TO: Members of the Council of the District of Columbia  

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

DATE: May 3, 2018  

SUBJECT: Report and Recommendations of the Committee on Finance and Revenue on the Fiscal Year 2019 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 2019 ("FY 2019") 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 2019 Budget Support Act of 2018, as proposed by the Mayor.  

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COUNCIL BUDGET DIRECTOR CERTIFICATION: __________________________ DATE: ______
III. TRANSFERS TO OTHER COMMITTEES

IV. BUDGET SUPPORT ACT RECOMMENDATIONS

A. Recommendations on Mayor’s Proposed Subtitles

1. TITLE II. SUBTITLE A. SUPERMARKET TAX INCENTIVE TECHNICAL AMENDMENT
2. TITLE II. SUBTITLE I. ARTS AND HUMANITIES LICENSE PLATES
3. TITLE II. SUBTITLE L. EXTENSION OF PARKSIDE TAX ABATEMENT
4. TITLE II. SUBTITLE M. ST ELIZABETHS EAST TAX ABATEMENT
5. TITLE IV. SUBTITLE F. EARLY LEARNING TAX CREDIT
6. TITLE V. SUBTITLE A. INDIVIDUAL HEALTH INSURANCE REQUIREMENT
7. TITLE VI. SUBTITLE A. DEDICATED WMATA FUNDING
8. TITLE VI. SUBTITLE F. KIDS RIDE FREE PROGRAM
9. TITLE VII. SUBTITLE A. SENIOR RESIDENTS REAL PROPERTY TAX CAP
10. TITLE VII. SUBTITLE C. FEMININE HYGIENE PRODUCTS SALES TAX EXEMPTION IMPLEMENTATION
11. TITLE VII. SUBTITLE D. QUALIFIED BUSINESS INCOME TAX DEDUCTION CLARIFICATION

B. Recommendations for New Subtitles

1. TITLE X. SUBTITLE X. Private Security Camera System Incentive Clarification
2. TITLE X. SUBTITLE X. Commission on the Arts and Humanities Board Term Clarification Amendment
3. TITLE X. SUBTITLE X. Real Property Tax Abatement Reporting Clarification
4. TITLE X. SUBTITLE X. Real Property Tax Clarification
5. TITLE X. SUBTITLE X. OCFO Fingerprinting Authorization
6. TITLE X. SUBTITLE X. Empowerment Zone Designation
7. TITLE X. SUBTITLE X. Motor Fuel Importer’s License Fee Amendment
8. TITLE X. SUBTITLE X. Television, Video, or Radio Service Act
9. TITLE X. SUBTITLE X. Delinquent Debt Recovery Amendment
10. TITLE X. SUBTITLE X. Mixed Use Neighborhood Conversion
11. TITLE X. SUBTITLE X. Commission on the Arts and Humanities Charles Hamilton Houston Statue
12. TITLE X. SUBTITLE X. Commission on the Arts and Humanities Dedicated Funding
13. TITLE X. SUBTITLE X. Residential Building Permit Classification
14. TITLE X. SUBTITLE X. Franklin School Real Property Tax Exemption Amendment
15. TITLE X. SUBTITLE X. Historic Music Cultural Institutions Expansion Amendment
16. TITLE X. SUBTITLE X. Alabama Avenue International House of Pancakes Real Property Tax Exemption
17. TITLE X. SUBTITLE X. 14th Street NW International House of Pancakes Real Property Tax Exemption
18. TITLE X. SUBTITLE X. Stormwater Infrastructure Incentive Amendment

V. COMMITTEE ACTION AND VOTE

VI. ATTACHMENTS
I. SUMMARY

A. FISCAL YEAR 2019 AGENCY OPERATING BUDGET SUMMARY

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<th>FY 2019 Operating Budget by Fund Type (Gross Funds)</th>
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## B. Fiscal Year 2019 Agency Full-Time Equivalent

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</tr>
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<td>SPECIAL PURPOSE REVENUE FUNDS ('O'TYPE)</td>
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<tr>
<td>GROSS FTE</td>
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### C. FY 2019 - 2024 Agency Capital Budget Summary

<table>
<thead>
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<th>Project Agency</th>
<th>Project No</th>
<th>Project Title</th>
<th>Alloc/Reac</th>
<th>Available Allocs</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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</table>

#### C. TRANSFERS IN FROM OTHER COMMITTEES

<table>
<thead>
<tr>
<th>Sending Committee</th>
<th>Amount</th>
<th>FTEs</th>
<th>Receiving Agency</th>
<th>Program</th>
<th>Purpose</th>
<th>Recurring or One-Time</th>
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<tbody>
<tr>
<td>Health</td>
<td>$50,000</td>
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<td>One-time</td>
</tr>
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<tr>
<td>Total</td>
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</table>

#### E. TRANSFERS OUT TO OTHER COMMITTEES

<table>
<thead>
<tr>
<th>Receiving Committee</th>
<th>Amount</th>
<th>FTEs</th>
<th>Receiving Agency</th>
<th>Program</th>
<th>Purpose</th>
<th>Recurring or One-Time</th>
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<tr>
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<td>Transportation</td>
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<td>(3825)</td>
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<td>One Time</td>
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<tr>
<td>Total</td>
<td>$549,000</td>
<td></td>
<td></td>
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</table>
### F. Revenue Adjustment

**Revenue Adjustments**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Fund Type</th>
<th>Amount</th>
<th>Use</th>
<th>BSA subtitle</th>
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<tbody>
<tr>
<td>CAH(BX0)</td>
<td>Operating</td>
<td>$5,000,000</td>
<td>Increase for grant fund awards</td>
<td>(new) Delinquent Debt</td>
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</tbody>
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### G. Budget Support Act Subtitle Funding

**Subtitle**

<table>
<thead>
<tr>
<th>Subtitle</th>
<th>Agency</th>
<th>Program</th>
<th>Amount</th>
<th>FTEs</th>
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</thead>
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<tr>
<td>Delinquent Debt Recovery Amendment</td>
<td>CAH (BX0)</td>
<td>(2010)</td>
<td>$5,000,000</td>
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---

### H. Funding of Bills Previously Passed Subject to Appropriation

N/A
I. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

OFFICE OF THE CHIEF FINANCIAL OFFICER

Operating Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 operating budget for the Office in the amount of $181,179,471.61.

Capital Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 capital budget for the Office of $13.9 million in FY 2019 and $137 million over the course of the 6-year capital plan. The bulk of which is for the SOAR modernization project ($112 million).

D.C. LOTTERY AND CHARITABLE GAMES

Operating Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 budget for the Lottery in the amount of $225,281,568, a reduction of 6.1% from the 2018 budget.

Capital Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 capital budget for the Lottery of $0.

REAL PROPERTY TAX APPEALS COMMISSION

Operating Budget Recommendations
The Committee recommends adoption of the FY 2019 budget for the Commission in the amount of $1,763,225.

Capital Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 capital budget for the Commission of $0.

OFFICE OF FINANCE AND RESOURCE MANAGEMENT

Operating Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 budget for the Office of Finance and Resource Management in the amount of $36,737,522, a reduction of 2.1% from the 2018 budget.

Capital Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 capital budget for the Office of Finance and Resource Management of $0.
D.C. COMMISSION ON THE ARTS AND HUMANITIES

Operating Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 budget for the D.C. Commission on the Arts and Humanities with the addition of $5 million recurring, for a total in the amount of $35,932,082.50.

Capital Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 capital budget for the Commission of $0.

EVENTS DC/WASHINGTON CONVENTION AND SPORTS AUTHORITY

Operating Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 budget for the Authority in the amount of $200,612,077. This includes a $50,000 increase for EventsDC to support the annual Title IX Conference and Classic event.

Capital Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 capital budget for the Authority of $0.

DESTINATION DC

Operating Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 budget for Destination DC in the amount of the dedicated tax of 0.3 percent on gross receipts from hospitality charges, including hotel rooms, and inns, and dedicated to the Washington Convention and Sports Authority for transferring to Destination DC.

Capital Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 capital budget for Destination DC of $0.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Operating Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 budget for the Authority in the amount of $412,174,659.

Capital Budget Recommendations
The Committee recommends adoption of the Mayor’s FY 2019 capital budget for the Authority of $110,701,152.00 in FY 2019 and $1,629,174,085.86 over the course of the 6-year capital plan.
INTER-COMMITTEE TRANSFERS

Operating - Transfers In

The Committee accepts a transfer of $50,000 from the Committee on Health to Events DC to support the annual Title IX Conference and Classic event.

Operating - Transfers Out

The Committee recommends a transfer of $549,000 from KE0 Project TOP02C – Project Development allotment from an old existing (prior fiscal year) allotment to the Committee on Transportation and the Environment for the following:

- $539,000 to the District Department of Transportation to help fund a combined Environmental Assessment and NEPA study of I-66/Rock Creek Parkway Bypass.
- $10,000 to the Department of Parks and Recreation CSG (41) Activity (3825), to install new grass sod and make associated surface improvements to the 10th Street park, N.W.
II. AGENCY FISCAL YEAR 2019 BUDGET RECOMMENDATIONS

A. INTRODUCTION

The Committee presents its recommendations for the District of Columbia’s FY 2019 budget. Under Council rules, the Committee on Finance and Revenue is responsible for matters relating to taxation and revenue for the operation of the government of the District of Columbia, general-obligation bond acts, revenue-anticipation notes, and industrial revenue-bonds; tourism and cultural affairs; the establishment of business-improvement districts; and matters relating to the Washington Metropolitan Area Transit Authority.1

The District agencies, boards, and commissions that come under the Committee’s purview are as follows:

I. Office of the Chief Financial Officer2
II. D.C. Lottery and Charitable Games
III. Real Property Tax Appeals Commission
IV. Office of Finance and Resource Management
V. D.C. Commission on the Arts and Humanities
VI. Events DC/Washington Convention and Sports Authority
VII. Destination DC
VIII. Washington Metropolitan Area Transit Authority

The Committee is chaired by Councilmember Jack Evans. The other members of the Committee are Councilmembers Vincent Gray, Kenyan McDuffie, Elissa Silverman, and Robert White.

The Board of Review of Anti-Deficiency Violations, the Multistate Tax Commission, and the Sports Authority Subsidy are also within the purview of the Committee. These three entities are paper agencies that do not receive a budget. The Committee therefore did not hold an oversight hearing during the budget process for these three agencies and does not discuss them in further detail within this report.

