fund and the Retirement Funds are made each October, at the beginning of each fiscal year. In fiscal year 2027, the District expects to make a total of approximately \$309 million in these contributions. The subtitle defers the annual OPEB and Retirement Funds contributions from being made in one payment in the first month of the fiscal year to regular semi-monthly installments. Under the subtitle’s payment schedule, the District will increase its average cash balance for fiscal year 2027 by approximately \$150 million. The additional balance in fiscal year 2027, and similar balances in each year of the financial plan, are projected to increase interest earnings by \$4.6 million in fiscal year 2027 and a total of \$16.3 million over the financial plan.

The OPEB Fund and the Retirement Funds will have less cash to invest over the course of each fiscal year under the subtitle. The District’s annual required contributions to the funds decrease and increase in part due to investment performance of the fund, but such fluctuations are amortized over a twenty-year period. The first actuarial valuation to be performed after fiscal year 2027 will be the valuation to calculate required District contributions for fiscal year 2029. This fiscal impact assumes the funds will earn their long-term expected average rate of return in fiscal year 2027 and each year. Under this assumption, the subtitle will increase the District’s OPEB and Retirement Funds

¹³⁴ In an amount of 5% of base salary, or 5.5% in the case of corrections officers.

¹³⁵ Internal Revenue Code, 26 U.S.C. § 401.

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contributions by approximately \$840,000 in fiscal year 2029 and \$1.68 million in fiscal year 2030. The cost of these increased contributions has been accounted for in the proposed financial plan.

Subtitle (VII)(C) – Frequency Standardization for Contributions to District Government Employee Benefit Funds Amendment Act of 2026					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Revenue Increase – Interest Earning	\$4,645	\$4,590	\$3,919	\$3,121	\$16,275
Less: Increase in OPEB contribution	(\$0)	(\$0)	(\$250)	(\$485)	(\$735)
Less: Increase in Retirement Funds contribution	(\$0)	(\$0)	(\$590)	(\$1,186)	(\$1,776)
Net Impact	\$4,645	\$4,590	\$3,079	\$1,450	\$13,764

Subtitle (VII)(D) – Medical Cannabis Tax Rate Amendment Act of 2026

Background

The sales tax rate for sales of medical marijuana is currently 6%. As of fiscal year 2027, all sales tax from medical marijuana sales is deposited in Local Funds. The subtitle increases the tax rate to 10.25%.

Financial Plan Impact

The subtitle increases sales tax revenue in Local Funds by \$1.54 million in fiscal year 2027 and a total of \$6.33 million through fiscal year 2030.

Subtitle (VII)(D) – Medical Cannabis Tax Rate Amendment Act of 2026					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Additional revenue for Local Funds	\$1,536	\$1,567	\$1,598	\$1,630	\$6,331

Subtitle (VII)(E) – Northeast Heights Tax Increment Financing Act of 2026

Background

The subtitle establishes the Northeast Heights TIF Area, which consists of the existing East River Park and Senator Square shopping centers, located in the southeast and southwest quadrants of the intersection of Benning Road NE and Minnesota Avenue NE. The developer, Standard Real Estate Development, plans to build 1,154,666 gross square feet of new development within the TIF Area, including multifamily units, ground-level retail, a market, parking, and new utilities and streets. The subtitle also establishes a Northeast Heights TIF Fund (Fund) into which the District will deposit the

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incremental real property and sales tax revenues generated from the TIF area. The subtitle authorizes the District to issue up to \$47 million in debt secured by the incremental tax revenues in the Fund and to use those incremental revenues to pay the debt service on the bonds. Bond proceeds may be used by the developer to pay eligible development costs, including sitework and horizontal improvements, environmental remediation, design and engineering, and construction.

Incremental tax revenue from the TIF area is determined by deducting taxes collected in the base year, defined for sales and property tax as the respective tax years that precede the effective date of the subtitle. After payment of annual debt service on the TIF bonds, any excess tax increment remaining in the Fund each year will be equally divided between the payment of outstanding principal on the TIF debt and transfers to the unrestricted balance of the District’s General Fund.

