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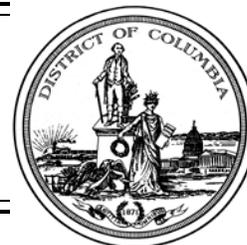
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## COMMITTEE ON FINANCE AND REVENUE

COUNCILMEMBER JACK EVANS, CHAIRPERSON  
FISCAL YEAR 2015 COMMITTEE BUDGET REPORT

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**TO:** Members of the Council of the District of Columbia

**FROM:** Councilmember Jack Evans  
Chairperson, Committee on Finance and Revenue

**DATE:** May 14, 2014

**SUBJECT:** Report and Recommendations of the Committee on Finance and Revenue on the Fiscal Year 2015 Budget for Agencies Under Its Purview

The Committee on Finance and Revenue (“Committee”), having conducted hearings and received testimony on the Mayor’s proposed operating and capital budgets for Fiscal Year (FY) 2015 for the agencies under its purview, reports its recommendations for review and consideration by the Committee of the Whole. The Committee also comments on several sections in the Fiscal Year 2015 Budget Support Act of 2014, as proposed by the Mayor.

### TABLE OF CONTENTS

#### **I. SUMMARY**

A.	Fiscal Year 2015 Agency Operating Budget Summary Table.....	3
B.	Fiscal Year 2015 Agency Full-Time Equivalent Table .....	5
C.	Fiscal Year 2015 Agency Capital Budget Summary Table .....	7
D.	Summary of Committee Budget Recommendations.....	8

#### **II. AGENCY FISCAL YEAR 2015 BUDGET RECOMMENDATIONS**

A.	Introduction .....	10
B.	Office of the Chief Financial Officer (AT0).....	12
C.	D.C. Lottery and Charitable Games Control Board (DC0).....	16
D.	Real Property Tax Appeals Commission (DA0).....	18
E.	Office of Finance and Resource Management (AS0) .....	20
F.	D.C. Commission on Arts and Humanities (BX0).....	22
G.	EventsDC/Washington Convention and Sports Authority (ES0) .....	25
H.	DestinationDC .....	27

#### **III. FISCAL YEAR 2015 BUDGET REQUEST ACT RECOMMENDATIONS..... 28**

<b>IV.</b>	<b>FISCAL YEAR 2015 BUDGET SUPPORT ACT RECOMMENDATIONS .....</b>	<b>29</b>
A.	Recommendations on Budget Support Act Subtitles Proposed by the Mayor	
1.	Title VI, Subtitle A. Vault Rent Amendment .....	29
2.	Title VII, Subtitle B. Tax Revision Commission Recommendations Implementation ....	30
3.	Title VII, Subtitle C. Urban Institute Real Property Tax Abatement Repeal and Real Property Tax Rebate ...	31
4.	Title VII, Subtitle D. Industrial Revenue Bond Security Interest Instrument Recordation Tax Exemption Amendment .....	32
5.	Title VII, Subtitle F. Senior Citizen Real Property Tax Relief Amendment .....	33
6.	Title VII, Subtitle G. Whitman-Walker Real Property Tax Rebate .....	33
7.	Title VII, Subtitle H. Encouraging Alternative Fuel Vehicles Through Tax Incentives..	34
8.	Title VII, Subtitle I. Encouraging Alternative Fuel Infrastructure Installation Through Tax Incentives .....	35
9.	Title VII, Subtitle J. Real Property Tax Calculated Rate Clarity .....	36
10.	Title VII, Subtitle K. Carver 2000 Senior Mansion Real Property Tax Abatement Amendment...	37
11.	Title VII, Subtitle L. Residential Real Property Equity and Transparency Amendment.....	37
B.	Recommendations for New Budget Support Act Subtitles	
1.	American Academy of Achievement Real Property Tax Abatement.....	39
2.	Meridian International Center Real Property Tax Abatement.....	40
3.	Scottish Rite Temple Real Property Tax Abatement .....	41
4.	American Association of Medical Colleges Real Property Tax Exemption .....	41
5.	Kelsey Gardens Redevelopment .....	42
6.	Underpayment of Estimated Tax .....	42
7.	Tax Transparency and Effectiveness.....	43
8.	Grocery Store Incentive Clarification .....	44
9.	Taxpayer Predictability .....	44
10.	Trash Compactor Amendment .....	45
11.	Social Impact Investing Pilot Program.....	45
12.	Low-Income Housing Tax Credit .....	46
13.	Disabled Veterans Homestead Exemption.....	46
14.	Organ Donors Save Lives .....	47
15.	Commission on the Arts and Humanities Dedicated Funding .....	47
16.	IPW Fund Establishment .....	48
17.	LAHDO Estoppels .....	48
18.	QHTC Amendment .....	49
19.	Emerging Business District Demonstration Project.....	50
20.	Retirement Parity .....	50
21.	Historic Cultural Music Institutions.....	51
22.	Office of the Chief Financial Officer Reporting Requirements .....	52
<b>V.</b>	<b>COMMITTEE ACTION AND VOTE .....</b>	<b>51</b>
<b>VI.</b>	<b>ATTACHMENTS .....</b>	<b>52</b>
A.	April 29, 2014 FY 2015 Budget Oversight Hearing Witness List and Testimony	
B.	May 7, 2014 FY 2015 Budget Oversight Hearing Witness List and Testimony	
C.	Budget Support Act legislative language recommendations	
D.	Tax Abatement and Financial Analysis (TAFAs) issued	
E.	Amendments	

# I. SUMMARY

## A. FISCAL YEAR 2015 AGENCY OPERATING BUDGET SUMMARY TABLE (DOLLARS IN THOUSANDS)

<b>Proposed Gross Funds by Revenue Type (Dollars in Thousands)</b>							
	<b>FY 2012 Actual</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Approved</b>	<b>FY 2015 Mayor Proposed</b>	<b>Committee Variance</b>	<b>FY 2015 Committee Proposed</b>	<b>Percent Change FY 2014 Approved to FY 2015</b>
<b>Office of the Chief Financial Officer (Excluding Office of Budget and Planning and Office of Finance and Resource Management) (AT0)</b>							
LOCAL FUND	90,128	94,847	100,869	108,737	(150)	108,587	7.7%
SPECIAL PURPOSE REVENUE FUNDS	9,301	14,387	24,387	43,826	0	43,826	79.7%
FEDERAL GRANT FUND	563	432	0	525	0	525	NA
PRIVATE DONATIONS	0	56	0	0	0	0	NA
INTRA-DISTRICT FUNDS	8,292	6,839	7,851	7,619	0	7,619	-3.0%
<b>GROSS FUNDS (AT0)</b>	<b>108,284</b>	<b>116,562</b>	<b>133,106</b>	<b>160,707</b>	<b>(150)</b>	<b>160,557</b>	<b>20.6%</b>
<b>Office of Finance and Resource Management (AS0)</b>							
LOCAL FUND	16,536	19,154	19,665	21,203	0	21,203	7.8%
SPECIAL PURPOSE REVENUE FUNDS	0	0	0	506	0	506	NA
INTRA-DISTRICT FUNDS	17,707	8,771	13,926	13,639	0	13,639	-2.1%
<b>GROSS FUNDS (AS0)</b>	<b>34,243</b>	<b>27,925</b>	<b>33,591</b>	<b>35,348</b>	<b>0</b>	<b>35,348</b>	<b>5.2%</b>
<b>DC Lottery and Charitable Games Control Board (DC0)</b>							
SPECIAL PURPOSE REVENUE FUNDS	249,600	242,333	253,000	0	0	0	-100.0%
ENTERPRISE AND OTHER FUNDS	0	0	0	242,156	0	242,156	NA
<b>GROSS FUNDS (DC0)</b>	<b>249,600</b>	<b>242,333</b>	<b>253,000</b>	<b>242,156</b>	<b>0</b>	<b>242,156</b>	<b>-4.3%</b>
<b>Real Property Tax Appeals Commission (DA0)</b>							
LOCAL FUND	887	1,256	1,684	1,749	0	1,749	3.9%
<b>GROSS FUNDS (DA0)</b>	<b>887</b>	<b>1,256</b>	<b>1,684</b>	<b>1,749</b>	<b>0</b>	<b>1,749</b>	<b>3.9%</b>
<b>Commission on the Arts and Humanities (BX0)</b>							
LOCAL FUND	3,927	11,125	10,807	14,603	0	14,603	35.1%
SPECIAL PURPOSE REVENUE FUNDS	0	18	200	200	0	200	0.0%
FEDERAL PAYMENTS	0	0	0	1,000	0	1,000	NA
FEDERAL GRANT FUND	787	694	746	658	0	658	-11.8%
INTRA-DISTRICT FUNDS	300	70	0	0	0	0	NA
<b>GROSS FUNDS (BX0)</b>	<b>5,014</b>	<b>11,908</b>	<b>11,753</b>	<b>16,460</b>	<b>0</b>	<b>16,460</b>	<b>40.1%</b>
<b>Washington Convention and Sports Authority (ES0)</b>							
SPECIAL PURPOSE REVENUE FUNDS	106,529	115,711	114,585	0	0	0	-100.0%
ENTERPRISE AND OTHER FUNDS	0	0	0	132,793	0	132,793	NA
<b>GROSS FUNDS (ES0)</b>	<b>106,529</b>	<b>115,711</b>	<b>114,585</b>	<b>132,793</b>	<b>0</b>	<b>132,793</b>	<b>15.9%</b>
<b>Convention Center Transfer - Dedicated Taxes (EZ0)</b>							
LOCAL FUND	0	3,000	3,250	3,000	0	3,000	-7.7%
DEDICATED TAXES	101,093	104,041	115,745	111,719	0	111,719	-3.5%
<b>GROSS FUNDS (EZ0)</b>	<b>101,093</b>	<b>107,041</b>	<b>118,995</b>	<b>114,719</b>	<b>0</b>	<b>114,719</b>	<b>-3.6%</b>
<b>Business Improvement Districts Transfer (ID0)</b>							
SPECIAL PURPOSE REVENUE FUNDS	22,303	23,290	23,000	25,000	0	25,000	8.7%

<b>GROSS FUNDS (ID0)</b>	<b>22,303</b>	<b>23,290</b>	<b>23,000</b>	<b>25,000</b>	<b>0</b>	<b>25,000</b>	<b>8.7%</b>
<b>Ballpark Revenue Fund (BK0)</b>							
DEDICATED TAXES	58,237	72,136	75,970	0	0	0	-100.0%
SPECIAL PURPOSE REVENUE FUNDS	10,507	10,111	11,000	0	0	0	-100.0%
ENTERPRISE AND OTHER FUNDS - DEDICATED TAX	0	0	0	57,656	0	57,656	NA
ENTERPRISE AND OTHER FUNDS	0	0	0	11,144	0	11,144	NA
<b>GROSS FUNDS (BK0)</b>	<b>68,743</b>	<b>82,247</b>	<b>86,970</b>	<b>68,800</b>	<b>0</b>	<b>68,800</b>	<b>-20.9%</b>
<b>Tax Increment Financing Program (TX0)</b>							
SPECIAL PURPOSE REVENUE FUNDS	26,279	40,746	63,931	0	0	0	-100.0%
ENTERPRISE AND OTHER FUNDS - DEDICATED TAX	0	0	0	60,439	0	60,439	NA
<b>GROSS FUNDS (TX0)</b>	<b>26,279</b>	<b>40,746</b>	<b>63,931</b>	<b>60,439</b>	<b>0</b>	<b>60,439</b>	<b>-5.5%</b>
<b>Repayment of PILOT Financing (TY0)</b>							
SPECIAL PURPOSE REVENUE FUNDS	12,938	10,949	16,341	0	0	0	-100.0%
ENTERPRISE AND OTHER FUNDS	0	0	0	15,882	0	15,882	NA
<b>GROSS FUNDS (TY0)</b>	<b>12,938</b>	<b>10,949</b>	<b>16,341</b>	<b>15,882</b>	<b>0</b>	<b>15,882</b>	<b>-2.8%</b>
<b>TOTAL GROSS FUNDS</b>	<b>735,913</b>	<b>779,968</b>	<b>856,955</b>	<b>874,053</b>	<b>(150)</b>	<b>873,903</b>	<b>2.0%</b>