The Committee held performance and budget oversight hearings on the following dates:

2 The Office of the Chief Financial Officer includes seven divisions: (1) Office of Tax and Revenue; (2) Office of Finance and Treasury; (3) Office of Revenue Analysis; (4) Office of Financial Operations and Systems; (5) Office of Integrity and Oversight; (6) Economic Development Finance; and (7) Office of Budget and Planning. The Committee possesses oversight jurisdiction for all divisions except for the Office of Budget and Planning, which is overseen by the Committee of the Whole. See Council Period 22 Rules, supra note 1, Rules 231(e), 234(b).
The Committee received important comments from members of the public during the budget oversight hearing process. Copies of witness testimony are included as attachments to this report. The Committee welcomes public input on the agencies and activities within its purview.

The Committee wishes to note that the oversight function of the Committee and the Council is an ongoing activity that continues throughout the year. Areas of particular importance to this Committee include addressing the findings and recommendations contained in the annual Comprehensive Annual Financial Report (CAFR), the annual Management Letter (now called the “Memorandum of Recommendations”), audits and reports issued by the Office of the Inspector General and the D.C. Auditor, and the “Yellow Book” findings of the CAFR. The Committee is very pleased that, upon reviewing the reports for the prior three fiscal years (2015, 2016 and 2017), no Yellow Book was published.

The Committee remains focused on the continued development and successful operations and performance of the Real Property Tax Appeals Commission. The Committee monitors the operation of the lottery contract and the transition to new management within the agency. In the Office of the Chief Financial Officer, the Committee remains particularly interested in the functions of the Office of Tax and Revenue and our ability to provide high quality customer service to our residents.

The Committee has and will continue to support the mission of the Commission on the Arts and Humanities. The Committee aims to provide additional funding to the Commission so that the District may adequately assist all of those within our arts and humanities community. With respect to the Washington Convention and Sports Authority—referred to as Events DC—the Committee continues to monitor the

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3 See infra Parts VII. A and VII. B.
4 The Yellow Book contains findings on agency systems and processes that require action and improvement.
successful operations of the Convention Center and the oversight and management of the Carnegie Library and the Robert F. Kennedy Stadium, as well as the development of the Entertainment and Sports Arena on the campus of St. Elizabeth’s near the Congress Heights Metro station. The Committee worked to provide an annual marketing supplement to Destination DC and assist the entity in advertising all that the District has to offer. This additional funding was further memorialized last year through a 0.30% increase and dedicated portion of the hotel sales tax rate.

Another focus area for the Committee continues to be investing in the Washington Metropolitan Area Transit Authority. Funding the Authority’s capital budget will aid in helping to address the safety concerns of the past few years and help remedy deferred maintenance issues. The approval of multi-jurisdiction dedicated funding for WMATA is the crucial first step for success of the system moving forward.
B. OFFICE OF THE CHIEF FINANCIAL OFFICER

1. AGENCY MISSION AND OVERVIEW

The stated mission of the Office of the Chief Financial Officer (OCFO) is to provide financial management services to the government and the people of the District of Columbia and to sustain long-term fiscal and economic viability. The OCFO provides enhanced fiscal and financial stability, accountability, and integrity for the District government. The OCFO operates through seven programs: (1) Financial Operations and Systems; (2) Budget Development and Execution; (3) Research and Analysis; (4) Tax Administration; (5) Information Technology; (6) Finance and Treasury; and (7) Integrity and Oversight.

The Financial Operations and Systems division carries out the District’s accounting operations, including critical functions such as District-wide General Ledger accounting, financial reporting, and pay and retirement services. This program also works closely with the Office of the Inspector General to produce the CAFR, which shows the District’s financial position at the end of each fiscal year. The Budget Development and Execution division—commonly referred to as the Office of Budget and Planning (OBP)—prepares, monitors, analyzes, and executes the District government’s budget, including operating, capital, and enterprise funds, in a manner that facilitates fiscal integrity and maximizes services to taxpayers. The Research and Analysis division—also known as the Office of Revenue and Analysis (ORA)—provides revenue estimates, revenue policy analysis, and analysis supporting economic development.

The Tax Administration division—often referred to as the Office of Tax and Revenue (OTR)—provides fair, efficient, and effective administration of the District’s business, income, excise, and real property tax laws. The Information Technology division provides for the development and maintenance of state-of-the-art financial information systems to support the District’s payroll, pension, accounting, tax, budget, treasury, and web-based financial reporting systems. The Finance and Treasury division provides management of the financial assets and liabilities of the District government, including investing, collecting, safekeeping, disbursing, recording, and acquiring District financial resources. Finally, the Integrity and Oversight division maintains the accountability, integrity, and efficiency of the Districts’ financial management and tax administration systems.

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5 Although a component unit of the OCFO, the Committee does not perform oversight for OBP. This program falls under the oversight jurisdiction of the Committee of the Whole. See supra, note 4. The Committee, therefore, does not make any recommendations with respect to the funds or Full-Time Equivalents affecting OBP.
## 2. Fiscal Year 2019 Operating Budget

### FY 2019 Operating Budget by Fund Type (Gross Funds)

<table>
<thead>
<tr>
<th>OFFICE OF THE CHIEF FINANCIAL OFFICER</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
<th>Committee Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEDERAL GRANT FUND</td>
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<td>$450,000.00</td>
<td>$450,000.00</td>
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<td>LOCAL FUND</td>
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<td>$127,429,060.91</td>
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<td>OPERATING INTRA-DISTRICT FUNDS</td>
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<td>SPECIAL PURPOSE REVENUE FUNDS (&quot;O&quot; TYPE)</td>
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<td>$44,042,407.33</td>
<td>$44,592,863.69</td>
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<tr>
<td>GROSS FUNDS</td>
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<td>$173,393,575.27</td>
<td>$181,179,471.61</td>
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<td>$181,179,471.61</td>
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</table>

### FY 2019 Operating Budget by Comptroller Source Group (Gross Funds)

<table>
<thead>
<tr>
<th>OFFICE OF THE CHIEF FINANCIAL OFFICER (Excluding OBP)</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
<th>Committee Approved</th>
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</thead>
<tbody>
<tr>
<td>AGENCY FINANCIAL OPERATIONS</td>
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<td>1,568,517.52</td>
<td>1,601,572.02</td>
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<td>1,601,572.02</td>
</tr>
<tr>
<td>AGENCY MANAGEMENT</td>
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<td>10,317,636.02</td>
<td>11,318,067.87</td>
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<td>11,318,067.87</td>
</tr>
<tr>
<td>FINANCIAL OPERATIONS AND SYSTEMS</td>
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<td>13,629,550.42</td>
<td>13,948,560.38</td>
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<td>13,948,560.38</td>
</tr>
<tr>
<td>RESEARCH AND ANALYSIS</td>
<td>4,860,586.75</td>
<td>4,929,256.38</td>
<td>5,271,324.21</td>
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<td>5,271,324.21</td>
</tr>
<tr>
<td>TAX ADMINISTRATION</td>
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<td>71,662,826.24</td>
<td>76,366,437.83</td>
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<td>76,366,437.83</td>
</tr>
<tr>
<td>INFORMATION TECHNOLOGY</td>
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<td>26,575,789.17</td>
<td>27,654,423.72</td>
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<tr>
<td>FINANCE AND TREASURY</td>
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<td>40,080,143.03</td>
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<td>40,292,347.53</td>
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<tr>
<td>INTEGRITY AND OVERSIGHT</td>
<td>4,241,753.18</td>
<td>4,629,797.11</td>
<td>4,726,738.05</td>
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<td>4,726,738.05</td>
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<tr>
<td>GROSS FUNDS</td>
<td>$142,113,143.64</td>
<td>$173,393,575.27</td>
<td>$181,179,471.61</td>
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<td>$181,179,471.61</td>
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</table>

### FY 2019 Operating Budget by Program (Gross Funds)

<table>
<thead>
<tr>
<th>OFFICE OF THE CHIEF FINANCIAL OFFICER (Excluding OBP)</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
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<td></td>
<td>$181,179,471.61</td>
</tr>
</tbody>
</table>
Committee Analysis and Comments

The Committee commends the OCFO on its ongoing activities. The Committee is impressed by the OCFO’s new strategic plan for 2018 – 2023 and is hopeful it will implement those goals in a timely manner.

The Committee is confident in Jeffrey S. DeWitt’s continued service as the chief financial officer (CFO) for the District of Columbia for a five-year term through June 2022. The Committee encourages the OCFO to continue to evaluate the MITS implementation impacts on both its workforce and taxpayers. The Committee would like to see OTR engage with taxpayers and tax practitioners and preparers to hear about what is working well and what may need further refinement or adjustments with the new system.

The Committee intends to monitor the OCFO’s efforts to hire its requested additional FTEs to accomplish its collection goals under various programs. The Committee notes that the OCFO continues to have long-term vacancies within budgeted FTEs and recommends that this be an area of focus within the agency.

The Committee will also be monitoring implementation of increased oversight by OFCO in response to the D.C Auditor’s report regarding use of funds by the Housing Production Trust Fund. In general, the Committee would like to see a continued focus on preventing waste, fraud and abuse.

3. FY 2019-2024 Capital Budget

The Mayor’s proposed capital budget request includes an allotment of $13.9 million in FY 2019 and $109 million over the course of the 6-year capital plan. The bulk of this funding represents continued work toward the SOAR project.

Committee Analysis and Comments

1. CARRS (C1M01)

The capital funding necessary for the CARRS project has been spent and this project has been built. CARSS does not require any further capital funding in FY 2019 or in the capital plan. CARSS will be transitioning to operating funding, which has been included in the financial plan.

2. MITS

The Mayor’s proposed 6-year budget for the MITS project (CSP08) includes $6.9 million in funding to enable the OCFO to fully complete implementation of the current phase, which is phase 3 of the project. Phases 1 and 2 have been completed.

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Full implementation of the modernized system will provide intelligent case analytics and provide review and analysis abilities that result in increased tax compliance and collections—further producing increased revenues. Moreover, the new MyTax.DC.gov portal was launched and has shown strong performance since going live.