The subtitle establishes the administrative and technical procedures for the bond issuance.

Financial Plan Impact

Before the OCFO authorizes issuance of the bonds, the OCFO’s Office of Economic Development Finance (EDF) will confirm that the projected incremental tax revenues from the development project will be sufficient to pay the debt service. The debt service for the Northeast Heights TIF debt is included in the debt cap analysis prepared for the fiscal year 2027 budget and financial plan.

Subtitle (VII)(F) – Bryant Street Phase 2 Tax Increment Financing Act of 2026

Background

The subtitle establishes the Bryant Street Phase 2 TIF Area, which is part of the existing Rhode Island shopping center bounded by 4th Street NE to the west, Rhode Island Avenue NE to the south, and the existing Bryant Street Phase I TIF Area to the east. The developer, MBR Venture Phase 2, LLC, plans to build approximately 580,000 gross square feet of new development in the TIF Area, including multifamily units, ground-level retail, a market, parking, and new utilities and streets, and a public-facing plaza. The subtitle also establishes the Bryant Street Phase 2 TIF Fund (Fund), into which the District will deposit incremental real property and sales tax revenues generated from the TIF area. The subtitle authorizes the District to issue up to \$26 million in debt secured by incremental tax revenues and to use those incremental revenues to pay the debt service on the bonds. Bond proceeds may be used by the developer to pay eligible development costs, including infrastructure improvements and environmental remediation costs.

Incremental tax revenue from the TIF area is determined by deducting taxes collected in the base years, defined for sales and property tax as the respective tax year’s that precede the effective date of the subtitle. After payment of annual debt service on the bonds, any excess tax increment remaining in the Fund each year will be equally divided between the payment of outstanding principal on the TIF debt and transfers to the unrestricted balance of the District’s General Fund.

The subtitle establishes the administrative and technical procedures for the bond issuance.

Financial Plan Impact

Before the OCFO authorizes issuance of the bonds, the OCFO’s Office of Economic Development Finance (EDF) will confirm that the projected incremental tax revenues from the development

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project will be sufficient to pay the debt service The debt service for the Bryant Street Phase 2 TIF debt is included in the debt cap analysis for the fiscal year 2027 budget and financial plan.

Subtitle (VII)(G) – Frank D. Reeves Municipal Center Tax Increment Financing Act of 2026

Background

The subtitle establishes the Frank D. Reeves Municipal Center TIF Area that consists of the area bounded by V Street NW to the north, 14th Street NW to the east, U Street to the south, Sonnet and Portner Flats apartments to the Southwest and Geno Baroni apartments to the Northwest. The developer, Reeves CMC Venture, LLC, plans to construct approximately 700,000 gross square feet of new development in the TIF Area, including office space, a hotel, ground-level retail, and an arts space. The subtitle also establishes the Frank D. Reeves Municipal Center TIF Fund (Fund) into which the District will deposit the incremental real property and sales tax revenues generated from the TIF area. The bill authorizes the District to issue up to \$32 million in debt secured by incremental tax revenues and to use those incremental revenues to pay the debt service on the bonds. Bond proceeds may be used by the developer to pay development costs associated with infrastructure and public amenities.,

Incremental tax revenue from the TIF area is determined by deducting taxes collected in the base years, defined for sales and property tax as the respective tax year’s that precede the effective date of the subtitle. Any excess tax increment remaining in the Frank D. Reeves Municipal Center TIF Fund each year will be equally divided between the payment of outstanding principal on the TIF debt and transfers to the unrestricted balance of the District’s General Fund.

The subtitle establishes the administrative and technical procedures for the bond issuance.

Financial Plan Impact

Before the OCFO authorizes issuance of the bonds, the OCFO’s Office of Economic Development Finance (EDF) will confirm that the projected incremental tax revenues from the development project will be sufficient to pay the debt service of the bonds. The debt service for the Frank D. Reeves Municipal Center TIF debt is included in the debt cap analysis for the fiscal year 2027 budget and financial plan.