## B. FISCAL YEAR 2015 AGENCY FULL-TIME EQUIVALENT TABLE

Proposed Full-Time Equivalents by Revenue Type							Percent Change FY 2014 Approved to FY 2015
	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	
<b>Office of the Chief Financial Officer (Excluding Office of Budget and Planning and Office of Finance and Resource Management) (AT0)</b>							
LOCAL FUND	753.6	769.6	839.9	874.4	0.0	874.4	4.1%
SPECIAL PURPOSE REVENUE FUNDS	29.8	26.7	44.0	44.0	0.0	44.0	0.0%
FEDERAL GRANT FUND	0.0	0.0	0.0	0.0	0.0	0.0	NA
PRIVATE DONATIONS	0.0	0.0	0.0	0.0	0.0	0.0	NA
INTRA-DISTRICT FUNDS	57.4	46.8	43.1	43.6	0.0	43.6	1.2%
<b>GROSS FUNDS (AT0)</b>	<b>840.8</b>	<b>843.1</b>	<b>927.0</b>	<b>962.0</b>	<b>0.0</b>	<b>962.0</b>	<b>3.8%</b>
<b>Office of Finance and Resource Management (AS0)</b>							
LOCAL FUND	35.1	34.5	37.0	38.0	0.0	38.0	2.7%
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
INTRA-DISTRICT FUNDS	4.5	4.7	5.0	6.0	0.0	6.0	20.0%
<b>GROSS FUNDS (AS0)</b>	<b>39.6</b>	<b>39.2</b>	<b>42.0</b>	<b>44.0</b>	<b>0.0</b>	<b>44.0</b>	<b>4.8%</b>
<b>DC Lottery and Charitable Games Control Board (DC0)</b>							
SPECIAL PURPOSE REVENUE FUNDS	71.7	67.0	72.0	0.0	0.0	0.0	-100.0%
ENTERPRISE AND OTHER FUNDS	0.0	0.0	0.0	76.0	0.0	76.0	NA
<b>GROSS FUNDS (DC0)</b>	<b>71.7</b>	<b>67.0</b>	<b>72.0</b>	<b>76.0</b>	<b>0.0</b>	<b>76.0</b>	<b>5.6%</b>
<b>Real Property Tax Appeals Commission (DA0)</b>							
LOCAL FUND	4.4	10.2	11.0	11.0	0.0	11.0	0.0%
<b>GROSS FUNDS (DA0)</b>	<b>4.4</b>	<b>10.2</b>	<b>11.0</b>	<b>11.0</b>	<b>0.0</b>	<b>11.0</b>	<b>0.0%</b>
<b>Commission on the Arts and Humanities (BX0)</b>							
LOCAL FUND	7.6	8.8	11.0	11.0	0.0	11.0	0.0%
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
FEDERAL PAYMENTS	0.0	0.0	0.0	0.0	0.0	0.0	NA
FEDERAL GRANT FUND	5.6	7.4	8.0	8.0	0.0	8.0	0.0%
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
<b>GROSS FUNDS (BX0)</b>	<b>13.2</b>	<b>16.2</b>	<b>19.0</b>	<b>19.0</b>	<b>0.0</b>	<b>19.0</b>	<b>0.0%</b>
<b>Washington Convention and Sports Authority (ES0)</b>							
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
ENTERPRISE AND OTHER FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
<b>GROSS FUNDS (ES0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>NA</b>
<b>Convention Center Transfer - Dedicated Taxes (EZ0)</b>							
LOCAL FUND	0.0	0.0	0.0	0.0	0.0	0.0	NA
DEDICATED TAXES	0.0	0.0	0.0	0.0	0.0	0.0	NA

<b>GROSS FUNDS (EZ0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>NA</b>
<b>Business Improvement Districts Transfer (ID0)</b>							
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
<b>GROSS FUNDS (ID0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>NA</b>
<b>Ballpark Revenue Fund (BK0)</b>							
DEDICATED TAXES	0.0	0.0	0.0	0.0	0.0	0.0	NA
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
ENTERPRISE AND OTHER FUNDS - DEDICATED TAX	0.0	0.0	0.0	0.0	0.0	0.0	NA
ENTERPRISE AND OTHER FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
<b>GROSS FUNDS (BK0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>NA</b>
<b>Tax Increment Financing Program (TX0)</b>							
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
ENTERPRISE AND OTHER FUNDS - DEDICATED TAX	0.0	0.0	0.0	0.0	0.0	0.0	NA
<b>GROSS FUNDS (TX0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>NA</b>
<b>Repayment of PILOT Financing (TY0)</b>							
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
ENTERPRISE AND OTHER FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
<b>GROSS FUNDS (TY0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>NA</b>
<b>Total Gross Funds FTEs</b>	<b>969.7</b>	<b>975.7</b>	<b>1,071.0</b>	<b>1,112.0</b>	<b>0.0</b>	<b>1,112.0</b>	<b>3.8%</b>

## C. FISCAL YEAR 2015 AGENCY CAPITAL BUDGET SUMMARY TABLE (DOLLARS IN THOUSANDS)

Agency Name	Code	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6-Year
Office of the Chief Financial Officer	AT0	16,000	14,000	11,000	13,000	18,500	18,500	91,000
Commission on the Arts and Humanities	BX0	0	0	0	0	0	0	0
<b>Total</b>		<b>16,000</b>	<b>14,000</b>	<b>11,000</b>	<b>13,000</b>	<b>18,500</b>	<b>18,500</b>	<b>91,000</b>
<b>Committee's Approved Fiscal Year 2015-2020 Capital Budget by Agency</b>								
Agency Name	Code	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6-Year
Office of the Chief Financial Officer	AT0	16,000	14,000	11,000	13,000	18,500	18,500	91,000
Commission on the Arts and Humanities	BX0	0	0	0	0	0	0	0
<b>Total</b>		<b>0</b>						
<b>Change from Mayor's Proposed Budget</b>		<b>0</b>						

*(Dollars in Thousands)*

<b>Mayor's Proposed Fiscal Year 2015-2020 Capital Budget, OCFO, by Project</b>								
Project Name	Number	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6-Year
SOAR Modernization	BF301C	10,000	0	0	7,000	18,500	18,500	54,000
Integrated Tax System Modernization	CSP08C	5,500	14,000	11,000	6,000	0	0	36,500
Major Equipment Acquisition	EQ940C	500						500
<b>Agency Total</b>		<b>16,000</b>	<b>14,000</b>	<b>11,000</b>	<b>13,000</b>	<b>18,500</b>	<b>18,500</b>	<b>91,000</b>
<b>Committee's Approved Fiscal Year 2015-2020 Capital Budget, OCFO, by Project</b>								
Project Name	Number	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6-Year
SOAR Modernization	BF301C	10,000	0	0	7,000	18,500	18,500	54,000
Integrated Tax System Modernization	CSP08C	5,500	14,000	11,000	6,000	0	0	36,500
Major Equipment Acquisition	EQ940C	500						500
<b>Agency Total</b>		<b>16,000</b>	<b>14,000</b>	<b>11,000</b>	<b>13,000</b>	<b>18,500</b>	<b>18,500</b>	<b>91,000</b>

*(Dollars in Thousands)*

<b>Mayor's Proposed Fiscal Year 2015-2020 Capital Budget, CAH, by Project</b>								
Project Name	Number	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	6-Year
Arts & Humanities Grants and Projects	AH7GPC	0	0	0	0	0	0	0
<b>Agency Total</b>		<b>0</b>						
<b>Committee's Approved Fiscal Year 2015-2020 Capital Budget, CAH, by Project</b>								
Project Name	Number	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	6-Year
Arts & Humanities Grants and Projects	AH7GPC	0	0	0	0	0	0	0
<b>Agency Total</b>		<b>0</b>						

## **D. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS**

### **1. Office of the Chief Financial Officer**

#### Fiscal Year 2015 Operating Budget Recommendations

The Committee recommends approval of the FY 2015 budget request of the Office of the Chief Financial Officer in the amount of \$166,497,577. This reflects no change in the Mayor's budget request and an increase in overall budget from FY 2014 of 19.8% percent.

#### Fiscal Year 2015 – FY 2020 Capital Budget Recommendations

The Committee recommends approval of the OCFO's capital budget as proposed by the Mayor.

### **2. D.C. Lottery and Charitable Games Control Board**

#### Fiscal Year 2015 Operating Budget Recommendations

The Committee recommends approval of the FY 2015 budget request of the D.C. Lottery and Charitable Games Control Board in the amount of \$242,156,316. This reflects no change in the Mayor's budget request and a decrease of 4.3% of the FY 2014 approved budget, all of which are Enterprise and Other Funds.

### **3. Real Property Tax Appeals Commission**

#### Fiscal Year 2015 Operating Budget Recommendations

The Committee recommends approval of the FY 2015 budget request of the Commission in the amount of \$1,749,390. This reflects no change in the Mayor's budget request and an increase of 3.9% from the FY 2014 approved budget.

### **4. Office of Finance and Resource Management**

#### Fiscal Year 2015 Operating Budget Recommendations

The Committee recommends approval of the FY 2015 budget request of the Office in the amount of \$35,347,530. This reflects no change in the Mayor's budget request and an increase of 5.2% from FY 2014 approved budget.

### **5. Commission on the Arts and Humanities**

#### Fiscal Year 2015 Operating Budget Recommendations

The Committee recommends approval of the FY 2015 budget request of the Commission in the amount of \$16,460,085 as proposed by the Mayor. The Committee

**further recommends the Committee of the Whole identify \$4 million in additional funding for 2015. In addition, the Committee recommends reinstating the dedicated tax to fund the Commission going forward that the Mayor repealed in his budget proposal.**

Fiscal Year 2015 – FY 2020 Capital Budget Recommendations

**The Committee is concerned by the recent decision that public art projects are not eligible for capital dollars going forward, and has referred this matter to the Chief Financial Officer for further consideration.**

**6. EventsDC/Washington Convention and Sports Authority**

Fiscal Year 2015 Operating Budget Recommendations

**The Committee recommends approval of the FY 2015 budget request of the Washington Convention and Sports Authority in the amount of \$132,792,837. This reflects no change in the Mayor’s budget request and an increase of 15.9% from the FY 2014 approved budget, all of which are Enterprise and Other Funds.**

**7. Destination DC**

Fiscal Year 2015 Operating Budget Recommendations

**The Committee recommends approval of the FY 2015 budget supplement of Destination DC in the amount of \$3,000,000. This number is mandated to be indexed to inflation, but it does not appear that this was done in the current budget proposal. The Committee recommends that this number be indexed to inflation beginning in 2015. Further, the Committee makes an unfunded recommendation to increase this supplement to \$10 million per year.**

**8. Committee Transfers**

(a) Transfer \$47,000 to the Committee on Transportation and the Environment, District Department of Transportation to purchase explanatory materials to be located at new heritage trails completed in 2013 or 2014, subject to funding.

(b) Transfer \$150,000 from the OCFO tax administration (program 5000) to the Committee on Economic Development with regard to the Earned Income Tax Credit education initiative.

**9. Capital Budget**

The Committee recommends that capital funding be identified at the Committee of the Whole level to fund the Dupont “Crown” Park at an estimated cost of \$10 million. The Committee also recommends full capital improvement project funding for the Hyde-Addison and Garrison elementary school projects.

## II. AGENCY FISCAL YEAR 2015 BUDGET RECOMMENDATIONS

### A. INTRODUCTION

The Committee presents its recommendations for the District of Columbia's Fiscal Year 2015 budget. Under Council Rules, the committee is responsible for matters relating to taxation and revenue for the operation of the government of the District of Columbia, revenue anticipation notes, tax increment and PILOT financing approvals, industrial revenue bonds, and other matters. The following agencies are within the purview of the Committee:

- Office of the Chief Financial Officer
  - Office of Tax and Revenue
  - Office of Finance and Treasury
  - Office of Revenue Analysis
  - Office of Financial Operations and Systems
  - Office of Integrity and Oversight
  - Economic Development Finance
- Office of Finance and Resource Management
- Real Property Tax Appeals Commission
- District of Columbia Lottery and Charitable Games Control Board
- The Commission on the Arts and Humanities
- EventsDC/Washington Convention and Sports Authority
- Destination DC

#### Timelines:

- **February 27, March 25, and March 28, 2014.** The Committee held public oversight hearings on the FY 2013/2014 performance of the entities under the Committee's jurisdiction.
- **April 3, 2014.** The Mayor submitted his FY 2015 budget request to the Council.
- **April 15, and 18, 2014.** The Committee sent requests for information to entities under the Committee's jurisdiction.
- **April 29 and May 7, 2014.** The Committee held public hearings on the FY 2015 budget request of the Mayor for the entities under the Committee's jurisdiction.

The Committee received important comments from members of the public during budget oversight hearings. Copies of witness testimony are included in this report as attachments. A video recording of the hearings can be obtained through the Office of Cable Television or at [oct.dc.gov](http://oct.dc.gov). The Committee welcomes public input on the agencies and activities within its purview.

The Committee believes it is important to note to the public that the oversight function of the Committee and the Council is a continuing activity throughout the year. Of particular importance to this Committee are addressing the findings and recommendations contained in the

annual Comprehensive Annual Financial Report, or “CAFR”, the “Yellow Book” findings of the CAFR, which contain findings on agency systems and processes; in the annual Management Letter (now called the “Memorandum of Recommendations”), and audits and reports issued by the Office of the Inspector General and the D.C. Auditor.

Another area of focus is the continued development of the Real Property Tax Appeals Commission (RPTAC), and the formation of the Commission. Initial indications are that RPTAC is performing at or above expectations, so the Committee is hopeful this trend will continue.

Additional areas of focus for the Committee include the continued success of the lottery contract, and the recent construction and completion of the Convention Center Headquarters Hotel as well as the oversight and management of the Carnegie Library, by Events DC/Washington Convention and Sports Authority. In the CFO’s office, major projects of interest to the Committee include modernization of the Integrated Tax System and SOAR. Also, we are very interested in the Office of Tax and Revenue’s implementation of Bill 20-23,<sup>1</sup> relating to real property tax liens and the tax sale process. In addition, the Committee recommends funding the Multi-Unit Real Estate Tax Rate Clarification Act of 2007.

Finally, the Committee has been very interested in the constitution and work of the Tax Revision Commission. An unfortunate legislative reality is that tax policy is often driven by legislators’ pragmatic desires to raise additional revenue to fund individual projects of importance to them, rather than by a thoughtful analysis of the potential impact of a change in the tax rules. The Committee is pleased with many of the recommendations of the Tax Revision Commission, but is disappointed by how few of them were included in the Mayor’s budget proposal for 2015.

The Committee is also very focused on Destination DC and the Commission on the Arts and Humanities (CAH). The past two years, we were able to allocate additional funding to these two entities out of debt service savings and index the Destination DC funding to inflation. This year, the Committee intends to increase the Destination DC supplemental transfer from approximately \$3 million to \$10 million, and raise the Commission’s budget to \$20 million.