3. **SOAR Modernization**

The Mayor’s proposed 6-year budget for SOAR Modernization (BF301) totals $112 million through FY 2024. The Committee is encouraged to see that substantial funding increase necessary to execute this project continues to be included in the Mayor's proposed budget and capital plan.

The SOAR modernization project will implement major enhancements and improvements to the District’s General Ledger System by completely replacing the current R-STARS (SOAR) accounting system with a modern, web-based system utilizing industry best practices. The current application is 17-years old and must be replaced.

As noted by the committee last year, upgrading the SOAR system is essential to the continued financial performance of the District. Modernizing the system also improves its overall security and reliability. The SOAR Modernization must also be considered in the lens of budget autonomy. The decision at the D.C. Superior Court to uphold the District’s budget autonomy means that the city may now take steps to use and operate its budget in a manner that is of importance to District taxpayers and not elected officials at the federal level. A truly autonomous budget process would mean switching the fiscal year from October 1-September 30 to June 30-July 1. Such a change would match the fiscal year of the Washington Metropolitan Area Transit Authority and the District’s public schools, as well as that of neighboring states Maryland and Virginia. It is the understanding of the Committee that this change cannot be made with the current SOAR system and therefore could not take place until the SOAR Modernization occurs.

4. **Committee Recommendations**

a. **Fiscal Year 2019 Operating Budget Recommendations**

The Committee recommends adoption of the Mayor’s FY 2019 operating budget for the Office in the amount of $181,179,471.61.

b. **Fiscal Year 2019 Capital Budget Recommendations**

1. The Committee recommends adoption of the Mayor’s FY 2019 capital budget for the OCFO of $13.9 million in FY 2019 and $137 million over the course of the 6-year capital plan.
c. **Policy Recommendations**

1. The Committee recommends increased attention to the Housing Production Trust Fund and management of federal grants.

2. The Committee recommends increased attention to preventing fraud, waste and abuse.

3. The Committee recommends the OCFO evaluate the MITS implementation impacts on both its workforce and taxpayers. The Committee would like to see OTR engage with taxpayers and tax practitioners and preparers to hear about what is working well and what may need further refinement or adjustments with the new system.
C. D.C. LOTTERY AND CHARITABLE GAMES

1. AGENCY MISSION AND OVERVIEW

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. The Lottery operates through one main program: Gaming Operations. This division provides support services to lottery retail agents and the gaming public so that they may benefit from the portfolio of games offered by the Lottery.

2. FISCAL YEAR 2019 OPERATING BUDGET

<table>
<thead>
<tr>
<th>OFFICE OF LOTTERY AND CHARITABLE GAMES</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
<th>Committee Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPECIAL PURPOSE REVENUE FUNDS (&quot;O&quot; TYPE)</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>ENTERPRISE AND OTHER FUNDS</td>
<td>$218,854,261.96</td>
<td>$240,000,000.00</td>
<td>$225,281,568.22</td>
<td>$225,281,568.22</td>
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</tr>
</tbody>
</table>

**GROSS FUNDS**

<table>
<thead>
<tr>
<th>OFFICE OF LOTTERY AND CHARITABLE GAMES</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
<th>Committee Approved</th>
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<tbody>
<tr>
<td>ENTERPRISE AND OTHER FUNDS</td>
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<td>74.50</td>
<td>76.50</td>
<td>76.50</td>
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<tr>
<td>SPECIAL PURPOSE REVENUE FUNDS (&quot;O&quot; TYPE)</td>
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<tr>
<td><strong>GROSS FTE</strong></td>
<td>74.48</td>
<td>74.50</td>
<td>76.50</td>
<td>76.50</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>OFFICE OF LOTTERY AND CHARITABLE GAMES</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
<th>Committee Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 REGULAR PAY - CONT FULL TIME</td>
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<tr>
<td>12 REGULAR PAY - OTHER</td>
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<tr>
<td>13 ADDITIONAL GROSS PAY</td>
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<tr>
<td>14 FRINGE BENEFITS - CURR PERSONNEL</td>
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<tr>
<td>15 OVERTIME PAY</td>
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<tr>
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<tr>
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<td>32 RENTALS - LAND AND STRUCTURES</td>
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<tr>
<td>34 SECURITY SERVICES</td>
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<td>$49,848.84</td>
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<tr>
<td>41 CONTRACTUAL SERVICES - OTHER</td>
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<td>$14,711,821.00</td>
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<tr>
<td>50 SUBSIDIES AND TRANSFERS</td>
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<td>$215,875,727.78</td>
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<tr>
<td>70 EQUIPMENT &amp; EQUIPMENT RENTAL</td>
<td>$298,380.12</td>
<td>$540,000.00</td>
<td>$450,000.00</td>
<td>$450,000.00</td>
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<tr>
<td>NON-PERSONNEL SERVICES</td>
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<td>$215,875,727.78</td>
<td>$215,875,727.78</td>
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<tr>
<td>GROSS FUNDS</td>
<td>$218,854,261.96</td>
<td>$240,000,000.00</td>
<td>$225,281,568.22</td>
<td>$225,281,568.22</td>
<td></td>
</tr>
</tbody>
</table>
Committee Analysis and Comments

The Committee is generally pleased with and supportive of the Lottery’s work and will continue to oversee and provide support during the management transition.

The Committee is still concerned about the effect that the MGM Casino and other nearby gambling options will have on the DC Lottery when revenue generated in the casino in one month is what the DC Lottery transfers in a year. We are confident the DC Lottery has the necessary resources so that their products remain as attractive and profitable despite new competition in neighboring jurisdictions. The Committee continues to applaud the steps taken by the Lottery to expand its portfolio, as well as reduce and eliminate fraud. The Committee intends to continue to work with the DC Lottery to identify additional retail locations and kiosks, including having a presence within the federal enclave areas of our own city.

3. FY 2019-2024 Capital Budget

The Mayor has no proposed FY 2019 – FY 2024 capital budget for the Lottery.

4. Committee Recommendations

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends adoption of the Mayor’s FY 2019 operating budget for the Lottery in the amount of $225,281,568.

b. Fiscal Year 2019 Capital Budget Recommendations

The Mayor has no proposed FY 2019 – FY 2024 capital budget for the Lottery.

c. Policy Recommendations

N/A
1. **Agency Mission and Overview**

   The mission of the Real Property Tax Appeals Commission (RPTAC) is to conduct fair and impartial hearings to review disputed real property tax assessments to ensure that properties are assessed at 100% of market value, and to resolve claims of improper real property classifications and homestead and senior eligibility issues. 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 OTR Real Property Tax Assessors.

2. **Fiscal Year 2019 Operating Budget**

<table>
<thead>
<tr>
<th>REAL PROPERTY TAX APPEALS COMMISSION</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
<th>Committee Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCAL FUND</td>
<td>$1,639,603.70</td>
<td>$1,714,620.00</td>
<td>$1,763,225.43</td>
<td>$1,763,225.43</td>
<td>$1,763,225.43</td>
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<tr>
<td>OPERATING INTRA-DISTRICT FUNDS</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>GROSS FUNDS</td>
<td>$1,639,603.70</td>
<td>$1,714,620.00</td>
<td>$1,763,225.43</td>
<td></td>
<td>$1,763,225.43</td>
</tr>
</tbody>
</table>

   | FY 2019 Operating Budget by Fund Type (Gross Funds) Full-Time Equivalents (FTE) |
   |--------------------------------------|-----------------|-----------------|-----------------|-------------------|-------------------|
   | REAL PROPERTY TAX APPEALS COMMISSION | FY 2017 Actuals | FY 2018 Approved | FY 2019 Proposed | Committee Variance | Committee Approved |
   | LOCAL FUND                           | 11.00           | 11.00           | 11.00           |                   | 11.00             |
   | OPERATING INTRA-DISTRICT FUNDS       | 0.00            | 0.00            | 0.00            |                   | 0.00              |
   | GROSS FTE                            | 11.00           | 11.00           | 11.00           |                   | 11.00             |

<table>
<thead>
<tr>
<th>FY 2019 Operating Budget by Comptroller Source Group (Gross Funds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>REAL PROPERTY TAX APPEALS COMMISSION</td>
</tr>
<tr>
<td>11 REGULAR PAY - CONT FULL TIME</td>
</tr>
<tr>
<td>12 REGULAR PAY - OTHER</td>
</tr>
<tr>
<td>13 ADDITIONAL GROSS PAY</td>
</tr>
<tr>
<td>14 FRINGE BENEFITS - CURR PERSONNEL</td>
</tr>
<tr>
<td>PERSONNEL SERVICES</td>
</tr>
<tr>
<td>20 SUPPLIES AND MATERIALS</td>
</tr>
<tr>
<td>31 TELEPHONE, TELEGRAPH, TELEGRAM, ETC</td>
</tr>
<tr>
<td>40 OTHER SERVICES AND CHARGES</td>
</tr>
<tr>
<td>41 CONTRACTUAL SERVICES - OTHER</td>
</tr>
<tr>
<td>70 EQUIPMENT &amp; EQUIPMENT RENTAL</td>
</tr>
<tr>
<td>NON-PERSONNEL SERVICES</td>
</tr>
<tr>
<td>GROSS FUNDS</td>
</tr>
</tbody>
</table>
Committee Analysis and Comments

The Committee commends RPTAC on its ability to process their caseload within the statutory deadline and in a timely manner. Based on feedback to the Committee, there is room for improvement regarding the appearance of impartiality of the Commission, particularly in the commercial arena. It is apparent that the legislative change made to allow for 80 days to review apartment buildings of 5 or more units\(^7\) has proven helpful in allowing RPTAC to fulfill its obligations, but there are also reports of decisions dated by the deadline but not sent until weeks later, drawing into question whether these deadlines have been met.

The Committee will continue to work with RPTAC to examine ways to further assist them in meeting its goals. Focus could be given to issuing decisions on a rolling basis, when arguments from practitioners are more fresh in Commissioners’ minds.

The Committee is also considering legislative changes, based on suggestions from practitioners and with feedback from the Commission, to amend the “5% Rule” currently applicable to Commission decisions\(^8\). The Committee believes that the Commission should be able to make appropriate adjustments to tax assessments, even if that amount is below the 5% threshold, so long as that change is to the benefit of the taxpayer. It is not appropriate to penalize a taxpayer for exercising their right to an appeal by adjusting their assessment upward by several percent, but it is worth giving this benefit to taxpayers if their property has been over assessed by 0-5%. The Committee believes this should receive further public input and discussion and will consider this as a freestanding bill rather than a budget subtitle.