Subtitle (VII)(H) – National Council of Negro Women, Inc., Real Property Tax Exemption Act of 2026

Background

The subtitle provides a real property tax exemption for property located at Lot 810 in Square 460, so long as it is owned by the National Council of Negro Women, Inc. and used at least in part as the organization’s headquarters. If not used entirely as the organization’s headquarters, the property must be used for other educational or charitable purposes.

Financial Plan Impact

The subtitle’s exemption will reduce revenues by \$170,000 in fiscal year 2027 and a total of \$699,000 over the financial plan.

Subtitle (VII)(I) – D.C. Income and Franchise Tax Conformity Amendment Act of 2026

Background

The 2025 federal One Big Beautiful Bill Act¹³⁶ (OBBBA) extended and adjusted the 2017 Tax Cuts and Jobs Act¹³⁷ (TCJA) changes and imposed additional federal tax reforms. The Council approved emergency¹³⁸ and temporary legislation¹³⁹ to decouple the District’s tax laws from several of the OBBBA provisions for tax year 2025.¹⁴⁰ These changes impacted both individual and business income taxes.

The bills decoupled the District from OBBBA’s standard deduction provisions in favor of maintaining the TCJA standard deduction provisions. The standard deduction from income is used by taxpayers that elect not to itemize deductions prior to determining their taxable income. The subtitle extends the District’s decoupling from OBBBA’s standard deduction provisions through tax year 2026. Beginning in tax year 2027, the subtitle re-aligns the District with OBBBA’s higher standard deduction amount. The subtitle also ensures that District taxpayers file their District income taxes using the decoupled standard deduction amount for tax year 2026 for the purpose of determining who needs to file in the District.

The subtitle makes permanent a stand-alone D.C. Official Code section for individual, estate, and trust income tax deductions and allowances. The subtitle also makes permanent the repeal of the personal exemption for District taxpayers.¹⁴¹

Beginning in tax year 2026, the subtitle couples with certain deductions that were allowed at the federal level under OBBBA by allowing District taxpayers to take deductions for qualified tips,¹⁴² overtime earnings,¹⁴³ personal car loan interest,¹⁴⁴ and an enhanced senior deduction of \$6,000¹⁴⁵ were not authorized deductions in tax year 2025. OBBBA schedules these deductions to expire at the end of tax year 2028.

¹³⁶ Public Law 119-21, July 4, 2025, 139 Stat.72.

¹³⁷ Public Law 115-97, December 22, 2017, 131 Stat. 2054.

¹³⁸ D.C. Income and Franchise Tax Conformity and Revision Emergency Amendment Act of 2025, effective December 5, 2025 (D.C. Act 26-214)

¹³⁹ D.C. Income and Franchise Tax Conformity and Revision Temporary Amendment Act of 2025, effective February 12, 2026 (D.C. Law 26-98; 73 DCR 2114).

¹⁴⁰ Congress filed a disapproval resolution (Disapproving the action of the District of Columbia in approving the D.C. Income and Franchise Tax Conformity and Revision Temporary Amendment Act of 2025, approved February 18, 2026 (Public Law 119-78; 140 Stat. 747)).

¹⁴¹ TCJA set the personal exemption amounts at \$0 and OBBBA made this permanent.

¹⁴² § 224 of the Internal Revenue Code of 1986.

¹⁴³ § 225 of the Internal Revenue Code of 1986.

¹⁴⁴ § 163(h)(4) of the Internal Revenue Code of 1986.

¹⁴⁵ § 151(d)(5)(C) of the Internal Revenue Code of 1986.

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For tax years 2026 and 2027, the subtitle requires taxpayers to add any charitable contributions¹⁴⁶ they reduced from their adjusted gross income back into their income for purposes of calculating their District tax obligation.

The subtitle aligns the District with OBBBA’s allowable deduction for the exchange of qualified small business stocks¹⁴⁷ beginning in tax year 2026.