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<sup>1</sup> The Residential Real Property Equity and Transparency Act of 2013.

## B. OFFICE OF THE CHIEF FINANCIAL OFFICER

Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)							
Comptroller Source Group	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change FY 2014 Approved to FY 2015
11-REGULAR PAY - CONT FULL TIME	62,631	62,754	69,150	75,601	0	75,601	9.3%
12-REGULAR PAY - OTHER	437	713	678	721	0	721	6.3%
13-ADDITIONAL GROSS PAY	832	650	51	51	0	51	NA
14-FRINGE BENEFITS - CURR PERSONNEL	13,072	13,430	17,314	16,727	0	16,727	-3.4%
15-OVERTIME PAY	430	757	25	25	0	25	NA
<b>Subtotal Personnel Services</b>	<b>77,402</b>	<b>78,303</b>	<b>87,217</b>	<b>93,124</b>	<b>0</b>	<b>93,124</b>	<b>6.8%</b>
20-SUPPLIES AND MATERIALS	327	247	406	417	0	417	2.7%
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	53	63	0	0	0	0	NA
40-OTHER SERVICES AND CHARGES	5,525	5,807	8,361	12,379	(150)	12,229	46.3%
41-CONTRACTUAL SERVICES - OTHER	24,337	30,325	36,422	54,040	0	54,040	48.4%
50-SUBSIDIES AND TRANSFERS	0	222	0	0	0	0	NA
70-EQUIPMENT & EQUIPMENT RENTAL	640	1,595	699	746	0	746	6.7%
<b>Subtotal Nonpersonnel Services</b>	<b>30,882</b>	<b>38,259</b>	<b>45,889</b>	<b>67,582</b>	<b>(150)</b>	<b>67,432</b>	<b>46.9%</b>
<b>Gross Funds</b>	<b>108,284</b>	<b>116,562</b>	<b>133,106</b>	<b>160,707</b>	<b>(150)</b>	<b>160,557</b>	<b>20.6%</b>

Proposed Operating Budget by Program and Activity (Dollars in Thousands)							
Program/Activity	FY 2012 Actuals	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Change FY 2014 Approved to FY 2015
<b>1000-AGENCY MANAGEMENT PROGRAM</b>							
1010-PERSONNEL	1,374	1,327	1,656	1,805	0	1,805	148
1015-TRAINING AND EMPLOYEE DEVELOPMENT	562	439	555	553	0	553	(3)
1020-CONTRACTING AND PROCUREMENT	1,845	1,060	1,190	1,269	0	1,269	78
1030-PROPERTY MANAGEMENT	798	792	782	788	0	788	6
1060-LEGAL SERVICES	1,989	2,075	2,092	2,190	0	2,190	98
1080-COMMUNICATIONS	167	170	186	192	0	192	6
1090-PERFORMANCE MANAGEMENT	1,167	1,052	1,446	1,540	0	1,540	93
<b>SUBTOTAL 1000-AGENCY MANAGEMENT PROGRAM</b>	<b>7,903</b>	<b>6,915</b>	<b>7,908</b>	<b>8,336</b>	<b>0</b>	<b>8,336</b>	<b>428</b>
<b>100F-AGENCY FINANCIAL OPERATIONS</b>							

110F-BUDGET OPERATIONS	644	925	591	557	0	557	(34)
120F-ACCOUNTING OPERATIONS	418	421	397	471	0	471	74
<b>SUBTOTAL 100F-AGENCY FINANCIAL OPERATIONS</b>	<b>1,062</b>	<b>1,346</b>	<b>988</b>	<b>1,029</b>	<b>0</b>	<b>1,029</b>	<b>41</b>
<b>2000-FINANCIAL OPERATIONS AND SYSTEMS</b>							
2100-OPERATIONS AND ADMINISTRATION	813	1,037	1,083	1,107	0	1,107	24
2200-ACCOUNTING OPERATIONS	1,896	1,638	1,797	1,968	0	1,968	172
2300-FINANCIAL POLICIES AND PROCEDURES	890	546	596	565	0	565	(31)
2400-ASM/FUNCTIONAL SUPPORT	985	380	0	0	0	0	0
2500-FINANCIAL CONTROL AND REPORTING	955	2,386	3,365	3,454	0	3,454	89
2600-BENEFITS ADMINISTRATION	810	900	1,143	1,173	0	1,173	30
2700-PAYROLL DISBURSEMENTS AND WAGE REPORTING	3,723	4,327	4,751	4,879	0	4,879	129
<b>SUBTOTAL 2000-FINANCIAL OPERATIONS AND SYSTEMS</b>	<b>10,072</b>	<b>11,215</b>	<b>12,733</b>	<b>13,146</b>	<b>0</b>	<b>13,146</b>	<b>413</b>
<b>4000-RESEARCH AND ANALYSIS</b>							
4100-EXECUTIVE DIRECTION AND SUPPORT	517	568	636	999	0	999	363
4200-FINANCIAL DATA QUALITY ASSURANCE	188	202	0	119	0	119	119
4300-REVENUE ESTIMATION	1,024	809	1,020	1,024	0	1,024	4
4500-ECONOMIC DEVELOPMENT	650	663	903	866	0	866	(37)
4700-LEGISLATIVE AND FISCAL ANALYSIS	572	693	730	784	0	784	54
4800-ECONOMIC AFFAIRS	536	524	624	639	0	639	15
<b>SUBTOTAL 4000-RESEARCH AND ANALYSIS</b>	<b>3,487</b>	<b>3,458</b>	<b>3,913</b>	<b>4,430</b>	<b>0</b>	<b>4,430</b>	<b>517</b>
<b>5000-TAX ADMINISTRATION</b>							
5100-EXECUTIVE DIRECTION AND SUPPORT	3,393	4,485	5,764	4,150	0	4,150	(1,614)
5200-EXTERNAL CUSTOMER SERVICE INFORMATION	6,895	7,355	7,508	8,221	(150)	8,071	563
5300-RECORDER OF DEEDS	1,889	1,851	2,982	3,698	0	3,698	716
5400-REAL PROPERTY TAX ADMINISTRATION	7,530	7,533	10,117	10,501	0	10,501	384
5500-TAX AUDITS AND INVESTIGATIONS	8,377	8,309	9,276	9,594	0	9,594	318
5600-REVENUE ACCOUNTING	1,892	2,020	1,716	2,483	0	2,483	767
5700-RECEIPTS AND DELINQUENT COLLECTIONS	13,540	14,039	20,145	29,437	0	29,437	9,292
<b>SUBTOTAL 5000-TAX ADMINISTRATION</b>	<b>43,515</b>	<b>45,592</b>	<b>57,507</b>	<b>68,084</b>	<b>0</b>	<b>68,084</b>	<b>10,577</b>
<b>6000-INFORMATION TECHNOLOGY</b>							
6100-INFORMATION TECHNOLOGY SUPPORT	24,693	25,069	21,418	25,407	0	25,407	3,989
<b>SUBTOTAL 6000-INFORMATION TECHNOLOGY</b>	<b>24,693</b>	<b>25,069</b>	<b>21,418</b>	<b>25,407</b>	<b>0</b>	<b>25,407</b>	<b>3,989</b>
<b>7000-FINANCE AND TREASURY</b>							
7100-EXECUTIVE DIRECTION AND SUPPORT	897	888	793	1,048	0	1,048	255
7200-DEBT MANAGEMENT	700	674	952	1,131	0	1,131	179
7300-CASH MANAGEMENT AND INVESTMENTS	4,757	5,166	6,537	8,472	0	8,472	1,936
7400-DISBURSEMENTS	1,986	2,049	2,308	2,194	0	2,194	(114)
7500-CASH RECEIPTS AND ACCOUNTING	2,900	2,972	3,577	3,427	0	3,427	(150)

7600-ASSET MANAGEMENT FOR SPECIAL PROGRAMS	2,496	2,194	4,264	4,500	0	4,500	236
7700-CENTRAL COLLECTION UNIT (CCU)	0	4,931	5,776	14,960	0	14,960	9,184
<b>SUBTOTAL 7000-FINANCE AND TREASURY</b>	<b>13,738</b>	<b>18,874</b>	<b>24,207</b>	<b>35,733</b>	<b>0</b>	<b>35,733</b>	<b>11,526</b>
<b>8000-INTEGRITY AND OVERSIGHT</b>							
8100-AUDIT SERVICES	2,712	3,113	3,069	3,147	0	3,147	78
8200-SECURITY INTEGRITY OVERSIGHT	355	227	585	531	0	531	(55)
8300-INVESTIGATIONS	732	530	777	864	0	864	87
<b>SUBTOTAL 8000-INTEGRITY AND OVERSIGHT</b>	<b>3,799</b>	<b>3,870</b>	<b>4,432</b>	<b>4,542</b>	<b>0</b>	<b>4,542</b>	<b>110</b>
<b>9960-YR END CLOSE</b>	<b>(0)</b>	<b>(4,378)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVN-REVENUE</b>							
GNRV-GENERAL REVENUE	0	4,378	0	0	0	0	0
TXRV-TAX REVENUE	0	222	0	0	0	0	0
<b>SUBTOTAL REVN-REVENUE</b>	<b>0</b>	<b>4,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Proposed Operating Budget</b>	<b>108,269</b>	<b>116,562</b>	<b>133,106</b>	<b>160,707</b>	<b>0</b>	<b>160,707</b>	<b>27,601</b>

## **1. COMMITTEE ANALYSIS AND COMMENTS**

### **a. Agency Mission and Overview**

The stated mission of the Office of the Chief Financial Officer is to provide “financial management services to the government and the people of the District of Columbia to sustain long-term fiscal and economic viability. The OCFO provides fiscal and financial stability, accountability and integrity for the Government of the District of Columbia. The OCFO ensures that District spending remains within approved budgets and/or available revenues for the fiscal year so that no spending deficits occur; maintains adequate cash balances, minimizes receivables balances, and remains within a maximum ratio of total debt service to general fund expenditures of 12 percent, as a component of managing the District's debt and finances in a manner that provides optimal opportunities to maximize bond ratings and minimize the cost of borrowed capital; improves tax compliance by increasing collections from the accounts receivable balance and the non-filer population, as measured by percentage change in delinquent collections; develops and supports financial management systems that provide accurate and timely information; and produces the District's Comprehensive Annual Financial Report (CAFR) on time with an unqualified clean opinion.”

### **b. Mayor’s Proposed Fiscal Year 2015 Operating Budget**

The proposed operating budget of the Office of the Chief Financial Officer is \$166,497,577, an increase of 19.8% from the FY 2014 approved budget.

## **Proposed Operating Budget Summary<sup>2</sup>**

The proposed operating budget of the Office of the Chief Financial Officer is \$166,497,577, an increase of 19.8% from the FY 2014 approved budget.

### **Committee Analysis and Comments**

**The Committee recommends approval of the FY 2015 budget request of the Office of the Chief Financial Officer in the amount of \$166,497,577, an increase of 19.8% from the FY 2014 approved budget.**

#### **c. Mayor's Proposed Fiscal Year 2015-2020 Capital Budget**

### **Proposed Capital Budget Summary**

The Mayor's budget proposal provides for Integrated Tax System Modernization and other needed technology upgrades per the chart above.

### **Committee Analysis and Comments**

The modernization of the IT systems of the Chief Financial Officer are of particular importance, and the Committee believes these investments, especially with respect to upgrading the SOAR system as well as the Integrated Tax System are important to the continued financial performance of the District as well as the overall security and reliability of these systems.

**The Committee recommends approval of the OCFO's capital budget as proposed by the Mayor.**

#### **d. Committee Policy Recommendations**

The Committee recommends that Recipients of the Revenue Bond Program used for construction projects must submit to the Mayor a first source agreement and a Local Small Disadvantaged Business or Enterprise (LSDBE) certification for subcontractors of at least 50% of the total contract.

Capital Bond participation must include at least 35% for minority investment bankers.

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<sup>2</sup> Please note: to enhance transparency, in all instances the funding associated with the Office of Budget and Planning (OBP), a component unit of the Office of the Chief Financial Officer, is consolidated within the OCFO budget numbers. This office falls under the oversight jurisdiction of the Committee of the Whole, however, and the Committee is not making any recommendations with respect to those funds.