3. FY 2019-2024 Capital Budget

The Mayor has no proposed FY 2019 – FY 2024 capital budget for RPTAC.

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\(^8\) § 47-825.01a(e)(4)(C)(ii).
4. **Committee Recommendations**

   a. **Fiscal Year 2019 Operating Budget Recommendations**

      The Committee recommends adoption of the Mayor’s FY 2019 operating budget for RPTAC in the amount of $1,763,225.

   b. **Fiscal Year 2019 Capital Budget Recommendations**

      The Mayor has no proposed FY 2019 – FY 2024 capital budget for RPTAC.

   c. **Policy Recommendations**

      1. The Committee recommends that the Commission continue to make its best efforts to comply with the required deadlines and recommends issuing decisions on a rolling basis while petitioners’ arguments are more fresh in the Commissioners’ minds.

      2. The Committee recommends that any training provided to RPTAC by the OCFO be open to the public. This will help improve the perception of RPTAC as an impartial body rather than one that might have a closer relationship with OCFO than taxpayers.

      3. The Committee recommends that RPTAC keep track of the ultimate resolution of its cases that are appealed to superior court. These decisions or out of court settlements can inform RPTAC’s own self-assessment as to how closely its decisions are matching true assessed value. This will help RPTAC fulfill its mission of providing a meaningful review beyond the OTR first review process that keeps taxpayers from having to resort to a much longer court process.
E. OFFICE OF FINANCE AND RESOURCE MANAGEMENT

1. 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 agencies within the Governmental Direction and Support cluster. OFRM promotes 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. OFRM achieves its mission through three programs: (1) Financial Management; (2) Resource Management; and (3) Agency Management. The Financial Management division provides financial management services to enable agencies to accomplish programmatic goals and ensure financial health and positive recognition of the agency and the District government. The Resource Management division performs due diligence analysis to identify financial waste and abuse and accounts for the use of all dollars expended from budgets of client agencies that are related to fixed costs. The Agency Management division provides for administrative support and the required tools to achieve operational and programmatic results.

2. FISCAL YEAR 2019 OPERATING BUDGET

<table>
<thead>
<tr>
<th>FY 2019 Operating Budget by Fund Type (Gross Funds)</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
<th>Committee Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>OFFICE OF FINANCE AND RESOURCE MANAGEMENT</td>
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<td></td>
<td></td>
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<tr>
<td>GROSS FUNDS</td>
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<td>$36,737,522.48</td>
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</table>

<table>
<thead>
<tr>
<th>FY 2019 Operating Budget by Fund Type (Gross Funds) Full-Time Equivalents (FTE)</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
<th>Committee Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>OFFICE OF FINANCE AND RESOURCE MANAGEMENT</td>
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<tr>
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<td>45.00</td>
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</tbody>
</table>
Committee Analysis and Comments

The Committee agrees with the Mayor’s proposed budget in FY 2019 for OFRM and believes that this funding level will sufficiently enable it to meet its mission. The Committee would like to have further discussions regarding consolidating this agency within OCFO or another appropriate agency for budget purposes. The Committee intends to explore possible options and related best practices on the idea of consolidating the OFRM functions in another existing agency. The Committee also recommends an enhanced focus on fraud, waste and abuse within all government agencies.

3. FY 2019-2024 Capital Budget

The Mayor has no proposed FY 2019 – FY 2024 capital budget for the Office of Finance and Resource Management.

4. Committee Recommendations

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends adoption of the Mayor’s FY 2019 budget for the Office of Finance and Resource Management in the amount of $36,737,522, a reduction of 2.1% from the 2018 budget.
b. **Fiscal Year 2019 Capital Budget Recommendations**

The Mayor has no proposed FY 2019- FY 2024 capital budget for OFRM.

c. **Policy Recommendations**

N/A
F. D.C. COMMISSION ON THE ARTS AND HUMANITIES

1. AGENCY MISSION AND OVERVIEW

The mission of the D.C. Commission on the Arts and Humanities (CAH or Commission) is to provide grants, programs, and educational activities that encourage diverse artistic expressions and learning opportunities so that all District residents and visitors can experience the rich culture of our city. CAH offers a diverse range of grant programs and cultural activities to support practicing artists, arts organizations, and community groups. CAH achieves its mission through five programs: (1) Arts Building Communities; (2) D.C. Creates Public Art; (3) Arts Learning and Outreach; (4) Administration; and (5) Agency Management. The Arts Building Communities division provides grants, performances, exhibitions, and other services to individual artists, arts organizations, and neighborhood and community groups so that they can express, experience, and access the rich cultural diversity of the District. The D.C. Creates Public Art division provides the placement of high-quality art installations and administrative support services for the public so that they can benefit from an enhanced visual and cultural environment, with a particular emphasis on geographically-challenged areas of the city. The Arts Learning and Outreach division provides grants, educational activities, and outreach services for youth, young adults, and the general public so that they can gain a deeper appreciation for the arts and to enhance the overall quality of their lives. The Administration division provides technical assistance and legislative services to CAH so that it can provide funding opportunities to District artists and arts organizations. The Agency Management division provides for administrative support and the required tools to achieve operational and programmatic results.

2. FISCAL YEAR 2019 OPERATING BUDGET

<table>
<thead>
<tr>
<th>FY 2019 Operating Budget by Fund Type (Gross Funds)</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
<th>Committee Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMISSION ON THE ARTS AND HUMANITIES</td>
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<td>$35,932,082.50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 2019 Operating Budget by Fund Type (Gross Funds) Full-Time Equivalents (FTE)</th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
<th>Committee Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMISSION ON THE ARTS AND HUMANITIES</td>
<td></td>
<td></td>
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<tr>
<td>FEDERAL GRANT FUND</td>
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<tr>
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</tr>
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</tr>
<tr>
<td>GROSS FTE</td>
<td>28.00</td>
<td>28.00</td>
<td>27.00</td>
<td>27.00</td>
<td></td>
</tr>
</tbody>
</table>
Committee Analysis and Comments

The Committee was pleased to see Mayor Bowser’s commitment to funding CAH at $30 million. However, the Committee continues to believe that a dedicated funding source for CAH is critical. The arts and humanities are an integral part of the District and improve the performance of our children in school and assists with developing problem-solving and critical-thinking skills. The District is proud to be home to many arts related businesses that provide employment and cultural outlets for so many. A strong, well-funded Commission enables the District to better support this large community and better connect the arts to tourists, visitors, and residents. It would allow for multi-year grant planning and commitments by the Commission for applicants, which would further enhance the ability of applicants to leverage matching commitments from private or other non-governmental sources. Dedicated funding for CAH would also allow for multiple grant application opportunities throughout each fiscal year. The Committee is concerned about the possible loss of federal funding as it relates to both the arts and the humanities, even if federal funds are received for FY19, and we have the ability to supplement this funding with local dollars.

The Committee encourages the Commission to continue taking steps in FY 2019 to expand the eligibility for the humanities community as well as other disciplines or
organizations to apply for grants. Director Espinoza spoke of the IDEA policy, which are the four pillars the Commission uses in developing cultural equity: Inclusion, Diversity, Equity, Access. Much of the work seems to be have already been completed at the policy level, and we anticipate that this will continue to work its way down to the grant level. The Committee is encouraged at some changes that were implemented in Fiscal Year 2018 and will be continued in FY 2019, including the creation of a general operating support grant award category, the addition of a second application period for certain grant programs later in the fiscal year, and continuing to highlight the city’s creative economy through various initiatives including participation in “202 Creates”. Specific changes should likely include categories within applications that contain options for humanities organizations and application review panels that contain representatives from the humanities community.

While the oversight and creation of the city’s cultural plan falls within the Office of Planning, the Commission was, and continues to be involved. As the timeline and overall plan for implementation of the cultural plan is finalized, the Committee hopes adequate funding and identifying entities who are responsible for implementation is coordinated with all stakeholders.

3. **FY 2019-2024 CAPITAL BUDGET**

The Mayor has no proposed FY 2019 – FY 2024 capital budget for the CAH.

4. **COMMITTEE RECOMMENDATIONS**

   a. **Fiscal Year 2019 Operating Budget Recommendations**

   The Committee recommends adoption of the Mayor’s FY 2019 budget for the D.C. Commission on the Arts and Humanities with the addition of $5 million recurring, for a total in the amount of $35,932,082.50.

   b. **Fiscal Year 2019 Capital Budget Recommendations**

   The Mayor has no proposed FY 2019 – FY 2024 capital budget for the CAH.

   c. **Policy Recommendations**

   1. The Committee recommends a dedicated funding source for the Commission on the Arts and Humanities.
   2. The Committee recommends continued work on grants eligibility for a broad variety of applicants.
   3. The Committee recommends enhanced outreach and efforts to attract a review panel composition targeted at the humanities community.
   4. The Committee recommends the Commission explore offering grant application opportunities on a rolling or more frequent basis, such as quarterly.
1. **Agency Mission and Overview**

The mission of the Washington Convention and Sports Authority (Events DC)\(^9\) is to serve as an economic engine for the District. Events DC accomplishes this mission in three ways. First, it promotes the District as a location for conventions, trade shows, meetings, sports, entertainment, and recreational events. Second, it promotes tourism and leisure travel to the District. Third, it encourages and supports youth activities, including through the use of sports. Events DC contains the following programs: (1) Washington Convention Center Operations; (2) Sports and Entertainment Division; and (3) Carnegie Library at Mount Vernon Square (4) and the Special Events Division. The *Washington Convention Center Operations* division provides for the operation of the Walter E. Washington Convention Center and engages in such activities as deemed appropriate to promote trade shows, conventions, and other events. The *Sports and Entertainment Division* promotes attractions and the development of new events for the Robert F. Kennedy Memorial Stadium and the surrounding festival grounds, non-military events at the D.C. Armory, and sporting and entertainment events at other sites around the city. The *Carnegie Library at Mount Vernon Square* division oversees use of the Carnegie Library as a special event venue. The *Special Events division*, which makes strategic investments in various city-wide sports, entertainment and cultural events, such as the National Cherry Blossom festival, Jazz in the 'Hoods, and the Capital Criterium, to name a few.