The subtitle establishes that a taxpayer can claim 85 percent of any earned income tax credit against their tax liability from tax year 2026 through tax year 2028. A taxpayer was allowed to claim 100 percent of their earned income tax credit in tax year 2025.

OBBBA had a provision to allow businesses to fully deduct research and experimental costs¹⁴⁸ in the same year in which the costs are incurred retroactive to tax year 2022. The subtitle decouples from this OBBBA provision from tax year 2022 through tax year 2025, but aligns District tax code with OBBBA research and experimental cost provisions beginning in tax year 2026.

The subtitle decouples from OBBBA’s changes to the amount of interest expenses a business can deduct from tax year 2025 through tax year 2027, including the pre-OBBBA limited definition of qualifying floor plan financing interest. Beginning in tax year 2028, the District will align with OBBBA’s changes to the deductibility of interest expenses.

For tax year 2025 through tax year 2027, the subtitle decouples from OBBBA’s provisions that allow businesses to depreciate 100 percent of qualified production property¹⁴⁹. Beginning in tax year 2028, the District will align with the federal tax codes related to qualified production properties.

Businesses are also allowed to deduct up to 15 percent of their charitable contributions from their gross income for District tax purposes. The subtitle permanently prohibits a District taxpayer from carrying forward any unused charitable contributions.

The subtitle makes permanent that a taxpayer can only claim a deduction for amounts invested in a qualified opportunity fund if that fund is certified by the Mayor.

Financial Plan Impact

The District’s February revenue estimates did not assume any decoupling from OBBBA provisions. The subtitle decouples, in tax year 2026, from four federal provisions that had been expected to reduce District taxable income, and in tax year 2027 from three federal provisions. The subtitle will increase District tax collections by \$78.1 million in fiscal year 2027 and \$58.7 million in fiscal year 2028.

Subtitle (VII)(I) – D.C. Income and Franchise Tax Conformity Amendment Act of 2026					
Income Tax Increase					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Personal Income Tax Changes					

¹⁴⁶ § 170(p) of the Internal Revenue Code of 1986.

¹⁴⁷ § 1202(a) of the Internal Revenue Code of 1986.

¹⁴⁸ § 174A of the Internal Revenue Code of 1986.

¹⁴⁹ § 168(n) of the Internal Revenue Code of 1986.

Subtitle (VII)(I) – D.C. Income and Franchise Tax Conformity Amendment Act of 2026					
Income Tax Increase					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Standard Deduction (tax year 2026)	\$17,996	\$0	\$0	\$0	\$17,996
Charitable Contributions (tax years 2026 and 2027)	\$600	\$700	\$0	\$0	\$1,300
Business Income Tax Changes					
Modifications to business interest expensing (tax years 2026 and 2027)	\$10,555	\$9,684	\$0	\$0	\$20,239
Depreciation provisions (tax years 2026 and 2027)	\$48,916	\$48,325	\$0	\$0	\$97,241
Total Income Tax Increase	\$78,070	\$58,710	\$0	\$0	\$136,780

Subtitle (VII)(I) Pay-as-You-Go Capital Requirement Amendment Act of 2026

Background

Current law¹⁵⁰ provides that the capital improvements plan (CIP) included in each year’s approved budget and financial plan include a minimum amount of operating funds (“Paygo”). The District otherwise funds capital improvements with debt issuances. The required amount of Paygo funding must either equal at least (a) in each fiscal year of the CIP, the amount of total accumulated depreciation of capital assets reported in the most recent annual comprehensive financial report (ACFR), or (b) cumulatively in all fiscal years of the CIP, at least 6 times the amount of total accumulated depreciation of capital assets reported in the most recent ACFR.

The subtitle removes the Paygo funding requirement for the CIP proposed or approved in the fiscal year 2027 budget.