## C. D.C. LOTTERY AND CHARITABLE GAMES CONTROL BOARD

Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)							
Comptroller Source Group	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change FY 2014 Approved to FY 2015
11-REGULAR PAY - CONT FULL TIME	5,729	5,424	6,020	6,449	0	6,449	7.1%
12-REGULAR PAY - OTHER	17	20	80	102	0	102	28.0%
13-ADDITIONAL GROSS PAY	81	74	0	16	0	16	NA
14-FRINGE BENEFITS - CURR PERSONNEL	1,122	1,124	1,341	1,441	0	1,441	7.5%
15-OVERTIME PAY	22	16	123	123	0	123	NA
<b>Subtotal Personnel Services</b>	<b>6,971</b>	<b>6,658</b>	<b>7,563</b>	<b>8,132</b>	<b>0</b>	<b>8,132</b>	<b>7.5%</b>
20-SUPPLIES AND MATERIALS	40	24	119	85	0	85	-28.7%
30-ENERGY, COMM. AND BLDG RENTALS	50	39	338	340	0	340	0.7%
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	286	215	323	312	0	312	-3.6%
32-RENTALS - LAND AND STRUCTURES	2,262	2,262	2,525	2,525	0	2,525	0.0%
33-JANITORIAL SERVICES	11	0	0	0	0	0	NA
34-SECURITY SERVICES	17	7	17	567	0	567	3159.0%
35-OCCUPANCY FIXED COSTS	11	12	16	16	0	16	0.0%
40-OTHER SERVICES AND CHARGES	16,545	16,254	17,478	7,597	0	7,597	-56.5%
41-CONTRACTUAL SERVICES - OTHER	2,971	3,208	4,029	5,379	0	5,379	33.5%
50-SUBSIDIES AND TRANSFERS	220,121	213,336	220,218	216,725	0	216,725	-1.6%
70-EQUIPMENT & EQUIPMENT RENTAL	315	318	374	479	0	479	28.1%
<b>Subtotal Nonpersonnel Services</b>	<b>242,629</b>	<b>235,675</b>	<b>245,437</b>	<b>234,025</b>	<b>0</b>	<b>234,025</b>	<b>-4.6%</b>
<b>Gross Funds</b>	<b>249,600</b>	<b>242,333</b>	<b>253,000</b>	<b>242,156</b>	<b>0</b>	<b>242,156</b>	<b>-4.3%</b>

Proposed Operating Budget by Program and Activity (Dollars in Thousands)							
Program/Activity	FY 2012 Actuals	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Change FY 2014 Approved to FY 2015
<b>1000-AGENCY MANAGEMENT PROGRAM</b>							
1010-HUMAN RESOURCES	467	505	497	645	0	645	148
1015-EXECUTIVE DIRECTION AND SUPPORT	1,790	1,728	2,053	2,129	0	2,129	77
1020-PROCUREMENT	0	0	0	0	0	0	0
1030-PROPERTY AND FLEET MANAGEMENT	454	501	594	574	0	574	(19)
1040-INFORMATION TECHNOLOGY	365	376	405	1,396	0	1,396	992
1050-FINANCIAL SERVICES	2,637	2,729	3,220	3,168	0	3,168	(52)
1060-LEGAL SERVICES	0	0	0	0	0	0	0
1075-SECURITY	730	806	845	1,520	0	1,520	676
1080-COMMUNICATIONS	412	342	470	870	0	870	400
<b>SUBTOTAL 1000-AGENCY MANAGEMENT PROGRAM</b>	<b>6,854</b>	<b>6,988</b>	<b>8,082</b>	<b>10,304</b>	<b>0</b>	<b>10,304</b>	<b>2,221</b>
<b>100F-AGENCY FINANCIAL OPERATIONS</b>							
110F-BUDGET OPERATIONS	83	53	90	128	0	128	37
120F-ACCOUNTING OPERATIONS	529	513	606	617	0	617	11
130F-FISCAL OFFICER	312	299	367	217,136	0	217,136	216,769
<b>SUBTOTAL 100F-AGENCY FINANCIAL OPERATIONS</b>	<b>923</b>	<b>865</b>	<b>1,062</b>	<b>217,881</b>	<b>0</b>	<b>217,881</b>	<b>216,818</b>
<b>2000-INSTANT GAMES</b>							

NO ACTIVITY ASSIGNED	0	218	0	0	0	0	0
2100-INSTANT GAMES (ACTIVITY)	57,157	55,785	57,920	0	0	0	(57,920)
<b>SUBTOTAL 2000-INSTANT GAMES</b>	<b>57,157</b>	<b>56,002</b>	<b>57,920</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(57,920)</b>
<b>3000-ON LINE GAMES</b>							
3100-LUCKY NUMBERS	50,575	51,628	50,630	0	0	0	(50,630)
3200-QUICK CASH	5,457	5,915	6,147	0	0	0	(6,147)
3300-DC FOUR	62,597	57,931	62,425	0	0	0	(62,425)
3400-DC DAILY SIX	0	0	0	0	0	0	0
3500-DC ROLLING CASH 5	0	0	0	0	0	0	0
3600-POWERBALL	16,333	15,998	16,551	0	0	0	(16,551)
3700-HOT FIVE	0	0	0	0	0	0	0
3800-KENO	11,896	12,083	11,818	0	0	0	(11,818)
4200-HOT LOTTO	2,619	2,986	3,305	0	0	0	(3,305)
4300-RAFFLE GAME	0	0	0	0	0	0	0
4400-DC FIVE	14,344	14,891	15,132	0	0	0	(15,132)
4500-ALPHA GAME	0	0	0	0	0	0	0
4600-MEGA MILLION	10,139	6,039	8,512	0	0	0	(8,512)
4700-RACE 2 RICHES	6,810	7,091	7,093	0	0	0	(7,093)
4800-TOUCH GAMES	0	202	0	0	0	0	0
<b>SUBTOTAL 3000-ON LINE GAMES</b>	<b>180,770</b>	<b>174,763</b>	<b>181,611</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(181,611)</b>
<b>6000-GAMING OPERATIONS PROGRAM</b>							
6200-MARKETING	902	903	1,037	7,196	0	7,196	6,159
6300-TRADE DEVELOPMENT	978	838	938	4,277	0	4,277	3,339
6400-DRAW DIVISION	406	363	473	571	0	571	98
6500-LICENSING AND CHARITABLE GAMES	597	622	699	824	0	824	125
6600-INFORMATION TECHNOLOGY (GAMES)	907	912	1,029	1,023	0	1,023	(7)
6700-CLAIM CENTER	106	66	149	83	0	83	(66)
<b>SUBTOTAL 6000-GAMING OPERATIONS PROGRAM</b>	<b>3,895</b>	<b>3,704</b>	<b>4,324</b>	<b>13,972</b>	<b>0</b>	<b>13,972</b>	<b>9,648</b>
<b>9950-AUDIT ADJUSTMENTS</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Proposed Operating Budget</b>	<b>249,600</b>	<b>242,333</b>	<b>253,000</b>	<b>242,156</b>	<b>0</b>	<b>242,156</b>	<b>(10,844)</b>

## **COMMITTEE ANALYSIS AND COMMENTS**

### **a. Agency Mission and Overview**

Simply stated, the mission of the D.C. Lottery and Charitable Games Control Board (“Lottery”) is to generate revenue for the District’s general fund through the sale of lottery games and to regulate charitable gaming.

### **b. Mayor’s Proposed Fiscal Year 2015 Operating Budget**

The proposed operating budget of the D.C. Lottery and Charitable Games Control Board is \$242,156,316, a decrease of 4.3% from the FY 2014 approved budget. The Committee understands that the change in the Mayor’s budget proposal from special purpose revenue to “enterprise and other” is a technical change that will not impact agency operations. The change simply clarifies that the agency operates outside of the general fund.

### **Proposed Operating Budget Summary**

**Local Funds:** The Lottery is funded solely through enterprise and other funds.

**Special Purpose Revenue Funds:** The proposed special purpose revenue funds budget of the D.C. Lottery and Charitable Games Control Board is \$0, a decrease of 100% from the FY 2014 approved budget.

**Committee Analysis and Comments**

The Committee recommends approval of the FY 2015 budget request of the D.C. Lottery and Charitable Games Control Board in the amount of \$242,156,316, a decrease of 4.3% of the FY 2014 approved budget, all of which are enterprise and other funds.

c. **Mayor’s Proposed Fiscal Year 2015-2019 Capital Budget**

n/a

**D. REAL PROPERTY TAX APPEALS COMMISSION**

<b>Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)</b>							
<b>Comptroller Source Group</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Approved</b>	<b>FY 2015 Mayor's Proposed</b>	<b>Committee Variance</b>	<b>FY 2015 Committee Proposed</b>	<b>Percent Change FY 2014 Approved to FY 2015</b>
11-REGULAR PAY - CONT FULL TIME	239	880	330	319	0	319	-3.4%
12-REGULAR PAY - OTHER	131	0	630	646	0	646	2.5%
14-FRINGE BENEFITS - CURR PERSONNEL	50	107	218	206	0	206	-5.3%
<b>Subtotal Personnel Services</b>	<b>420</b>	<b>987</b>	<b>1,178</b>	<b>1,171</b>	<b>0</b>	<b>1,171</b>	<b>-0.6%</b>
20-SUPPLIES AND MATERIALS	8	13	11	11	0	11	0.0%
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	15	(0)	12	12	0	12	0.0%
40-OTHER SERVICES AND CHARGES	363	160	242	272	0	272	12.5%
41-CONTRACTUAL SERVICES - OTHER	71	80	233	275	0	275	18.0%
70-EQUIPMENT & EQUIPMENT RENTAL	9	15	8	8	0	8	0.0%
<b>Subtotal Nonpersonnel Services</b>	<b>466</b>	<b>269</b>	<b>506</b>	<b>578</b>	<b>0</b>	<b>578</b>	<b>14.3%</b>
<b>Gross Funds</b>	<b>887</b>	<b>1,256</b>	<b>1,684</b>	<b>1,749</b>	<b>0</b>	<b>1,749</b>	<b>3.9%</b>

<b>Proposed Operating Budget by Program and Activity (Dollars in Thousands)</b>							
<b>Program/Activity</b>	<b>FY 2012 Actuals</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Approved</b>	<b>FY 2015 Mayor's Proposed</b>	<b>Committee Variance</b>	<b>FY 2015 Committee Proposed</b>	<b>Change FY 2014 Approved to FY 2015</b>
<b>1000-AGENCY MANAGEMENT PROGRAM</b>							
1010-PERSONNEL	6	6	7	7	0	7	0
1015-TRAINING & EMPLOYEE DEVELOPMENT	11	12	12	13	0	13	0
1020-CONTRACTING & PROCUREMENT	28	29	30	31	0	31	1

1030-PROPERTY MANAGEMENT	10	11	12	12	0	12	0
1040-INFORMATION TECHNOLOGY	11	13	60	41	0	41	(20)
1050-COMMUNICATIONS	8	35	9	9	0	9	0
1080-COMMUNICATIONS	58	57	58	62	0	62	3
1085-CUSTOMER SERVICE	2	3	3	3	0	3	0
1090-PROPERTY MANAGEMENT	0	(0)	0	0	0	0	0
<b>SUBTOTAL 1000-AGENCY MANAGEMENT PROGRAM</b>	<b>135</b>	<b>165</b>	<b>191</b>	<b>177</b>	<b>0</b>	<b>177</b>	<b>(14)</b>
<b>2000-REAL PROPERTY APPEALS PROCESS</b>							
2010-APPEALS PROCESS	575	213	403	495	0	495	92
2020-COMMISSION OPERATIONS	0	791	1,026	959	0	959	(67)
<b>SUBTOTAL 2000-REAL PROPERTY APPEALS PROCESS</b>	<b>575</b>	<b>1,004</b>	<b>1,429</b>	<b>1,455</b>	<b>0</b>	<b>1,455</b>	<b>26</b>
<b>3000-REAL PROPERTY OUTREACH EDUCATION</b>							
3010-OUTREACH EDUCATION	177	17	25	26	0	26	1
3020-COMMISSION OUTREACH	0	70	39	92	0	92	53
<b>SUBTOTAL 3000-REAL PROPERTY OUTREACH EDUCATION</b>	<b>177</b>	<b>87</b>	<b>64</b>	<b>117</b>	<b>0</b>	<b>117</b>	<b>54</b>
<b>Total Proposed Operating Budget</b>	<b>887</b>	<b>1,256</b>	<b>1,684</b>	<b>1,749</b>	<b>0</b>	<b>1,749</b>	<b>65</b>

## **COMMITTEE ANALYSIS AND COMMENTS**

### **a. Agency Mission and Overview**

The Real Property Tax Appeals Commission (RPTAC) provides a second-level administrative remedy for property owners to adjudicate property assessments prior to potential formal litigation in D.C. Superior Court. Property owners are entitled to a second-level appeal after completing the first level assessment appeal. First level appeals are conducted with Office of Tax and Revenue Real Property Tax Assessors. RPTAC is composed of eighteen (18) members, including a Chairperson and Vice Chairperson, both of whom serve full-time, and a compliment of both full-time and part-time commissioners.

### **b. Mayor's Proposed Fiscal Year 2015 Operating Budget**

The proposed operating budget of the Real Property Tax Appeals Commission is \$1,749,390, an increase of 3.9% from the FY 2014 approved budget.

#### **Proposed Operating Budget Summary**

**Local Funds:** The proposed local funds budget for the Commission is \$1,749,390, an increase of 3.9% from the FY 2014 approved budget.

#### **Committee Analysis and Comments**

The Committee has heard positive reports regarding RPTAC so far and hopes for continued good work.