Events DC is governed by a 12-member Board of Directors. Three members, including the Chief Financial Officer of the District, the chief executive of the Hotel Association of Washington D.C., and a person designated by the Mayor, serve as voting ex-officio members. The Mayor appoints the remaining nine public members with the advice and consent of the Council. The Mayor designates one public member as chairperson with the advice and consent of the Council.

2. **Fiscal Year 2019 Operating Budget**

<table>
<thead>
<tr>
<th></th>
<th>FY 2017 Actuals</th>
<th>FY 2018 Approved</th>
<th>FY 2019 Proposed</th>
<th>Committee Variance</th>
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<td><strong>Washington Convention and Sports Authority</strong></td>
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<td>Enterprise and Other Funds</td>
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<td>Gross Funds</td>
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<td>$200,562,077.00</td>
<td>$50,000.00</td>
<td>$200,612,077.00</td>
</tr>
</tbody>
</table>

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\(^9\) In June 2011, the Washington Convention and Sports Authority launched the brand name “Events DC.” The Committee utilizes this brand name for the purposes of this report.
Committee Analysis and Comments

The Committee is pleased with the work of Events DC. In particular, the Committee is focused on the development of the Entertainment and Sports Area (ESA) at the St. Elizabeth’s East Campus. The ESA will be an innovative and unique venue that will provide a much-needed boost to on-going redevelopment in Ward 8, spur greater economic opportunities for residents, and help create more pathways to the middle class. The ESA will serve as the Washington Wizards basketball team practice facility, as well as the home of the Washington Mystics basketball team and host many other events and programs. The Committee is also focused on current and future uses of RFK stadium and the surrounding area.

3. **FY 2019-2024 Capital Budget**

The Mayor has no proposed FY 2019 – FY 2024 capital budget for Events DC.

4. **Committee Recommendations**

a. **Fiscal Year 2019 Operating Budget Recommendations**

The Committee recommends adoption of the Mayor’s FY 2019 operating budget for Events DC in the amount of $200,612,077. This includes a $50,000 enhancement to Events DC to support the annual Title IX Conference and Classic event.
b. **Fiscal Year 2019 Capital Budget Recommendations**

The Mayor has no proposed FY 2019 – FY 2024 capital budget for Events DC.

c. **Policy Recommendations**

N/A
1. **AGENCY MISSION AND OVERVIEW**

Destination DC is a private, non-profit organization that serves as a tourism, promotional, and marketing arm for the District via a five-year contract with Events DC. Destination DC works to increase economic development for the city and maximize revenues for Events DC and the District government by increasing the number of overnight visitors. Formerly the Washington, DC Convention & Tourism Corporation, the entity was renamed Destination DC in 2008 to reflect the organization’s increased emphasis on the city’s unique assets. Destination DC is funded by a percentage of the city’s hotel occupancy tax, along with membership dues and co-operative marketing fees. Destination DC’s membership comprises over 850 businesses, including hotels, restaurants, attractions, museums, and cultural organizations. The entity operates under a Board of Directors that presents monthly to Events DC.

2. **FISCAL YEAR 2019 OPERATING BUDGET**

Destination DC is principally funded through a contract via the Convention Center Marketing Fund managed by Events DC, which is treated separately in this report. Of note is the $3,000,000 local funds adjusted annually for inflation included in the Convention Center Transfer – Dedicated Taxes up until the FY2018 budget year. Last year, a new budget subtitle was included at the Committee of the Whole which adds a new dedicated tax of 0.3 percent on gross receipts from hospitality charges, including hotel rooms, and inns, and dedicates it to the Washington Convention and Sports Authority (WCSA) for transferring to Destination DC to market the District of Columbia as a destination. This is in lieu of the former $3 million transfer and is approximately $6 million annually, dependent on hotel tax receipts.

For Fiscal year 2019, Destination DC is anticipating a total annual budget of $24.024 million compared to $24.35 million in FY18.

**Committee Analysis and Comments**

The return on investment of Destination DC’s advertising continues to be strong, generating $2.77 in taxes for the District for every $1.00 spent in 2017. Marketing campaigns in FY2018 include promotions for the winter holidays, Date Nights DC, spring and summer – and these seasonal campaigns will continue in FY2019. For winter holidays, spring and summer, campaigns target out-of-market visitation with a primary focus on the northeast corridor (southern Virginia, Philadelphia, New York metro area), Chicago and Los Angeles, where the bulk of domestic visitors to DC are from. For Date Nights DC, the campaign focuses on the Washington, DC metropolitan area and regional markets to influence overnight visitation during a traditionally slow time of year. In

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10 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.
FY2018, Destination DC will again run a summer commercial that will air in our top domestic markets in May and June. Consumers will see our television ads on cable stations ranging from Bravo, HGTV, BET and The Food Network to CNN.

The Committee supports Destination DC’s FY2019 focus on unveiling new advertising to better promote the city in today’s post-Obama climate. The Committee understands that this advertising is currently in development and is expected to build upon the success and use the tenets of the ‘DC Cool’ campaign. ‘DC Cool’ has focused on promoting the city as an authentic place for experiences beyond the National Mall, and the Committee understands the marketing team will focus on highlighting the arts/culture, dining, recreation, nightlife and other experiences while showcasing the District’s independence.

International tourism is another area of focus of the Committee. The Committee was very focused on the IPW conference, which was held in DC in 2017. Destination DC reports we welcomed more than 6,400 delegates from 70 countries. We joined Las Vegas and Orlando as top three most highly attended IPW in its 49-year history.

Destination DC reports that the economic impact of IPW is projected to return back to the District in the next three years:
- $1.6B increased visitor spending in Washington, DC
- 803,576 NEW additional international visitors to DC
- Generation of more than $239.8 million in local taxes
- 6,180 jobs directly supported

Destination DC also reports that the success and exposure at IPW for all our assets triggered big interest from our top market, China, in regard to Washington, DC hosting an annual celebration of the Chinese New Year.

3. **FY 2019-2024 CAPITAL BUDGET**

The Mayor has no proposed FY 2019 – FY 2024 capital budget for Destination DC.

4. **COMMITTEE RECOMMENDATIONS**

   a. **Fiscal Year 2019 Operating Budget Recommendations**

   The Committee recommends adoption of the Mayor’s FY 2019 budget for Destination DC in the amount of the dedicated tax of 0.3 percent on gross receipts from hospitality charges, including hotel rooms, and inns, and dedicated to the Washington Convention and Sports Authority for transferring to Destination DC.

   b. **Fiscal Year 2019 Capital Budget Recommendations**

   The Committee recommends adoption of the Mayor’s FY 2019 – FY 2024 capital budget for Destination DC of $0.
c. **Policy Recommendations**

N/A
1. AGENCY MISSION AND OVERVIEW

The mission of the Washington Metropolitan Area Transit Authority (WMATA) is to provide the public with an efficient, affordable, and safe means of travel. WMATA is an interstate compact agency, and by the terms of its enabling legislation, an agency and instrumentality of the District of Columbia, the State of Maryland and the Commonwealth of Virginia. As such, the primary purpose of WMATA is to plan, develop, finance, and operate a comprehensive mass transit system for the Washington Metropolitan Area. The DC portion of the WMATA budget for FY 2019 is $412,174,659.

With respect to the District budget process, WMATA possesses four programs: (1) D.C. Specific (Reimbursable to WMATA) Projects; (2) Debt Service; (3) MetroAccess; and (4) WMATA Operations. The D.C. Specific Projects division monitors projects or programs that the District pays WMATA to operate or construct. Examples of such projects or programs include the DC Circulator bus system, the Reduced Fares program, and the School Subsidy program—commonly referred to as the “Kids Ride Free” program. The Debt Service division covers the District’s annual share of financing costs for bonds sold by WMATA for the construction of the original system and for ongoing transit infrastructure rehabilitation and replacement. The MetroAccess division provides curb-to-curb wheelchair lift-equipped van service for persons unable to use accessible conventional bus or rail services. The WMATA Operations division ensures that Metrorail and Metrobus operate efficiently and on time within the District.

2. FISCAL YEAR 2019 OPERATING BUDGET

<table>
<thead>
<tr>
<th>FY 2019 Operating Budget by Fund Type (Gross Funds)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY</strong></td>
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<td><strong>DEDICATED TAXES</strong></td>
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<td><strong>LOCAL FUND</strong></td>
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<tr>
<td><strong>GROSS FUNDS</strong></td>
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</table>

<table>
<thead>
<tr>
<th><strong>FY 2019 Operating Budget by Comptroller Source Group (Gross Funds)</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY</strong></td>
</tr>
<tr>
<td><strong>50 SUBSIDIES AND TRANSFERS</strong></td>
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<tr>
<td>$368,013,567.07</td>
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<td><strong>NON-PERSONNEL SERVICES</strong></td>
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<td>$368,013,567.07</td>
</tr>
<tr>
<td><strong>GROSS FUNDS</strong></td>
</tr>
<tr>
<td>$368,013,567.07</td>
</tr>
</tbody>
</table>
Committee Analysis and Comments

The Committee is pleased by the work undertaken by WMATA General Manager/Chief Executive Officer (GM/CEO) Paul J. Wiedefeld and staff to make the agency and transit service safe, reliable, and financially secure. In WMATA’s FY 2019 budget there will be no service cuts or fare increases as the agency continues to make improvements to the rail system. The GM also realizes that Metro will not be able to continue improvements to the system without a regional dedicated source of funding as the current funding levels are not sufficient in the short term.

In the FY 2019 budget, WMATA called for dedicated funding from regional governments in D.C., Virginia, and Maryland. The District included $178.5 million in funding for WMATA in the District’s proposed FY 2019 budget. The Mayor has since signed emergency legislation to approve the District’s share of $500 million per year. The Committee is pleased that WMATA realized the need for additional funds to continue repairs and improvements. They made the initial request and worked hard to make sure each jurisdiction approves funds for WMATA’s Fiscal Year 2020, which begins during the city’s Fiscal Year 2019.

The GM promises to limit WMATA’s operating subsidy growth to 3 percent keeping to their commitment of fiscal responsibility and to spend money wisely. Furthermore, Metro continues to deliver 7000-series railcars to replace older cars. Metro retired all of their 1000 and 4000 series railcars last summer.