The subtitle further requires the Office of the Chief Financial Officer to analyze the operating fund needs of the CIP and submit a report to the Mayor and Council, no later than January 15, 2027, detailing this analysis and recommending a sustainable amount of annual operating funds for the capital improvement plan. The analysis and report shall be exclusive of any amounts for the Washington Metropolitan Area Transit Authority (“WMATA”).

Financial Plan Impact

Current law would have required either \$585.9 million of Paygo funding in each year of the CIP (which extends through fiscal year 2032) or \$3.52 billion cumulatively through fiscal year 2032. The amount of Paygo funding included in fiscal year 2027 through fiscal year 2030 totals \$550.5 million.

OCFO can produce the subtitle’s required report within its budgeted resources.

¹⁵⁰ D.C. Official Code § 47-392.02(f)

Subtitle (VII)(K) – Pass-Through Entity Tax D.C. Gross Income Adjustment Amendment Act of 2026

Background

When an individual taxpayer files their District income tax returns, the calculation of their District-income for purposes of calculating taxes owed to the District starts with their federal adjusted gross income. After the taxes owed to the District are calculated, a taxpayer, if eligible, can take certain credits against taxes owed. One of the credits allowed is a credit for taxes they have paid to any state or jurisdiction of the United States.

Some District residents derive their income from pass-through entities, such as a partnership, where the pass-through entity pays taxes to another jurisdiction and apportions a share of that tax paid to each member of the entity. The federal government allows members of the entity to deduct from their income the pass-through entity taxes paid to a state, thereby reducing their federal adjusted gross income. As previously stated, this reduced federal adjusted gross income becomes the starting point for a District taxpayer’s District income tax filing.

This structure allows a District taxpayer to both start with an income reduced by the amount of pass-through entity taxes apportioned to them and take a credit against their District income taxes owed in the amount of the pass-through entity taxes apportioned to them.

The subtitle requires these individuals to add back to their federal adjusted gross income their apportioned share of any state and local tax that was paid by the pass-through entity and deducted from the individual’s federal taxable income.

Financial Plan Impact

The subtitle ensures that a District taxpayer can receive the benefit of taxes paid to another jurisdiction once, and only through a credit on their District income tax return. The subtitle’s requirement that these taxpayers add their apportioned pass-through entity taxes back into their federal adjusted gross income will increase their taxable income to the District. This will increase District income taxes by \$10.3 million in fiscal year 2027 and \$42.6 million over the four-year financial plan period.

Subtitle (VII)(K) – Pass-Through Entity Tax D.C. Gross Income Adjustment Amendment Act of 2026					
Additional Income Tax Revenue					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Income Tax Revenue	\$10,256	\$10,528	\$10,765	\$11,001	\$42,550

Subtitle (II)(L) – United Medical Center Closeout Fund Establishment Act of 2026

Background

The subtitle establishes the United Medical Center Closeout Fund (“Fund”) as a special fund within the General Fund to receive assets of the Not-for-Profit Hospital Corporation (d.b.a. United Medical

Center), which was dissolved at the end of fiscal year 2025. The subtitle allows \$10.918 million to be transferred from the Fund to the District’s Local Funds. Additionally, any remaining funds in the Fund will be transferred to the unassigned fund balance of the General Fund once the Chief Financial Officer determines that all remaining obligations of the United Medical Center (UMC) have been paid.

Financial Plan Impact

Funds are sufficient to implement the subtitle. The OCFO will transfer assets from the UMC into the Fund. Approximately \$13.88 million is currently available in bank accounts that belonged to UMC. The OCFO will use this funding, as well as payments on accounts receivable that may be collected, to pay costs related to the closeout of all hospital operations, at an estimated cost of \$2.96 million. The subtitle makes the remainder, \$10.9 million, available for Local Funds in fiscal year 2027.