The Committee recommends approval of the FY 2015 budget request of the Commission in the amount of \$1,749,390, an increase of 3.9% from the FY 2014 approved budget.

c. Mayor's Proposed Fiscal Year 2015-2020 Capital Budget

n/a

**E. OFFICE OF FINANCE AND RESOURCE MANAGEMENT**

<b>Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)</b>							
<b>Comptroller Source Group</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Approved</b>	<b>FY 2015 Mayor's Proposed</b>	<b>Committee Variance</b>	<b>FY 2015 Committee Proposed</b>	<b>Percent Change FY 2014 Approved to FY 2015</b>
11-REGULAR PAY - CONT FULL TIME	3,389	3,512	3,781	4,140	0	4,140	9.5%
12-REGULAR PAY - OTHER	24	51	29	27	0	27	-8.8%
13-ADDITIONAL GROSS PAY	12	1	0	0	0	0	NA
14-FRINGE BENEFITS - CURR PERSONNEL	737	732	956	1,075	0	1,075	12.4%
15-OVERTIME PAY	11	4	4	4	0	4	0.0%
<b>Subtotal Personnel Services</b>	<b>4,172</b>	<b>4,299</b>	<b>4,771</b>	<b>5,246</b>	<b>0</b>	<b>5,246</b>	<b>9.9%</b>
20-SUPPLIES AND MATERIALS	15	31	30	30	0	30	0.0%
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	29,796	23,283	28,653	29,934	0	29,934	4.5%
40-OTHER SERVICES AND CHARGES	201	191	122	123	0	123	0.7%
41-CONTRACTUAL SERVICES - OTHER	0	73	0	0	0	0	NA
70-EQUIPMENT & EQUIPMENT RENTAL	59	48	15	15	0	15	0.0%
<b>Subtotal Nonpersonnel Services</b>	<b>30,070</b>	<b>23,625</b>	<b>28,820</b>	<b>30,102</b>	<b>0</b>	<b>30,102</b>	<b>4.4%</b>
<b>Gross Funds</b>	<b>34,243</b>	<b>27,925</b>	<b>33,591</b>	<b>35,348</b>	<b>0</b>	<b>35,348</b>	<b>5.2%</b>

<b>Proposed Operating Budget by Program and Activity (Dollars in Thousands)</b>							
<b>Program/Activity</b>	<b>FY 2012 Actuals</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Approved</b>	<b>FY 2015 Mayor's Proposed</b>	<b>Committee Variance</b>	<b>FY 2015 Committee Proposed</b>	<b>Change FY 2014 Approved to FY 2015</b>
<b>1000-AGENCY MANAGEMENT PROGRAM</b>							
1010-PERSONNEL	0	0	0	303	0	303	303
1020-CONTRACTING AND PROCUREMENT	0	2	0	97	0	97	97
1030-PROPERTY MANAGEMENT	14,635	14,879	15,340	0	0	0	(15,340)

1040-INFORMATION MANAGEMENT	0	0	9	9	0	9	0
1050-FINANCIAL MANAGEMENT	(1,947)	247	63	72	0	72	9
1070-FLEET MANAGEMENT	1	2	1	2	0	2	1
1080-COMMUNICATIONS	607	628	612	6	0	6	(607)
1085-CUSTOMER SERVICE	0	0	0	137	0	137	137
1090-PERFORMANCE MANAGEMENT	0	0	0	623	0	623	623
1100-OFFICE OF FINANCE & RESOURCE MANAGEMENT	8	0	0	0	0	0	0
<b>SUBTOTAL 1000-AGENCY MANAGEMENT PROGRAM</b>	<b>13,304</b>	<b>15,758</b>	<b>16,025</b>	<b>1,248</b>	<b>0</b>	<b>1,248</b>	<b>(14,777)</b>
<b>2000-FINANCIAL MANAGEMENT</b>							
2100-ACCOUNTING	1,170	1,639	1,592	1,924	0	1,924	332
2200-BUDGET FORMULATIONS AND PLANNING	1,909	1,590	2,097	1,806	0	1,806	(291)
2300-GRANTS	92	98	91	0			
2400-CAPITALS	0	0	0	0	0	0	0
2500-FIXED COST	17,201	8,197	13,313	29,929	0	29,929	16,616
<b>SUBTOTAL 2000-FINANCIAL MANAGEMENT</b>	<b>20,372</b>	<b>11,523</b>	<b>17,093</b>	<b>33,659</b>	<b>0</b>	<b>33,659</b>	<b>16,566</b>
<b>3000-RESOURCE MANAGEMENT</b>							
3100-RESOURCE MANAGEMENT	566	643	474	441	0	441	(33)
<b>SUBTOTAL 3000-RESOURCE MANAGEMENT</b>	<b>566</b>	<b>643</b>	<b>474</b>	<b>441</b>	<b>0</b>	<b>441</b>	<b>(33)</b>
<b>Total Proposed Operating Budget</b>	<b>34,243</b>	<b>27,925</b>	<b>33,591</b>	<b>35,348</b>	<b>0</b>	<b>35,348</b>	<b>1,757</b>

## **COMMITTEE ANALYSIS AND COMMENTS**

### **a. Agency Mission and Overview**

The mission of the Office of Finance and Resource Management (“OFRM”) is to “provide financial and resource management services to various District of Columbia Government agencies. OFRM will promote the effective management of the District’s resources by continuously seeking improvements in operational efficiency on behalf of the government and the residents of the District.” In short, through the use of intra-District transfers of money, OFRM “pays the bills” for much of the District government in terms of fixed cost expenses such as rent, utilities, etc.

### **b. Mayor’s Proposed Fiscal Year 2015 Operating Budget**

The proposed operating budget of the Office of Finance and Resource Management is \$35,347,530, an increase of 5.2% from the FY 2014 approved budget.

### **Proposed Operating Budget Summary**

**Local Funds:** The proposed local funds budget for OFRM is \$21,203,000, an increase of 7.8% from the FY 2014 approved budget.

**Special Purpose Revenue Funds:** The proposed special purpose revenue funds budget for OFRM is \$506,000 this year.

**Intra-District Funds:** The proposed intra-District funds budget for OFRM is \$13,639,000, a decrease of 2.1% from the FY 2014 approved budget.

**Committee Analysis and Comments**

**The Committee recommends approval of the FY 2015 budget request of the Office in the amount of \$35,347,530, an increase of 5.2% from FY 2014 approved budget.**

**c. Mayor's Proposed Fiscal Year 2014-2019 Capital Budget**

n/a

**F D.C. COMMISSION ON ARTS AND HUMANITIES**

<b>Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)</b>							
<b>Comptroller Source Group</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Approved</b>	<b>FY 2015 Mayor's Proposed</b>	<b>Committee Variance</b>	<b>FY 2015 Committee Proposed</b>	<b>Percent Change FY 2014 Approved to FY 2015</b>
11-REGULAR PAY - CONT FULL TIME	214	249	485	533	0	533	9.8%
12-REGULAR PAY - OTHER	619	779	703	687	0	687	-2.2%
13-ADDITIONAL GROSS PAY	32	9	0	0	0	0	NA
14-FRINGE BENEFITS - CURR PERSONNEL	160	206	288	255	0	255	-11.3%
15-OVERTIME PAY	0	0	0	0	0	0	NA
<b>Subtotal Personnel Services</b>	<b>1,025</b>	<b>1,244</b>	<b>1,476</b>	<b>1,476</b>	<b>0</b>	<b>1,476</b>	<b>0.0%</b>
20-SUPPLIES AND MATERIALS	7	2	7	15	0	15	109.3%
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	0	26	2	3	0	3	108.3%
40-OTHER SERVICES AND CHARGES	104	200	145	370	0	370	155.0%
41-CONTRACTUAL SERVICES - OTHER	519	1,067	1,801	2,945	0	2,945	63.5%
50-SUBSIDIES AND TRANSFERS	3,352	9,301	8,310	11,643	0	11,643	40.1%
70-EQUIPMENT & EQUIPMENT RENTAL	7	68	11	8	0	8	-32.3%
<b>Subtotal Nonpersonnel Services</b>	<b>3,989</b>	<b>10,664</b>	<b>10,277</b>	<b>14,984</b>	<b>0</b>	<b>14,984</b>	<b>45.8%</b>
<b>Gross Funds</b>	<b>5,014</b>	<b>11,908</b>	<b>11,753</b>	<b>16,460</b>	<b>0</b>	<b>16,460</b>	<b>40.1%</b>

<b>Proposed Operating Budget by Program and Activity (Dollars in Thousands)</b>							
<b>Program/Activity</b>	<b>FY 2012 Actuals</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Approved</b>	<b>FY 2015 Mayor's Proposed</b>	<b>Committee Variance</b>	<b>FY 2015 Committee Proposed</b>	<b>Change FY 2014 Approved to FY 2015</b>
<b>1000-AGENCY MANAGEMENT PROGRAM</b>							
1010-PERSONNEL	22	54	23	91	0	91	68
1015-TRAINING & EMPLOYEE DEVELOPMENT	23	24	26	26	0	26	0
1020-CONTRACTING AND PROCUREMENT	10	10	11	11	0	11	0
1030-PROPERTY MANAGEMENT	20	20	22	23	0	23	1
1040-INFORMATION TECHNOLOGY	4	0	8	30	0	30	22
1050-FINANCIAL SERVICES	37	40	32	31	0	31	(1)
1055-RISK MANAGEMENT	16	17	18	17	0	17	(2)
1080-COMMUNICATIONS	43	45	49	47	0	47	(1)
1085-CUSTOMER SERVICE	45	48	23	36	0	36	13
1090-PERFORMANCE MANAGEMENT	72	75	82	82	0	82	0
<b>SUBTOTAL 1000-AGENCY MANAGEMENT PROGRAM</b>	<b>292</b>	<b>334</b>	<b>293</b>	<b>394</b>	<b>0</b>	<b>394</b>	<b>100</b>
<b>2000-ARTS BUILDING COMMUNITIES</b>							
2010-ARTS BUILDING COMMUNITIES	1,981	5,846	3,422	3,043	3,600	6,643	3,221
<b>SUBTOTAL 2000-ARTS BUILDING COMMUNITIES</b>	<b>1,981</b>	<b>5,846</b>	<b>3,422</b>	<b>3,043</b>	<b>3,600</b>	<b>6,643</b>	<b>3,221</b>
<b>3000-DC CREATES PUBLIC ART</b>							
3010-NEIGHBORHOOD & PUBLIC ART	237	276	328	324	0	324	(4)
3020-ART PLACEMENT SUPPORT	0	0	0	0	0	0	0
3030-LINCOLN THEATRE	197	303	799	0	0	0	(799)
<b>SUBTOTAL 3000-DC CREATES PUBLIC ART</b>	<b>433</b>	<b>579</b>	<b>1,128</b>	<b>324</b>	<b>0</b>	<b>324</b>	<b>(804)</b>
<b>4000-ARTS LEARNING AND OUTREACH</b>							
4010-ARTS LEARNING FOR YOUTH	1,958	4,983	2,086	12,381	(3,600)	8,781	6,694
4020-LIFELONG LEARNING	315	130	4,786	279	0	279	(4,507)
<b>SUBTOTAL 4000-ARTS LEARNING AND OUTREACH</b>	<b>2,273</b>	<b>5,114</b>	<b>6,872</b>	<b>12,659</b>	<b>(3,600)</b>	<b>9,059</b>	<b>2,187</b>
<b>5000-ADMINISTRATION</b>							
5010-LEGISLATIVE AND GRANTS MANAGEMENT	35	36	38	40	0	40	2
<b>SUBTOTAL 5000-ADMINISTRATION</b>	<b>35</b>	<b>36</b>	<b>38</b>	<b>40</b>	<b>0</b>	<b>40</b>	<b>2</b>
<b>Total Proposed Operating Budget</b>	<b>5,014</b>	<b>11,908</b>	<b>11,753</b>	<b>16,460</b>	<b>0</b>	<b>16,460</b>	<b>4,708</b>

## **COMMITTEE ANALYSIS AND COMMENTS**

### **a. Agency Mission and Overview**

The mission of the D.C. Commission on Arts and Humanities (“CAH”) is to “provide grants, programs, and educational activities that encourage diverse artistic expressions and learning opportunities so that all District of Columbia residents and Visitors can experience the rich culture of our city.” The \$16 million operating budget, while larger than recent years past, is deceptive in that there has been a countervailing reduction in capital funding due to the recent decision that public art projects are not capital eligible. The Committee has referred this matter to the Chief Financial Officer for further consideration. Further, the Committee recommends that the committee of the whole identify \$4 million in additional operating funding for the Commission and reinstate the dedicated tax proposal as of 2019 that was repealed by the Mayor.

### **b. Mayor’s Proposed Fiscal Year 2015 Operating Budget**

The proposed operating budget of the Commission on Arts and Humanities is \$16, 460, 085, an increase of 40.1% from the FY 2014 approved budget.

#### **Proposed Operating Budget Summary**

*Local Funds:* The proposed local funds budget for the Commission on Arts and Humanities is \$14,603,000, an increase of 35.1% from the FY 2014 approved budget.

*Special Purpose Revenue Funds:* The proposed special purpose revenue funds budget for the Commission on Arts and Humanities is \$200,000, the same from last year.

#### **Committee Analysis and Comments**

**The Committee recommends approval of the FY 2015 budget request of the Commission as proposed by the Mayor, which includes the technical correction provided by the Mayor to direct \$3,600,000 to program 2000 Arts Building Communities, from program 4000- Arts Learning and Outreach. The Committee further recommends reinstating the subject to appropriations dedicated tax to fund the Commission going forward, which was deleted in the Mayor’s proposal, to begin in 2015 as revenue is certified and become fully funded no later than 2019. The dedicated tax will provide approximately \$20 million per year, indexed implicitly to inflation, in addition to the numbers reflected in the above chart. Revenues will begin in 2015, subject to funding.**

### **c. Mayor’s Proposed Fiscal Year 2015-2020 Capital Budget**

#### **Proposed Capital Budget Summary**

Per the above discussion, the Committee recommends the CFO revisit the decision to disallow capital funding to be spent on public art projects.

**Committee Analysis and Comments**

The Committee is concerned by the recent decision that public art projects are not eligible for capital dollars going forward, and has referred this matter to the Chief Financial Officer for further consideration.

**d. Committee Policy Recommendations**

The Committee recommends that DC Commission on Arts and Humanities’ “East of the River Initiative” Recipients have to be based and located East of the River and serve East of the River participants, or if the Recipient is based outside East of the River, the Recipient must serve East of the River participants.