The Committee is also pleased that WMATA’s FY 2017 CAFR was delivered on time. The Committee continues to monitor the financial management of the agency to ensure future audits are completed on time and action is taken to rectify any deficiencies found in those audits.

3. FY 2019-2024 Capital Budget

The Committee recommends adoption of the Mayor’s FY 2019 capital budget for the Authority of $110,701,152.00 in FY 2019 and $1,629,174,085.86 over the course of the 6-year capital plan.
Committee Analysis and Comments

Similar to last year’s proposed Capital Budget, approved funds will go to improving Metro’s infrastructure and overall maintenance of the rail system. WMATA’s FY 2019 capital improvement program (CIP) increased from $1.25 billion last year to $1.2791 billion (a 2.301 percent increase).

Investing in capital improvements is essential for Metro to make the rail system safe and reliable for riders. Outside daily maintenance and long-term infrastructure projects Metro can begin planning the future of its railcar fleet with the 8000-series cars to modernize its trains. Also, Metro can use modern technology to update fare boxes to allow riders to pay fares via their phones.

Metro must work to continue their mission of bringing the aging system back to a state of good repair. Riders need and deserve a system that is safe and reliable

4. **Committee Recommendations**

   a. **Fiscal Year 2019 Operating Budget Recommendations**

      The Committee recommends adoption of the Mayor’s FY 2019 budget for the Authority in the amount of $412,174,659.

   b. **Fiscal Year 2019 Capital Budget Recommendations**

      The Committee recommends adoption of the Mayor’s FY 2019 capital budget for the Authority of $110,701,152.00 in FY 2019 and $1,629,174,085.86 over the course of the 6-year capital plan.

   c. **Policy Recommendations**

      N/A
III. TRANSFERS TO OTHER COMMITTEES

In addition to the changes recommended for agencies within its jurisdiction, the Committee has worked with other committees to identify funding needs and recommends transfers to support programs in those other committees as described below.

**DISTRICT DEPARTMENT OF TRANSPORTATION**

The Committee recommends transferring the following amounts to the Committee on Transportation and the Environment:

- $585,000 in one-time funds to the District Department of Transportation to help fund a combined Environmental Assessment and NEPA study of I-66/Rock Creek Parkway Bypass.

**DEPARTMENT OF PARKS AND RECREATION**

The Committee recommends transferring the following amounts to the Committee on Transportation and the Environment:

- $10,000 in one-time funds to the Department of Parks and Recreation re-sod the 10th Street Park in N.W.

IV. BUDGET SUPPORT ACT RECOMMENDATIONS

On Wednesday March 21, 2018, Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2019 Budget Support Act of 2018” (Bill 22-753). The bill contains several subtitles for which the Committee has provided comments as noted in section IV (A) below. The Committee also recommends the addition of new subtitles as noted in section IV (B).

A. RECOMMENDATIONS ON MAYOR’S PROPOSED SUBTITLES

The Committee provides comments on the following subtitles of the “Fiscal Year 2019 Budget Support Act of 2018”:

1. Title II. Subtitle A. Supermarket Tax Incentive Technical Amendment ..................................40
2. Title II. Subtitle I. Arts and Humanities License Plates ..........................................................41
3. Title II. Subtitle L. Extension of Parkside Tax Abatement .......................................................40
4. Title II. Subtitle M. St. Elizabeths East Tax Abatement .........................................................40
5. Title IV. Subtitle F. Early Learning Tax Credit ......................................................................41
6. Title V. Subtitle A. Individual Health Insurance Requirement ...............................................41
7. Title VI. Subtitle A. Dedicated WMATA Funding .................................................................42
8. Title VI. Subtitle F. Kids Ride Free Program .................................................................42
9. Title VII. Subtitle A. Senior Residents Real Property Tax Cap .............................................43
10. Title VII. Subtitle C. Feminine Hygiene Products Sales Tax Exemption Implementation ..........43
11. Title VII. Subtitle D. Qualified Business Income Tax Deduction Clarification ..................44
1. TITLE II. SUBTITLE A. SUPERMARKET TAX INCENTIVE TECHNICAL AMENDMENT

a. Purpose, Effect, and Impact on Existing Law

A supermarket may be eligible for ten-year property and sales and use tax exemptions if it is located in one of five codified census tracts or in a Historically Underutilized Business Zone (“HUBZone”). HUBZone boundaries are defined by the United States Small Business Administration (SBA) and subject to change regularly.

The subtitle clarifies that if a supermarket is certified eligible for a supermarket tax exemption by the Deputy Mayor for Planning and Economic Development, it remains eligible throughout the ten-year abatement period, even if boundaries are changed by the SBA and the supermarket is no longer in a HUBZone.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle as proposed by the Mayor and edited by the general counsel’s office.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole


This subtitle may be cited as the “Supermarket Tax Incentive Technical Amendment Act of 2018”.

Sec. 2002. Section 47-3802 of the District of Columbia Official Code is amended by adding a new subsection (d) to read as follows:

“(d) A qualified supermarket certified by the Mayor pursuant to this section shall be eligible for the tax exemptions provided by subsection (a)(1) through (3) of this section throughout the 10-year tax abatement period even if, during the 10-year period, the boundary of the eligible area in which the qualified supermarket was located at the
time of certification changes and, as a result of the boundary change, the supermarket is no longer located in an eligible area.”.

e. **Fiscal Impact**

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan.

2. **TITLE II. SUBTITLE I. ARTS AND HUMANITIES LICENSE PLATES**

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

The subtitle authorizes the Mayor to issue one or more vehicle tags that enhance the public’s awareness of the District’s arts and humanities communities, works, and programming. The subtitle requires interested residents to pay a one-time application fee and an annual display fee at a level established by the Mayor. The Mayor will deposit application and display fees into the Arts and Humanities Enterprise Fund (Fund) to support the Commission on the Arts and Humanities’ programs.

b. **Committee Reasoning**

The Committee recommends adoption of this proposed subtitle as proposed by the Mayor and edited by the general counsel’s office.

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

N/A

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

Sec. 2081. Short title.

This subtitle may be cited as the “Arts and Humanities License Plates Amendment Act of 2018”.

Sec. 2082. The District of Columbia Revenue Act of 1937, approved August 17, 1937 (50 Stat. 679; D.C. Official Code § 50-1501.01 et seq.), is amended as follows:

(a) A new section 2e is added to read as follows:

“Sec. 2e. Issuance of arts and humanities motor-vehicle identification tags.
“(a)(1) The Mayor may make available for issue one or more arts and humanities motor-vehicle identification tags (“CAH tags”) to enhance the public’s awareness of the District’s arts and humanities communities, works, and programming.

“(2) At the request of the Mayor, the Commission on Arts and Humanities (“Commission”) shall provide to the Mayor proposed designs for CAH tags, which proposed designs may be selected by the Commission based on submissions from District residents.

“(b) A resident ordering a CAH tag shall pay a one-time application fee and a display fee each year thereafter. The amount of each fee shall be established by the Mayor by rule.

“(c) Application fees and annual display fees collected pursuant to subsection (b) of this section shall be deposited into the Arts and Humanities Enterprise Fund, established by section 6a of the Commission on the Arts and Humanities Act, effective January 29, 1998 (D.C. Law 12-42; D.C. Official Code § 39-205.01).”.

(b) Section 3 (D.C. Official Code § 50-1501.03) is amended as follows:

(1) Subsection (a)(1) is amended by adding a new subparagraph (I) to read as follows:

“(I) Any person ordering an arts and humanities motor-vehicle identification tag issued pursuant to section 2e shall pay the fees established pursuant to section 2e(b).”.

(2) Subsection (d) is amended as follows;

(A) Paragraph (5) is amended by striking the phrase “; and” and inserting a semicolon in its place.
(B) Paragraph (6) is amended by striking the period and inserting the phrase “; and” in its place.

(C) A new paragraph (7) is added to read as follows:

“(7) The fees collected for an arts and humanities identification tag shall be deposited into the Arts and Humanities Enterprise Fund, established by section 6a of the Commission on the Arts and Humanities Act, effective January 29, 1998 (D.C. Law 12-42; D.C. Official Code § 39-205.01).”

Sec. 2083. Section 6a(a-1) of the Commission on the Arts and Humanities Act, effective January 29, 1998 (D.C. Law 12-42; D.C. Official Code § 39-205.01), is amended as follows:

(a) Paragraph (3) is amended by striking the phrase “; and” and inserting a semicolon in its place.

(b) Paragraph (4) is amended by striking the period at the end and inserting the phrase “; and” in its place.

(c) A new paragraph (5) is added to read as follows:

“(5) Fees collected pursuant to section 2e of the District of Columbia Revenue Act of 1937, added by section 2082 of the Fiscal Year 2019 Budget Support Act of 2018, as introduced on March 21, 2018 (Bill 22-753).”

e. Fiscal Impact

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan.
3. **TITLE II. SUBTITLE L. EXTENSION OF PARKSIDE TAX ABATEMENT**

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

Parkside Parcel 11 will consist of a new, 191-unit multi-family rental building and will be the first, new class A, 100% workforce housing building constructed in Ward 7 in a generation. The project is envisioned to provide Ward 7 and District residents with new, workforce housing to help accommodate the significant dearth of high quality housing for residents whose incomes are too high to qualify for affordable housing but cannot afford typical market rate rents in employment centric locations within the District.

In addition to providing new, affordable workforce housing, Parcel 11 is also committed to creating lasting economic benefits for existing Ward 7 residents and the surrounding community. During the Stage II PUD approvals, Parcel 11 successfully negotiated and agreed to a comprehensive Community Benefits Agreement (“CBA”) that was developed through a collaborative process over many months involving the local ANC, Parkside Civic Association and other community groups surrounding Parkside. The overwhelming community feedback the developer received during this process was for more jobs and economic development opportunities for existing Ward 7 residents. As such, the developer has made job training and hiring of qualified Ward 7 residents a priority for not only Parcel 11 but all of Parkside going forward. This includes both construction and permanent positions at the project, and on May 5th the developer is hosting the first Parcel 11 Ward 7 Opportunity Fairs to identify and hire qualified candidates for construction.