Subtitle (VII)(M) – Special Fund Transfers Act of 2026

Background

The subtitle provides for certain amounts of tax and non-tax revenue, which is otherwise dedicated to one dedicated tax fund or one of 28 special purpose revenue funds, to be made available for Local funds. The chart below lists the amounts of revenue to be transferred from the dedicated and special purpose funds to Local funds:

Agency Code	Fund Number	Fund Name	FY 2027 (in \$)	FY 2028 (in \$)	FY 2029 (in \$)	FY 2030 (in \$)
AG0	1060029	Lobbyist Fund	28,979	28,979	28,979	78,967
AG0	1060013	Accountability Fund				19,440
AM0	1060206	Eastern Market Enterprise Fund	162,551	162,551	162,551	163,858
BA0	1060197	Distribution Fees				7,093
BE0	1060208	Reimbursable From Other Governments				1,402
CB0	1060035	Child Support - TANF/AFDC Collections	100,000			4,964
CQ0	1060261	Rental Unit Fee Fund	75,000	75,000	75,000	76,584
CR0	1060267	OPLA - Special Account	700,000	700,000	700,000	2,668,404
CR0	1060283	Corporate Recordation Fund				1,135,245
CR0	1060272	Basic Business License Fund				839,563
CR0	1060266	Real Estate Appraisal Fee	155,000	25,000	165,000	165,000
CR0	1060284	Vending Regulation Fund	10,000	25,000	25,000	164,575
CR0	1060265	Real Estate Guaranty and Education Fund				175,000

Agency Code	Fund Number	Fund Name	FY 2027 (in \$)	FY 2028 (in \$)	FY 2029 (in \$)	FY 2030 (in \$)
CR0	1060277	DC Combat Sports Commission Fund				10,000
EB0	1060131	Economic Development Special Account				2,732
EB0	1060063	Industrial Revenue Bond Program				2,732
FL0	1060006	Corrections Trustee Reimbursement				342,898
HT0	1060386	Individual Insurance Market Affordability and Stability				5,082,000
HT0	1011007	Healthy DC Fund	515,441			
KG0	1060327	Sustainable Energy Trust Fund	17,974	53,974		
KG0	1060154	Storm Water Fees				2,512
KG0	1060330	Energy Assistance Trust Fund				1,352
KG0	1060058	Underground Storage Tank Fines and Fees				580
LQ0	1060374	ABC - Import and Class License Fees				55,697
LQ0	1060389	Medical Cannabis Administration Fund	11,705	11,705	11,705	20,402
RJ0	1060146	Subrogation Fund				4,411
RM0	1060145	DBH Medicare and Third Party Reimbursement	1,792,925	1,792,925	1,792,925	1,792,925
RM0	1060070	DBH Federal Beneficiary Reimbursement	10,000	10,000	10,000	810,000
TO0	1060195	SERV US Program	191	191	191	285

Financial Plan Impact

Revenue in dedicated tax and special purpose revenue funds required for the subtitle’s transfers has not been budgeted against in the dedicated or special purpose fund and is therefore available as a Local Funds resource. The subtitle increases tax and non-tax revenue in Local Funds by \$2.14 million in fiscal year 2027, and a total of \$18.75 million over the financial plan. Several funds subject to transfers in the Fiscal Year 2026 Budget Support Act have experienced a reduction in their projected revenues, thereby reducing the amounts that are able to be transferred in fiscal year 2027 through fiscal year 2029. An allowance has been made to account for these shortfalls in addition to the subtitle’s proposed transfers.

The Honorable Phil Mendelson

Fiscal Impact Statement for the "Fiscal Year 2027 Budget Support Act of 2026," Draft bill as provided to Office of Revenue Analysis, April 10, 2026

Subtitle (VII)(K) - Special Fund Transfers Act of 2026					
Transfer to Local Funds					
(\$ thousands)					
	FY 2027	FY 2028	FY 2029	FY 2030	Total
Total SPR and Dedicated Tax fund transfers	\$3,580	\$2,885	\$2,971	\$13,629	\$23,065
Less: transfer shortfalls	(\$1,440)	(\$1,440)	(\$1,440)	\$0	(\$4,320)
Net Increase to Local Fund Revenue	\$2,140	\$1,445	\$1,531	\$13,629	\$18,745