**G. EVENTS/DC/WASHINGTON CONVENTION AND SPORTS AUTHORITY**

<b>Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)</b>							
<b>Comptroller Source Group</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Approved</b>	<b>FY 2015 Mayor's Proposed</b>	<b>Committee Variance</b>	<b>FY 2015 Committee Proposed</b>	<b>Percent Change FY 2014 Approved to FY 2015</b>
11-REGULAR PAY - CONT FULL TIME	13,434	14,772	15,411	16,202	0	16,202	5.1%
12-REGULAR PAY - OTHER	986	986	1,053	963	0	963	-8.5%
14-FRINGE BENEFITS - CURR PERSONNEL	3,846	4,435	4,624	5,313	0	5,313	14.9%
15-OVERTIME PAY	569	569	576	576	0	576	0.0%
<b>Subtotal Personnel Services</b>	<b>18,835</b>	<b>20,762</b>	<b>21,664</b>	<b>23,054</b>	<b>0</b>	<b>23,054</b>	<b>6.4%</b>
20-SUPPLIES AND MATERIALS	528	528	587	572	0	572	-2.5%
30-ENERGY, COMM. AND BLDG RENTALS	6,856	6,856	6,110	6,276	0	6,276	2.7%
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	125	125	125	125	0	125	0.0%
41-CONTRACTUAL SERVICES - OTHER	13,495	16,384	14,860	15,614	0	15,614	5.1%
50-SUBSIDIES AND TRANSFERS	16,795	20,001	21,383	20,785	0	20,785	-2.8%
60-LAND AND BUILDINGS	12,225	14,439	13,238	17,093	0	17,093	29.1%
70-EQUIPMENT & EQUIPMENT RENTAL	330	330	330	330	0	330	0.0%
80-DEBT SERVICE	37,340	36,287	36,287	48,944	0	48,944	34.9%
<b>Subtotal Nonpersonnel Services</b>	<b>87,694</b>	<b>94,949</b>	<b>92,921</b>	<b>109,738</b>	<b>0</b>	<b>109,738</b>	<b>18.1%</b>
<b>Gross Funds</b>	<b>106,529</b>	<b>115,711</b>	<b>114,585</b>	<b>132,793</b>	<b>0</b>	<b>132,793</b>	<b>15.9%</b>

**Proposed Operating Budget by Program and Activity (Dollars in Thousands)**

Program/Activity	FY 2012 Actuals	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Change FY 2014 Approved to FY 2015
<b>1000-WASH CONVENTION CENTER</b>							
1100-WASH CONVENTION CENTER	106,529	115,711	114,585	132,793	0	132,793	18,208
<b>SUBTOTAL 1000-WASH CONVENTION CENTER</b>	<b>106,529</b>	<b>115,711</b>	<b>114,585</b>	<b>132,793</b>	<b>0</b>	<b>132,793</b>	<b>18,208</b>
<b>Total Proposed Operating Budget</b>	<b>106,529</b>	<b>115,711</b>	<b>114,585</b>	<b>132,793</b>	<b>0</b>	<b>132,793</b>	<b>18,208</b>

## **COMMITTEE ANALYSIS AND COMMENTS**

### **a. Agency Mission and Overview**

The mission of Events DC/Washington Convention and Sports Authority/ (“EventsDC” or “WCSA”) can be summed up in three parts: the goal is to “promote the District of Columbia as a location for meetings and conventions, entertainment, cultural and sporting events; support youth sports activities; and market the district as a destination of choice for leisure travelers from around the nation and across the globe.” The overall goal of EventsDC is to generate community and economic benefits for the residents and businesses of the District of Columbia. EventsDC is governed by a board of directors.

### **b. Mayor’s Proposed Fiscal Year 2015 Operating Budget**

The proposed operating budget for EventsDC/Washington Convention and Sports Authority is \$132,792,837, an increase of 40.1% from the FY 2014 approved budget. The Committee understands that the change in the Mayor’s budget proposal from special purpose revenue to “enterprise and other” is a technical change that will not impact agency operations. The change simply clarifies that the agency operates outside of the general fund.

#### **Proposed Operating Budget Summary**

*Local Funds:* The WCSA only uses enterprise and other funds.

*Special Purpose Revenue Funds:* The proposed special purpose revenue funds budget for WCSA is \$0, a decrease of 100%.

#### **Committee Analysis and Comments**

**The Committee recommends approval of the FY 2015 budget request of the Washington Convention and Sports Authority in the amount of \$132,792,837, an increase of 15.9% from the FY 2014 approved budget, all of which are Enterprise and Other funds.**

### **c. Mayor’s Proposed Fiscal Year 2015-2020 Capital Budget**

n/a

## H. DESTINATION DC

### COMMITTEE ANALYSIS AND COMMENTS

#### a. Agency Mission and Overview

Destination DC is a private, non-profit organization, which serves as a tourism promotional and marketing arm for the District via a five-year contract with Events DC, and is funded by a percentage of the city's hotel occupancy tax, along with membership dues and co-operative marketing fees. Destination DC, formerly the Washington, DC Convention & Tourism Corporation, was renamed in 2008 to reflect the organization's increased emphasis on the city's unique assets. Destination DC's membership includes over 850 businesses, including hotels, restaurants, attractions, museums and cultural organizations; and has a Board of Directors which presents to EventsDC monthly. Destination DC works to increase economic development for the city and maximize revenues for EventsDC and the District government by increasing the number of overnight visitors. The Committee identified a recurring funding enhancement beginning in Fiscal Year 2013 to support marketing efforts of and for Washington, D.C.

#### b. Mayor's Proposed Fiscal Year 2015 Operating Budget

##### Proposed Operating Budget Summary

Destination DC is principally funded through a contract via the Convention Center Marketing Fund. Since the Convention Center budget is treated separately in this budget report, the only additional item here is the \$3 million marketing fund supplement.<sup>3</sup>

##### Committee Analysis and Comments

**The Committee recommends approval of the FY 2015 budget supplement of Destination DC in the amount of \$3,000,000, and further recommends that this number be indexed to inflation in the out years. Further, the Committee makes an unfunded recommendation to increase this supplement to \$10 million per year.**

#### c. Mayor's Proposed Fiscal Year 2015-2020 Capital Budget

n/a

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<sup>3</sup> Committee reports in prior years have included standard format budget charts that simply had "0s" in each line item. The Committee has chosen to omit these charts, as Destination DC is not included in the budget books.

### **III. FISCAL YEAR 2015 BUDGET REQUEST ACT APPROPRIATION LANGUAGE RECOMMENDATIONS**

Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2015 Budget Request Act of 2014.” The Committee recommends the following adjustments.

The Committee also recommends, subject to funding, an amendment to direct \$250,000 on a recurring basis from the Committee of the Whole as a pass through via the Commission on the Arts and Humanities to a museum engaged in preserving the legacy of African American contributions during the Civil War.

## **IV. FISCAL YEAR 2015 BUDGET SUPPORT ACT RECOMMENDATIONS**

Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2015 Budget Support Act of 2014.” The bill contains a number of subtitles for which the Committee has provided comments in addition to new subtitles that the Committee recommends.

### **A. RECOMMENDATIONS ON BUDGET SUPPORT ACT SUBTITLES PROPOSED BY THE MAYOR**

The Committee provides comments on the following subtitles of the “Fiscal Year 2015 Budget Support Act of 2014”:

1. Title VI, Subtitle A. Vault Rent Amendment
2. Title VII, Subtitle B. Tax Revision Commission Recommendations Implementation
3. Title VII, Subtitle C. Urban Institute Real Property Tax Abatement Repeal and Real Property Tax Rebate
4. Title VII, Subtitle D. Industrial Revenue Bond Security Interest Instrument Recordation Tax Exemption Amendment
5. Title VII, Subtitle F. Senior Citizen Real Property Tax Relief Amendment
6. Title VII, Subtitle G. Whitman Walker Real Property Tax Rebate
7. Title VII, Subtitle H. Encouraging Alternative Fuel Vehicles Through Tax Incentives
8. Title VII, Subtitle I. Encouraging Alternative Fuel Infrastructure Through Tax Incentives
9. Title VII, Subtitle J. Real Property Tax Calculated Rate Clarity
10. Title VII, Subtitle K. Carver 2000 Senior Mansion Real Property Tax Abatement Amendment
11. Title VII, Subtitle L. Residential Real Property Equity and Transparency Amendment

#### **1. TITLE VI, SUBTITLE A. VAULT RENT AMENDMENT.**

##### **a. Purpose, Effect, and Impact on Existing Law**

The proposed subtitle would make several changes to the managing and collection of fees relating to vaults. Vault is the underground public space between the property line and the street, and rent is charged by the city to commercial and residential properties for their use of this space. Calculation of the vault rental fee is the assessed value of the land by square foot times vault square footage times the utilization factor. OTR determines the assessed value of the land, DDOT’s Public Space Regulation Administration supplies the vault square footage, and the utilization factor is currently 1.8% for vaults with a single level and .45% for additional levels – which is applied based on information supplied by the Public Space Regulation Administration. This subtitle would transfer the authority to charge and collect for vaults from DDOT to the OCFO. The subtitle also makes several changes to the billing process, such as: moves the billing due date from June 30<sup>th</sup> to no later than September 15<sup>th</sup>; creates separate tax entities for condominium associations and bills these entities for vault fees; authorizes the OCFO to alter any condominium land assessment related to the vault rent with regards to vault rent years and the referenced owner is the responsible condominium unit owners’ association; sets a \$100 flat

fee for fuel oil tanks; authorizes the OCFO to charge fees for actions taken by the Mayor to repair or seal off a vault; and allows the OCFO to waive interest penalties, compromise charges, or offer delinquent properties for tax sale. This subtitle also allows a condominium unit owners' association the ability to appeal the proposed land assessment for vault rent purposes via the three level real property tax assessment appeal process. This subtitle does not alter the methodology used by OTR to assess the land values used, which complies with standard real property value appraisal procedures and techniques which should amount to selecting comparable properties.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle with technical changes as recommended by the General Counsel.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**2. TITLE VII, SUBTITLE B. TAX REVISION COMMISSION RECOMMENDATIONS IMPLEMENTATION.**

**a. Purpose, Effect, and Impact on Existing Law**

The Tax Revision Commission made a number of recommendations relating to our tax policy, some of which were adopted in the Mayor's budget proposal. Most significantly, for individual income taxes the subtitle would reduce the marginal tax rate on incomes between \$40,000 and \$60,000 from 8.5 percent to 7.5 percent. At the same time, it maintains the marginal tax rate on incomes above \$350,000 at the current statutory rate of 8.95 percent. Current law reduces this rate to 8.5 percent beginning tax year 2016.

For franchise taxes, the subtitle would reduce the tax rate on businesses, which would be balanced by a change in the apportionment factor that would be based solely on a company's sales in the District, and not on other forms of presence, such as the size of its payroll or property. Beginning Tax Year 2015, the subtitle would reduce the franchise tax rate on corporations and unincorporated businesses from 9.975 percent to 9.4 percent. At the same time, it would change the calculation used to apportion to the District the net business income of entities that have incomes derived from sources both within and outside of the District.

**b. Committee Reasoning**

The committee recommends adoption of this proposed subtitle. In addition, the committee makes the unfunded recommendation to enact a number of other recommendations of the Tax Revision Commission. Specifically, the subtitle as amended would recommend that we add the following provisions:

- Raise the estate tax threshold to the federal level, and index for inflation;
- Lower the income tax to 8.5% on income above \$350,000;
- Lower the unincorporated and business franchise tax to 8.25%;
- Exempt investment funds from the unincorporated business franchise tax;
- Change the rate of the new middle class bracket to 6.5%, and consider expanding the bracket to \$100,000;
- Increase the maximum DC Earned Income Tax Credit for childless workers;
- Raise the standard deduction to the Federal level; and
- Raise the personal exemption to the Federal level.

In addition, the Committee recommends rejecting the Mayor's proposal relating to the tobacco tax, subject to funding. We have seen time and again that raising certain taxes past a point actually brings in *less* revenue, as shoppers simply drive across the bridge to Virginia to buy cartons of cigarettes and avoid our taxes. The last time we raised this tax, collections went down.

Finally, the Committee recommends adopting a 5% cap on annual increases in homestead real property tax, subject to funding.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

3. TITLE VII, SUBTITLE C. URBAN INSTITUTE REAL PROPERTY TAX ABATEMENT REPEAL AND REAL PROPERTY TAX REBATE.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would replace the previously approved real property tax abatement for The Urban Institute<sup>4</sup> with a 10 year rebate, capped at \$1 million annually, on the amount of real property tax owed, starting with the date the non-profit relocates and leases new office in the District.

**b. Committee Reasoning**

**The committee recommends adoption of this proposed subtitle with technical changes as recommended by the Office of the Chief Financial Officer.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**4. TITLE VII, SUBTITLE D. INDUSTRIAL REVENUE BOND SECURITY INTEREST INSTRUMENT RECORDATION TAX EXEMPTION AMENDMENT.**

**a. Purpose, Effect, and Impact on Existing Law**

The proposed subtitle would exempt security instruments executed by a borrower participating in the city’s Industrial Revenue Bond’s program from recordation tax. The budget support act subtitle provision refers to §§47-340.01—47.340.16 of the DC Official Code which are the provisions pursuant to which all of the District’s industrial revenue bonds are issued. The term “forward commitment” is used in the title of the subchapter that contains these sections, but it does not limit bonds that would be covered by the budget support act provision.