The Parcel 11 workforce multi-family building is fully designed, entitled, permitted and shovel ready. The last critical step to begin construction is an extension of the tenor of the Tax Abatement legislation from 10 years to 30 years, which fills the financial gap resulting from both rising construction costs and rising interests rates and achieve the ROI requirements investors have mandated for this pioneering project. This amendment will bring to fruition a long-term goal of and for the community. Specifically, the subtitle extends the abatement an additional 20 years, extending it to fiscal year 2044 with the existing cap of $600,000.

b. **Committee Reasoning**

The Committee recommends adoption of this proposed subtitle as proposed by the Mayor and edited by the general counsel’s office

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

N/A

d. **Legislative Recommendations for Committee of the Whole**
Sec. 2111. Short title.

This subtitle may be cited as the “Parkside Parcel E and J Mixed-Income Apartments Tax Abatement Amendment Act of 2018”.

Sec. 2112. Section 47-4658(a) of the District of Columbia Official Code is amended as follows:

(a) Strike the phrase “10 property tax years” and insert the phrase “30 property tax years” in its place;

(b) Strike the phrase “10th full real property tax year” and insert the phrase “30th full real property tax year” in its place.

e. Fiscal Impact

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan.

4. TITLE II. SUBTITLE M. ST ELIZABETHS EAST TAX ABATEMENT

a. Purpose, Effect, and Impact on Existing Law

As proposed by the Mayor, this subtitle authorizes a real property tax abatement for any commercial or mixed-use properties located at St. Elizabeth’s East Campus occupied by qualified tenants. A qualified tenant is a tenant that: (1) signs a lease of at least ten years; (2) occupies at least 35,000 square feet of office space; and (3) meets the objectives of promoting inclusive prosperity and resilience, the District’s innovative economy, economic prosperity, and opportunities for neighborhood development.

The tax abatement may last no longer than 15 years. Properties will be eligible for the tax abatement beginning in tax year 2024. A tenant must apply for and receive approval of the abatement from the Mayor.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle as proposed by the Mayor with comments from the OCFO and edited by the general counsel’s office.

c. Section-by-Section Analysis
d. Legislative Recommendations for Committee of the Whole

Sec. 2121. Short title.

This subtitle may be cited as the “St. Elizabeths Job Creation Incentive Amendment Act of 2018”.

Sec. 2122. Chapter 46 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by adding a new section designation to read as follows:

“47-4668. St. Elizabeths East, Lots 803 through 814 and Lots 816 through 832, Square 5868, Suffix S tax abatements.

(b) A new section 47-4668 is added to read as follows:

“§ 47-4668. St. Elizabeths East, Lots 803 through 814 and Lots 816 through 832, Square 5868, Suffix S tax abatements.

“(a) All or a portion of the taxes imposed by Chapters 8 and 10 of this title on the portion of an eligible building that is occupied by a qualified tenant may be abated by the Mayor during the length of the lease of the qualified tenant of the eligible building; provided, that:

“(1) The length of an abatement for a qualified tenant under this subsection shall be determined by the Mayor, but shall not exceed 15 years;

“(2) The percentage of the abatement shall be determined by the Mayor at an amount appropriate to provide an adequate incentive to the qualified tenant to locate at the eligible building; and
“(3) No abatement pursuant to this section shall be approved for a tax year before tax year 2024.

“(b)(1) For an abatement granted pursuant to this section, the Mayor shall provide to the Office of Tax and Revenue a certification that includes:

“(A) The name of the qualified tenant;
“(B) The qualified tenant’s taxpayer identification number;
“(C) The name of the property owner;
“(D) The property owner’s taxpayer identification number;
“(E) A description of the portion of the eligible property, by street address and square, lot, parcel, or reservation number;
“(F) A description of the eligible premises, including the number of floors and square footage;
“(G) The percentage of the taxes abated; and
“(H) The start date and termination date of the abatement.

“(2) The Mayor shall provide notice to the Office of Tax and Revenue if an entity becomes no longer eligible for a previously certified abatement. The notice shall identify the property and any portion thereof no longer eligible, the date eligibility was lost, and such other information needed by the Office of Tax and Revenue to terminate the abatement.

“(c) Notwithstanding the termination date specified by the Mayor pursuant to subsection (b) of this section, an abatement provided pursuant to this section shall terminate at the beginning of the month following the date on which:
“(1) The tenant no longer meets the standard set forth in subsection (h)(4)(B) of this section; or

“(2) The tenant no longer occupies the portion of the eligible building for which the abatement was certified.

“(d) The eligible property and the property owner shall be subject to the provisions of §§ 47-1005, 47-1007, and 47-1009 as if the portion of the eligible property on which the eligible building is located had been administratively exempted from real property taxation under chapter 10 of this title.

“(e) The abatement provided by this section for any real property tax year may be allocated between half tax years at the discretion of the Office of Tax and Revenue.

“(f) The abatement provided by this section shall be in addition to, and not in lieu of, any other tax relief or assistance from any other source applicable to the eligible property; provided, that no appeal of the eligible property’s proposed assessed value and no claim for a refund of real property tax paid tax years shall be allowed for any tax year subject to an abatement under this section; except, that the eligible property owner may seek enforcement of the abatement provided by this section.

“(g) If a qualified tenant for which an abatement is granted under this section would otherwise be liable for all or some of the taxes that are abated under this section, the tenant shall receive a portion of the abatement equal to the amount of the taxes that are abated under this section for which the tenant would otherwise be liable. The benefit of the abatement on the eligible premises shall be passed to the qualified tenant in the form of reduced rent.

“(h) For the purposes of this section, the term:
“(1) “Eligible building” means a commercial or mixed-use building located on the eligible property.

“(2) “Eligible premises” means the portion of an eligible building occupied by a qualified tenant.

“(3) “Eligible property” means the real property designated Lots 803 through 814 and Lots 816 through 832, Square 5868, Suffix S. The term “eligible property” does not include the real property known as the St. Elizabeths East Campus Entertainment and Sports Arena Site, located at 1100 Alabama Avenue, S.E., known for tax and assessment purposes as Lot 815, Square 5868, Suffix S.

“(4) “Qualified tenant” means an individual or entity:

“(A) That signs a lease of at least 10 years to occupy at least 35,000 square feet of office space in an eligible building;

“(B) Whose occupancy of the building, as determined by the Mayor, is consistent with the economic development goals of the 2012 St. Elizabeths East Master Plan and Design Guidelines, such as promoting:

“(i) Inclusive prosperity and resilience in the District;

“(ii) The District’s innovative economy;

“(iii) Economic prosperity by increasing job opportunities in the District; and

“(iv) Opportunities for growth and neighborhood development.

“(C) That has submitted an application to the Mayor to receive a tax abatement under this section; and
“(D) That the Mayor has determined meets the requirements of this section.

Section 2123. Section 2042(e)(2) of the St. Elizabeths East Campus Redevelopment Fund Establishment Act of 2017, effective December 13, 2017 (D.C. Law 22-33; D.C. Official Code §1-325.361(e)(2)), is amended by striking the phrase “Lot 838” and inserting the phrase “Lot 815” in its place.

e. Fiscal Impact

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan.

5. TITLE IV. SUBTITLE F. EARLY LEARNING TAX CREDIT

a. Purpose, Effect, and Impact on Existing Law

The subtitle creates a refundable income tax credit up to $1,000 per eligible child age 3 and under for spending at a licensed child development facility in the District. To be eligible, a taxpayer must have taxable income of less than $750,000 and must not currently be receiving child care subsidies under the Office of the State Superintendent of Education Subsidy Program. The credit will only apply for tax year 2018.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle as proposed by the Mayor and edited by the general counsel’s office.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. 4061. Short title.

This subtitle may be cited as the “Early Learning Tax Credit Amendment Act of 2018”.

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Sec. 4062. Chapter 18 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by adding a new section designation to read as follows:

“47-1806.15. Early learning tax credit.”.

(b) A new section 47-1806.15 is added to read as follows:

“§ 47-1806.15. Early learning tax credit.

“(a) For the purposes of this section the term:

“(1) “Child development facility” shall have the same meaning as provided in § 7-2031(3).


“(3) “Eligible child” means a dependent, claimed by a taxpayer, who has not attained the age of 4 years old on or before September 30 of the taxable year.

“(4) “Eligible child care expenses” means payments made by a taxpayer to a child development facility for child care services of an eligible child during the taxable year but does not include any payments for child care services provided after August 31 of the taxable year of an eligible child who meets the age requirement for enrollment under section 302(a) of the Pre-K Enhancement and Expansion Amendment Act of 2008, effective July 18, 2008 (D.C. Law 17-202; D.C. Official Code § 38-273.02(a)).
“(b)(1) For taxable years beginning after December 31, 2017, a taxpayer shall be allowed a credit against the tax imposed under this subchapter for eligible child care expenses paid by the taxpayer during the taxable year.

“(2) The amount of the credit shall be the lesser of the total amount of all eligible child care expenses paid by the taxpayer in the taxable year or $1,000 per eligible child.

“(3) The credit claimed under this section in a taxable year may exceed the taxpayer’s tax liability under this subchapter for that taxable year and shall be refundable to the taxpayer claiming the credit.

“(c) In the case of a return made for a fractional part of a taxable year, the credit shall be reduced to an amount that bears the same ratio to the full credit provided as the number of months in the period for which the return is made to 12 months.

“(d) Notwithstanding subsection (b) of this section, a taxpayer shall not be eligible to receive a credit under this section if:

“(1) The taxpayer does not claim the eligible child as a dependent on the taxpayer’s federal and District income tax returns for that taxable year;

“(2) A person other than the taxpayer claimed the eligible child as a dependent on his or her federal and District income tax returns for that taxable year;

“(3) Any child care subsidies authorized under § 4-401 et seq. during the taxable year are received or paid on behalf of an eligible child of the taxpayer;

“(4) A person other than the taxpayer received a credit under this section for the same taxable year for the same eligible child; or
“(5) The taxpayer’s District taxable income for the taxable year exceeds the following amounts for taxable year 2018 and thereafter, adjusted annually for inflation based on the Consumer Price Index:

“(A) Single and head of household: $750,000;

“(B) Married filing jointly: $750,000; or

“(C) Married filing separately: $375,000.

“(e) The Chief Financial Officer may issue rules regarding the records required to be maintained and provided by a taxpayer and a child development facility to substantiate any credits claimed under this section.