**b. Committee Reasoning**

**The committee recommends adoption of this proposed subtitle with technical changes as recommended by the General Counsel.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

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<sup>4</sup> D.C. Law 18-111, “The Urban Institute Real Property Tax Abatement Act of 2009”

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**5. TITLE VII, SUBTITLE F. SENIOR CITIZEN REAL PROPERTY TAX RELIEF AMENDMENT.**

**a. Purpose, Effect, and Impact on Existing Law**

The proposed subtitle clarifies, by adding a new paragraph, that District residents who qualify for the Senior Citizen Real Property Tax relief can have no more than two non-consecutive gaps of ownership that exceed 120 days. Funding for this legislation that was passed by the Council<sup>5</sup> is included in the Subject to Appropriations Amendment of the Mayor’s proposed Fiscal Year 2015 Budget Support Act of 2014 (Title VII, Subtitle A).

**b. Committee Reasoning**

**The committee recommends adoption of this proposed subtitle with technical changes as recommended by the General Counsel.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**6. TITLE VII, SUBTITLE G. WHITMAN-WALKER REAL PROPERTY TAX REBATE.**

**a. Purpose, Effect, and Impact on Existing Law**

The proposed subtitle, as revised in the Mayor’s Errata Letter<sup>6</sup>, would provide a real property tax rebate to the Whitman-Walker Clinic against real property taxes paid on property at 1525 14<sup>th</sup> Street, NW. This rebate would begin with real property tax year 2015.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, as amended by the Mayor in the Errata letter, with suggested edits by the Office of the Chief Financial Officer.**

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<sup>5</sup> D.C. Act 20-303.

<sup>6</sup> Page 13 of the May 8, 2014 Errata letter to Chairman Mendelson.

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**7. TITLE VII, SUBTITLE H. ENCOURAGING ALTERNATIVE FUEL VEHICLES THROUGH TAX INCENTIVES.**

**a. Purpose, Effect, and Impact on Existing Law**

This proposed subtitle would ultimately implement and fund two provisions originally proposed in the Mayor’s Sustainable DC Plan (“the Plan”), and included in Bill 20-573, the “Sustainable DC Omnibus Act of 2013”. This subtitle aims to address two of the action items in the Transportation section of the Plan<sup>7</sup>. Goal 4 of the Transportation section in the Plan aims to “Improve air quality along major transportation routes” with a target of 2032 for eliminating all “unhealthy” air quality index days, including “unhealthy” for sensitive groups. Action 4.2 requires the District government, and encourages private businesses, to purchase clean fuel, low emission fleet vehicles over the life of the plan. Action 4.3 requires the District to expand electric vehicle charging infrastructure throughout the city.

As introduced by the Mayor, Title VII, Subtitle H – Encouraging Alternative Fuel Vehicles through Tax Incentives aims to promote the use of alternative fuel vehicles. Section 772 proposes to ban the new registration of vehicles that use only petroleum diesel fuel by 2018. Upon discussions, at the hearing<sup>8</sup>, the Executive expressed support for a provision that requires all diesel fuel sold in the District to contain at least five percent biodiesel, instead of a ban. Section 773 of Subtitle H provides a partial tax credit to a vehicle owner that modifies their existing petroleum derived gasoline or petroleum derived diesel vehicle into a vehicle capable of operating on one of the listed acceptable fuels (ethanol, natural gas; compressed natural gas; liquefied natural gas; liquefied petroleum gas; biodiesel, excluding kerosene; electricity from a vehicle charging station; or hydrogen). The tax credit, as proposed in the introduced version, would be available for taxable years January 1, 2014 to January 1, 2026 and could be applied to defer half the cost of the labor or equipment necessary to complete the conversion. According to the analysis provided in the Fiscal Impact Statement for the Fiscal Year 2015 Budget Support Act of 2014, electric vehicles are the only alternative fuel vehicles that show enough growth over the financial plan period to demand additional infrastructure.

In consultation with the Office of General Counsel, Subtitles H and I have been combined into one subtitle (H) and renamed “Encouraging Alternative Fuel through Tax

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<sup>7</sup> DC Sustainable Plan, Goal 4 of the Transportation Section, Page 18.

<sup>8</sup> Joint hearing on Bill 20-573 held on January 8, 2014.

Incentives”, to eliminate confusion and redundancies, rationalize the section and bring chronological order to the code.

**b. Committee Reasoning**

**The Committee recommends combining the proposed subtitle with Subtitle I and renamed to “Encouraging Alternative Fuel Vehicles and Infrastructure through Tax Incentives” to eliminate confusion and redundancies, rationalize the section and bring chronological order to the code. The combined subtitles includes amendments recommended by the committee in the committee print of Bill 20-573, filed March 19, 2014; and additionally extends the tax rebate to electric charging stations installed in private residences, and places a limit on the tax credits of \$19,000 per vehicle and \$10,000 per electric charging station.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**8. TITLE VII, SUBTITLE I. ENCOURAGING ALTERNATIVE FUEL INFRASTRUCTURE INSTALLATION THROUGH TAX INCENTIVES.**

**a. Purpose, Effect, and Impact on Existing Law**

This proposed subtitle would implement and fund two provisions originally proposed in the Mayor’s Sustainable DC Plan (“the Plan”), and included in Bill 20-573, the “Sustainable DC Omnibus Act of 2013”. This subtitle aims to address two of the action items in the Transportation section of the Plan<sup>9</sup>. Goal 4 of the Transportation section, in the Plan, aims to “Improve air quality along major transportation routes” with a target of 2032 to eliminate all “unhealthy” air quality index days, including “unhealthy” for sensitive groups. Action 4.2 requires the District government, and encourages private businesses, to purchase clean fuel, low emission fleet vehicles over the life of the plan. Action 4.3 requires the District to expand electric vehicle charging infrastructure throughout the city.

Title VII, Subtitle I – Encouraging Alternative Fuel Infrastructure Installation through Tax Incentives as introduced, proposes to provide a partial tax rebate to entities attempting to defray a portion of the cost to install a compressed natural gas (CNG), liquefied natural gas (LNG), or a propane refueling site, or to install an electric recharging site that is accessible to the

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<sup>9</sup> DC Sustainable Plan, Goal 4 of the Transportation Section, Page 18.

public. The committee also recommends extending this tax rebate to electric recharging sites in private residences.

In consultation with the Office of General Counsel, Subtitles H and I have been combined into one subtitle (H) and renamed “Encouraging Alternative Fuel through Tax Incentives”, to eliminate confusion and redundancies, rationalize the section and bring chronological order to the code.

**b. Committee Reasoning**

**The Committee recommends combining the proposed subtitle with Subtitle I and renamed to “Encouraging Alternative Fuel Vehicles and Infrastructure through Tax Incentives” to eliminate confusion and redundancies, rationalize the section and bring chronological order to the code. The combined subtitles includes amendments recommended by the committee in the committee print of Bill 20-573, filed March 19, 2014; and additionally extends the tax rebate to electric charging stations installed in private residences, and places a limit on the tax credits of \$19,000 per vehicle and \$10,000 per station.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**9. TITLE VII, SUBTITLE J. REAL PROPERTY TAX CALCULATED RATE CLARITY.**

**a. Purpose, Effect, and Impact on Existing Law**

The proposed subtitle would make two clarifying changes to the D.C. Code. First, it moves the deadline for the releasing of the calculated rate from September 15<sup>th</sup> to January 5<sup>th</sup> for both residential and commercial property. Currently, the OCFO is required to recalculate the residential real property tax rate by September 15<sup>th</sup> of every year if the revenues for the next fiscal year are projected to grow faster than the assessed values, or by more than 7 percent. The OCFO must also recalculate the commercial real property tax rate on the first \$3 million of assessments if the revenue from Class 2 properties is projected to grow by more than 10 percent. Second, it clarifies that Class 2 real property is taxed at two rates (current law disregards the lower rate). The first \$3 million of assessments is taxed at \$1.65 per \$100 dollars of assessed value; and above \$3 million is taxed at \$1.85 per \$100 of assessed value. Moving the calculated release date to January 5<sup>th</sup>, which is after the end of the previous fiscal year and also after when the second half of real property taxes are due, allows for the OCFO to use better, more accurate data for base year revenues. The OCFO has also indicated by moving the date to January will still allow for any adjustments before the first half of real property tax bills are mailed.

**b. Committee Reasoning**

The Committee recommends adoption of the proposed subtitle to include technical amendments recommended by the Office of the General Counsel.

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**10. TITLE VII, SUBTITLE K. CARVER 2000 SENIOR MANSION REAL PROPERTY TAX ABATEMENT.**

**a. Purpose, Effect, and Impact on Existing Law**

This proposed subtitle would remove the 16-year sunset provision currently in place for real property taxes for property owned by the Carver 2000 Senior Mansion, and provide for the real property tax relief permanently. The 16-year relief was set to expire in 2018.

**b. Committee Reasoning**

The Committee recommends adoption of the proposed subtitle to include technical amendments recommended by the Office of the Chief Financial Officer.

**c. Section-by-Section Analysis**

N/A

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**11. TITLE VII, SUBTITLE L. RESIDENTIAL REAL PROPERTY EQUITY AND TRANSPARENCY AMENDMENT.**

**a. Purpose, Effect, and Impact on Existing Law**

The proposed subtitle enacts a number of protections for homeowners who have fallen behind on their real property tax payments to the District.

**b. Committee Reasoning**

**The Committee recommends adoption of the subtitle as amended. When the budget was sent over from the Mayor, Bill 20-23 had not yet passed the Council. Since the bill has now passed the Council, the Mayor’s proposal has been amended to conform the permanent bill to the emergency legislation that is now also in effect. In addition, the bill contains recommended clarifications from Councilmember Cheh to the clean hands provision and with regard to online posting by the Chief Financial Officer.**

**In addition, the Committee makes the unfunded recommendation to enact the original provisions of the bill relating to reducing the interest rate on late taxes from 18% to 12% and to create the office of real property tax sale review. Both of these items were included in this Committee’s original proposal but were not funded by the Mayor.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

## **B. RECOMMENDATIONS FOR NEW BUDGET SUPPORT ACT SUBTITLES**

The Committee on Finance and Revenue recommends the following new subtitles to be added to the “Fiscal Year 2015 Budget Support Act of 2014”:

1. American Academy of Achievement Real Property Tax Abatement
2. Meridian International Center Real Property Tax Abatement
3. Scottish Rite Temple Real Property Tax Abatement
4. American Association of Medical Colleges Real Property Tax Exemption
5. Kelsey Gardens Redevelopment
6. Underpayment of Estimated Tax
7. Tax Transparency and Effectiveness
8. Grocery Store Incentive Clarification
9. Taxpayer Predictability
10. Trash Compactor Amendment
11. Social Impact Investing Pilot Program
12. Low-Income Housing Tax Credit
13. Disabled Veterans Homestead Exemption
14. Organ Donors Save Lives
15. Commission on the Arts and Humanities Dedicated Funding
16. IPW Fund Establishment
17. LAHDO Estoppels
18. QHTC Amendment
19. Emerging Business District Demonstration Project
20. Retirement Parity
21. Historic Cultural Music Institutions
22. Office of the Chief Financial Officer Reporting Requirements

### **1. AMERICAN ACADEMY OF ACHIEVEMENT REAL PROPERTY TAX ABATEMENT.**

#### **a. Purpose, Effect, and Impact on Existing Law**

This subtitle would amend Chapter 10 of Title 47 of the District of Columbia Official Code to exempt from taxation Lot 0829 in Square 0182, so long as the property is used for the purposes and activities of the American Academy of Achievement and not used for a commercial purpose.

#### **b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle, subject to funding. The American Academy of Achievement is a nationally recognized nonprofit organization that provides valuable educational services to District residents, as well as people throughout the United States. As will be discussed further below, the Academy is one of several valuable nonprofits in the District that have had their longstanding real property**

tax exemption revoked by the Office of Tax and Revenue. The Committee recommends both funding this subtitle but also enacting a grandfather provision, to clarify that a nonprofit with a 10-year tax abatement should not have it suddenly revoked.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**2. MERIDIAN INTERNATIONAL CENTER REAL PROPERTY TAX ABATEMENT.**

a. Purpose, Effect, and Impact on Existing Law

This subtitle would amend Chapter 10 of Title 47 of the District of Columbia Official Code to exempt from taxation Lots 806, 808, and 809 in Square 2568 and Lots 2369 through 2401, 2413 through 2417, 2423, 2441, and 2442 in Square 2567, so long as the properties are used for the purposes and activities of Meridian International Center and not used for a commercial purpose.

b. Committee Reasoning

**The Committee recommends adoption of the proposed subtitle, subject to funding. Meridian International is a unique nonprofit organization that engages in many different types of program activities to the benefit of District residents, such as bringing international visitors to local school classrooms. As will be discussed further below, the Academy is one of several valuable nonprofits in the District that have had their longstanding real property tax exemption revoked by the Office of Tax and Revenue. The Committee recommends both funding this subtitle but also enacting a grandfather provision, to clarify that a nonprofit with a 10-year tax abatement should not have it suddenly revoked.**

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**3. SCOTTISH RITE TEMPLE REAL PROPERTY TAX ABATEMENT.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would provide a real property tax exemption for certain lots acquired by the Supreme Council, or House of the Temple Historic Preservation Foundation, Inc. (the Supreme Council, 33 Degree, A&ASRF,SJ, USA) commonly known as the Scottish Rite Temple in Square 192, between 15th and 16th Streets, NW, and S Street NW (to the North) and a public alley (to the South). The Scottish Rite Temple received a federal tax exemption for several, but not all, of the lots in Square 192 and since the federal exemption was granted in 1971 acquired additional lots that are not specifically identified in the Federal exemption. In 2013, the Scottish Rite Temple consolidated all the record lots into one single lot- but was not able to receive a real property tax exemption for this consolidated single lot administratively by OTR.

**b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle, subject to funding.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**4. AMERICAN ASSOCIATION OF MEDICAL COLLEGES REAL PROPERTY TAX EXEMPTION.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle amend Chapter 10 of Title 47 of the District of Columbia Official Code to exempt from taxation certain real property owned by the Association of American Medical Colleges, so long as the property is used for the purposes and activities of the Association of American Medical Colleges and not used for a commercial purpose.

**b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle, subject to funding. The Association of American Medical Colleges is a 501(c)(3) public charity that has owned and operated buildings in the District of Columbia since 1990, and the Committee recommends continuing to extend this tax abatement.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**5. KELSEY GARDENS REDEVELOPMENT.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle permanently amends § 47-4625 to adjust by approximately 1,600 square feet the amount of retail space required for the property to qualify for the real property tax abatement. (The Council passed emergency and temporary legislation in March, 2014 to resolve this specific issue). In 2009 legislation was passed to provide a limited real property tax abatement to the Kelsey Gardens redevelopment project, and this legislation mirrored requirements for the project established by the Zoning Commission included in the Planned Unit Development (PUD), such as approximately 15,000 square feet of ground-level retail space. In 2012, the project, in consultation and support from the Office of Planning and the Advisory Neighborhood Commission, obtained a minor modification to the PUD, changing the location of the fitness center to the front of the apartment building – to assist and enhance the streetscape. This relocation changed the total approximate square footage for retail of the project, causing the Office of Tax and Revenue to reject the tax abatement, and begin assessing taxes.

**b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**6. UNDERPAYMENT OF ESTIMATED TAX.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would designate the amounts due for the underpayment of estimated tax liability on income and franchise taxes as interest payments, and not refer to underpayments as an estimated tax penalty. Currently if estimated tax payments are underpaid, the taxpayer owes a penalty, which is calculated as interest, but is called a penalty in the D.C. Code. By changing

terminology from penalty to interest, it clarifies to the taxpayer what is owed (interest on the remaining amount due) and allows the taxpayer to deduct from their federal return this interest amount.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, with technical amendments as suggested by the General Counsel. This subtitle is being added at the request of the Office of Tax and Revenue as a means of assisting them in more efficiently collecting revenue.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**7. TAX TRANSPARENCY AND EFFECTIVENESS.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would establish a regular review cycle (every five years for similar type incentives) to be performed by the OCFO that would be announced and published in advance for evaluating tax incentives provided by the city. The intent of these reviews would be to evaluate the tax incentives based on measurable goals, cost benefit analysis, and use this information to make informed policy decisions in the future. The legislation also requires a council public round table by the committee with oversight of the OCFO on the evaluation report released that year.

**b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**8. GROCERY STORE INCENTIVE CLARIFICATION.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would amend the Food, Environmental, and Economic Development Act of 2010 (“FEED DC Act”) to: clarify the locations where small, healthy food grocers can find suitable space to open; make the FEED DC Act consistent with the comprehensive plan; remove confusion about "eligible area" versus "priority development area"; and specifically allow a Yes! Organic market that relocated to a larger space on Barracks Row to apply for a rebate and exemptions for a store that opened in 2012. The language in the FEED DC Act regarding boundaries for larger, national chains would not change. The census tracts criteria incorporated into the FEED DC Act is reported to divide commercial corridors down the middle of the street such that one side qualifies and the other side does not, or one corner block qualifies while another does not; this subtitle would rectify this.

**b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**9. TAXPAYER PREDICTABILITY.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would clarify that District nonprofit organizations who have received tax abatements for ten years or longer are grandfathered into those exemptions, so long they continue to operate the property in furtherance of their exempt purpose. For-profit activities, such as the hosting of wedding receptions or other events, are allowed, provided that the funds raised through those for-profit activities support the underlying mission of the institution.

**b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle, which does not have a fiscal impact so long as it is prospective only.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**10. TRASH COMPACTOR AMENDMENT.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would provide an incentive for restaurants to group together to purchase or lease a trash compactor. This would provide substantial aesthetic benefits for the neighborhoods, reduce the problem of rats in the city, and decrease wear and tear on our roads and alleys as fewer trash pickups are needed.

**b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle as amended to create a pilot grant program of up to \$50,000 per year, subject to funding. This should be administered by the Department of Health as a grant rather than as a tax credit.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**11. SOCIAL IMPACT INVESTING PILOT PROGRAM.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would allow the District to support local arts programs by investing a portion of District assets of no more than 1% in bonds issued by arts organizations.

**b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**12. LOW-INCOME HOUSING TAX CREDIT.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would create a district Low income housing tax credit (LIHTC) program to provide additional LIHTC equity for affordable housing projects in D.C. This local program would mirror the federal program, which has been in existence for several years. This would essentially allocate tax credits to a housing project which the project can then monetize (to be paid over a ten year period), thereby lowering the amount of money the project needs to borrow. Currently the District has the following program available: it can invest its own capital to lower the conventional debt a project needs to borrow (Housing Production Trust Fund (HPTF)), or provide operating subsidies to a developer that enable the project to borrow more money while maintaining rental affordability (Local Rent Supplement Program (LSRP)).

**b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle, subject to funding.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**13. DISABLED VETERANS HOMESTEAD EXEMPTION.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would provide a real property tax credit for disabled veterans whose adjusted gross income is less than \$100,000.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, with technical amendments as suggested by the General Counsel, subject to funding.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**14. ORGAN DONORS SAVE LIVES.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would provide tax credits for live organ donation expenses of up to \$25,000 incurred during the tax year for which the donation occurs. Expenses include unreimbursed expenses for: lodging, travel paid by the taxpayer for a family member or caretaker or professional caretaker during the taxpayer's recovery, wages or other compensation lost because of the taxpayer's absence during the donation procedure and convalescence, or life insurance and medical insurance costs the taxpayer incurs in relation to the removal of a human organ other than bone marrow.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, with technical amendments as suggested by the General Counsel, subject to funding.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**15. COMMISSION ON THE ARTS AND HUMANITIES DEDICATED FUNDING.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would fix the perpetual problem of funding for the arts in the District of Columbia. This subtitle, while subject to funding, would provide that one quarter of one percent out of the current 5.75% sales tax would be dedicated to funding the Commission on the Arts and Humanities. This revenue, estimated at around \$22 million this year, would be implicitly indexed to inflation. This is not a proposal to increase the sales tax, but rather to dedicate a portion of the current tax toward arts funding, as new revenue is identified in upcoming revenue estimates by the Chief Financial Officer.

**b. Committee Reasoning**

**The Committee recommends adoption of the proposed subtitle, with technical amendments as suggested by the General Counsel.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**16. IPW FUND ESTABLISHMENT.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would establish a non-lapsing fund, matched 100% by the private sector, to support Destination DCs planning and executing of hosting the U.S. Tourism Association's annual international tourism conference, known as the IPW. IPW is the travel industry's premier international marketplace, with more than 1,000 U.S. travel organizations and close to 1,200 international and domestic buyers conducting business negotiations on future travel to the United States. This convention is scheduled to take place in Washington, DC June 3-7, 2017.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, with technical amendments as suggested by the General Counsel.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**17. LAHDO ESTOPPELS.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would change the statute to require the Department of Housing and Community Development (DHCD) provide a letter certifying to the lessee and to OTR that the lessee in the Land Acquisition for Housing Development Opportunities Program (LAHDO) is in compliance with the LAHDO lease and in good standing with DHCD and exempt from the

Possessory Interest Tax (PIT). Under the LAHDO program, the District acquires land and leases it for residential housing, which otherwise would trigger the PIT. The previous requirement in the statute specified that the certification had to be issued before the beginning of the tax year in order for the PIT exemption to apply for that year. DHCD has not been able to issue certifications in a timely manner, which has deprived LAHDO properties of the PIT exemption which would otherwise be available to them. The proposed subtitle would eliminate the requirement that the certification be issued before the beginning of a tax year and would permit DHCD to make certifications as to the current or prior years. DHCD would also be required to notify OCFO if a lessee is not in compliance with its LAHDO lease.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, with technical amendments as suggested by the General Counsel.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**18. QHTC AMENDMENT.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would close a Qualified High Technology Credit loophole, and ensure the tax relief is provided to the intended recipients. It would clarify the credit is for Qualified High Technology companies and not just a company who just uses high tech equipment.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, with technical amendments as suggested by the General Counsel.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**19. EMERGING BUSINESS DISTRICT DEMONSTRATION PROJECT<sup>10</sup>.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would create a grant program to promote business development and provide financial assistance for up to five years while a business tax base is further established in neighborhoods throughout the city. Eligibility for funds would be dependent on applicants demonstrating property owner commitment to the program through matching grants, but would also allow existing Business Improvement Districts (BIDs) with annual budgets under \$1 million as well as eligible 501(c)(3) and 501(c)(6) organizations may apply and be awarded funds.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, with technical amendments as suggested by the General Counsel.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**20. RETIREMENT PARITY.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would enact certain recommendations of the Retirement Reform Task Force of 2007. Unfortunately, only 40% of eligible DC government workers are even enrolled in our 457 retirement plan. Our 401a plan will likely not provide enough retirement income for these government workers.

This problem, as well as the overly draconian cuts that were made to the District’s retirement plan during the Control Board era, prompted a review. Specifically, in 2007, at the request of then-city administrator Dan Tangherlini, a Retirement Reform Task Force was constituted. The task force, consisting of the representatives of the Department of Human Resources and the Office of the Chief Financial Officer, made a number of important recommendations to change the current retirement system.

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<sup>10</sup> This subtitle was first introduced as Bill 20-639, the “DC Business Improvement District Economic Development Act of 2014”, which was initially changed to be the Community Improvement Corridor. To be consistent with the Committee on Economic Development’s Report and Recommendations on the Fiscal Year 2015 Budget for the Agencies Under its Purview, it has been changed.

First, the Task Force recommended a faster vesting schedule for the 401a plan. This provision was implemented in substantial part by legislation from Councilmember Cheh several years ago.

Secondly, the Task Force recommended a match of 457 contributions, up to 3% of an employee's salary. The Committee recommends adoption of this concept, but with a match of up to 5%.

Third, the Task Force recommended an adjustment of 401a contributions from 5% to 7%. The Committee recommends adoption of this recommendation.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, with technical amendments as suggested by the General Counsel, subject to funding.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**21. HISTORIC CULTURAL INSTITUTIONS PILOT PROGRAM.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would establish a pilot program to provide certain tax incentives to longstanding historic cultural institutions in the District of Columbia.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, with technical amendments as suggested by the General Counsel, subject to funding.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**22. OFFICE OF THE CHIEF FINANCIAL OFFICER REPORTING REQUIREMENTS.**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would establish that by October 1, 2014 the Office of the Chief Financial Officer submits to the Council a report on recommendations for improving transparency of the OCFO budget, including a plan for implementing improvements by the submission of the Fiscal Year 2016 budget to the Council.

**b. Committee Reasoning**

**The Committee recommends adoption of this proposed subtitle, with technical amendments as suggested by the General Counsel, subject to funding.**

**c. Section-by-Section Analysis**

n/a

**d. Legislative Recommendations for Committee of the Whole**

See Appendix C for the Committee's Budget Support Act legislative language recommendations.

## V. COMMITTEE ACTION AND VOTE

The Committee on Finance and Revenue met on Wednesday, May 14, 2014 at 12:15 p.m. in the Council Chambers to consider and vote on the Mayor's FY 2015 Budget Request for the agencies under its jurisdiction, the provisions of the FY 2015 Budget Support Act of 2014 referred to the Committee for comment, as well as the Committee's Budget Support Act recommendations, and the draft Committee report. Chairperson Evans determined the presence of a quorum consisting of himself and Councilmembers Barry, Bowser, Catania and Grosso.

Chairperson Evans made opening remarks summarizing the Committee's proposed actions. Each committee member made brief remarks expressing their thoughts on the Committee's proposed actions and their position on the report as presented. Councilmember Barry offered an amendment for committee policy recommendations that was accepted. Councilmember Grosso offered a friendly amendment that was accepted.

Chairperson Evans then moved the committee report and recommendations on the FY 2015 budget requests of the agencies under the Committee's purview, as well as the Committee's recommendations for the Fiscal Year 2015 Budget Support Act. The members voted as follows:

### **Fiscal Year 2015 Budget Request Act Recommendations**

Members in favor: Evans, Barry, Bowser, Catania, Grosso

Members opposed:

Members voting present:

Members absent:

The Committee's Fiscal Year 2015 Budget Request Act recommendations are adopted by a vote of 5 yes, 0 no, 0 present, 0 absent.

### **Fiscal Year 2015 Budget Support Act Recommendations**

The Members voted as follows:

Members in favor: Evans, Barry, Bowser, Catania, Grosso

Members opposed:

Members voting present:

Members absent:

The Committee's Fiscal Year 2015 Budget Support Act recommendations are adopted by a vote of 5 yes, 0 no, 0 present, 0 absent.

Business having concluded, the meeting was adjourned at 12:50 p.m.

## VI. ATTACHMENTS

- A. April 29, 2014 FY 2015 Budget Oversight Hearing Witness List and Testimony.
- B. May 7, 2014 FY 2015 Budget Oversight Hearing Witness List and Testimony.
- C. FY 2015 Budget Support Act legislative language recommendations.
- D. Tax Abatement and Financial Analysis (TAFAs) issued.
- E. Amendments.