“(f) The credit under this section shall not be allowed for taxable years beginning after December 31, 2018.”.

Sec. 4063. Applicability.

This act shall apply as of January 1, 2018.

6. TITLE V. SUBTITLE A. INDIVIDUAL HEALTH INSURANCE REQUIREMENT

a. Purpose, Effect, and Impact on Existing Law

The subtitle establishes, as of January 1, 2019, a health insurance requirement (“Requirement”) for District taxpayers and their dependents and requires payment of a shared responsibility payment from individuals not meeting the Requirement, unless they qualify for an exemption. The required payment is the same due under federal regulations that were in effect as of December 15, 2017, with one modification to tie the maximum payment to District health insurance prices. Subsequent to that date, federal law changed the federal shared responsibility payment amount to zero. If federal law should reinstate the federal shared responsibility payment, the subtitle provides that the payment due to the District would be reduced by such federal payment.

The Requirement to maintain health insurance applies to all individuals who are residents of the District. Part-year residents of the District are subject to the requirements during months of District residency. Health insurance providers must provide information
to District taxpayers and the Office of Tax and Revenue in a similar manner to which they have produced and filed federal 1095 forms.

The Committee notes that this budget subtitle has been jointly referred to the Committee on Health. As such, our discussion of the subtitle and recommendation to adopt the subtitle is focused on the tax administration portions of the subtitle. The Committee defers to the Committee on Health with regard to qualifications or other health policy matters associated with the subtitle.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle as proposed by the Mayor and edited by the general counsel’s office

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. 5001. Short title.

This subtitle may be cited as the “Health Insurance Requirement Amendment Act of 2018”.

Sec. 5002. Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by adding a new chapter designation to read as follows:

“50. Individual Health Insurance Requirements.”.

(b) A new Chapter 50 is added to read as follows:

“CHAPTER 50. INDIVIDUAL HEALTH INSURANCE REQUIREMENTS.

“Sec.

“47-5001. Definitions.

“47-5002. Requirement to maintain minimum essential coverage; exemptions.
“47-5003. District shared responsibility payments; requirements.

“47-5004. Minimum essential coverage and District shared responsibility payment requirement; exemptions.

“47-5005. Health insurance coverage; reporting requirement.

“47-5006. Annual notification requirement.


“47-5008. District shared responsibility payments; liability.

“47-5009. Rules.

“§ 47-5001. Definitions.

“For the purposes of this chapter, the term:

“(1) “Applicable entity” means:

“(A) An employer or other sponsor of an employment-based health plan;

“(B) The Department of Health Care Finance, established by § 7-771.02; or

“(C) An insurance carrier licensed or otherwise authorized to offer minimum essential coverage.

“(2) “Applicable individual” shall have the same meaning as provided in section 5000A of the Internal Revenue Code of 1986, as the section and implementing regulations were in effect on December 15, 2017; except, that:

“(A) An individual enrolled in the DC Healthcare Alliance program established under §§ 7-1401 and 7-1405 shall not be considered an applicable
individual with respect to any month during which the individual was enrolled in the DC Healthcare Alliance program;

“(B) An individual shall not be considered an applicable individual with respect to any month during which the individual was a resident of a jurisdiction other than the District of Columbia; and

“(C) An individual shall not be considered an applicable individual if the individual is a member of a religious sect or division that is recognized by the United States Social Security Administration as conscientiously opposed to accepting any insurance benefits, including Social Security and Medicare.

“(3) “Authority” means the District of Columbia Health Benefit Exchange Authority established by § 31-3171.02.


“(5) “Dependent” shall have the same meaning as provided in section 152 of the Internal Revenue Code of 1986.

“(6) “District shared responsibility payment” means the tax penalty incurred by a taxpayer for the failure to have the required minimum essential coverage required by this Chapter.

“(7) “Federal shared responsibility payment” means the tax penalty incurred by a taxpayer for the failure to have the required minimum essential coverage pursuant to the Patient Protection and Affordable Care Act, approved March 23, 2010

“(9) “Minimum essential coverage” means:

“(A) Except as provided in subparagraph (C) of this paragraph, minimum essential coverage as defined by section 5000A of the Internal Revenue Code of 1986 and its implementing regulations, as that section and implementing regulations were in effect on December 15, 2017;

“(B) The Immigrant Children’s Program, established pursuant to § 1-307.03(b); and

“(C) Health coverage provided under a multiple employer welfare arrangement; provided, that the multiple employer welfare arrangement was providing coverage in the District on December 15, 2017, or that it complies with federal law and regulations applicable to multiple employer welfare arrangements that were in place as of December 15, 2017.

“(10) “Multiple employer welfare arrangement” shall have the same meaning as provided in section 3(40) of the Employee Retirement Income Security Act of 1974, approved September 2, 1974 (88 Stat. 833; 29 USC § 1002(40)).

“§ 47-5002. Requirement to maintain minimum essential coverage; exemptions.

“(a) Beginning for tax years after December 31, 2018, and except as provided in subsection (b) of this section, an applicable individual shall for each month ensure that
the applicable individual, and any dependent of the applicable individual who is also an applicable individual, is covered under minimum essential coverage.

“(b) Except as provided in paragraphs (1) and (2) of this subsection, the exemptions available from the federal requirement to maintain minimum essential coverage pursuant to section 5000A of the Internal Revenue Code of 1986 and its implementing regulations, as that section and implementing regulations were in effect on December 15, 2017, shall also be available as exemptions from the requirement to maintain minimum essential coverage in subsection (a) of this section, with the following modifications:

“(1) Determinations as to hardship exemptions shall be made by the Authority under § 47-5004(b) rather than by the Secretary of the U.S. Health and Human Services under section 1311(d)(4)(H) of the Patient Protection and Affordable Care Act of 2010, approved March 23, 2010 (124 Stat. 177; 42 U.S.C. § 18031(d)(4)(H)).

“(2)(A) The requirement imposed by subsection (a) of this section shall not apply to:

“(i) Taxpayers who are 21 years of age or older as of the last day of the tax year and whose federal adjusted gross income for the taxable year is equal to or less than an amount equal to 222% of the federal poverty level, as published by the Authority in accordance with subparagraph (B) of this paragraph;

“(ii) Taxpayers who are 20 years of age or younger as of the last day of the tax year and not claimed as dependents on another individual’s tax form and whose federal adjusted gross income for the taxable year is equal to or less than
an amount equal to 324% of the federal poverty level, as published by the Authority in accordance with subparagraph (B) of this paragraph;

“(iii) A dependent who is 21 years of age or older as of the last day of the tax year and claimed as a dependent by a taxpayer whose federal adjusted gross income for the taxable year is equal to or less than an amount equal to 222% of the federal poverty level, as published by the Authority in accordance with subparagraph (B) of this paragraph; or

“(iv) A dependent who is 20 years of age or younger as of the last day of the tax year and claimed as a dependent by a taxpayer whose federal adjusted gross income for the taxable year is equal to or less than an amount equal to 324% of the federal poverty level, as published by the Authority in accordance with subparagraph (B) of this paragraph.

“(B)(i) The Authority, after consultation with the Director of the Department of Health Care Finance, shall publish the qualifying income levels described in subparagraph (A) of this paragraph for each taxable year based on federal poverty levels using the poverty guidelines announced by the Secretary of the U.S. Department of Health and Human Services under the authority of section 673(2) of the Community Services Block Grant Act, approved October 27, 1998 (112 Stat. 2729; 42 U.S.C. § 9902(2)).

“(ii) The qualifying income levels shall be for the number of individuals that include the taxpayer, the taxpayer’s spouse, and any dependents claimed by the taxpayer on the taxpayer’s income tax return for that taxable year.
“(iii) The Authority shall publish the qualifying income levels for the taxable year within 60 days after the announcement of the poverty guidelines announced by the Secretary of the U.S. Department of Health and Human Services for that taxable year.

“(C) The percentages set forth in subparagraph (A) of this paragraph may be adjusted by the Mayor if the eligibility level changes for the:

“(i) District of Columbia’s Medicaid;

“(ii) Children’s Health Insurance Program; or

“(iii) Immigrant Children’s Program.

“§ 47-5003. District shared responsibility payment; requirements.

“(a)(1) If a taxpayer who is an applicable individual, or an applicable individual for whom the taxpayer is liable under subsection (b) of this section, fails to meet the requirement of § 47-5002(a) for one or more months, the taxpayer shall pay a District shared responsibility payment for tax years beginning after December 31, 2018.

“(2) Subject to subsection (c) of this section, the amount of the District shared responsibility payment shall be determined under this Chapter and regulations issued pursuant to this Chapter provided, that prior to the issuance of regulations pursuant to this Chapter; the District shared responsibility payment shall be determined under section 5000A of the Internal Revenue Code of 1986 and its implementing regulations, as that section and implementing regulations were in effect on December 15, 2017.

“(b)(1) If a District shared responsibility payment is imposed for any month on an individual who is a dependent of a taxpayer during the taxable year, the taxpayer shall be liable for the shared responsibility payment.
“(2) If a District shared responsibility payment is imposed for any month on an individual who files a joint return for the taxable year, the individual and the spouse of the individual shall be jointly liable for the shared responsibility payment.

“(c)(1) Subject to paragraphs (2) and (3) of this subsection, the District shared responsibility payment under this section shall be determined under this act and rules issued pursuant to this act.

“(2) The maximum amount of the District shared responsibility payment shall be determined by using the District of Columbia’s average premium for bronze-level plans rather than the national average premium for bronze-level plans.

“(3) The Authority shall annually publish on the Authority’s website the maximum payment amount before September 30 of the taxable year.

“(4) If a taxpayer is subject to both the District shared responsibility payment and the federal shared responsibility payment under section 5000A of the Internal Revenue Code of 1986 for a taxable year, the amount of the taxpayer’s District shared responsibility payment under this section shall be reduced, but not below zero, by the amount of the taxpayer’s federal shared responsibility payment.

“§47-5004. Minimum essential coverage and District shared responsibility payment requirement; exemptions.

“(a)(1) Except as provided in subsection (b) of this section, an individual may claim that the individual or a dependent of the individual is not an applicable individual with respect to the minimum essential coverage requirement under § 47-5002(a) or may claim that the individual or a dependent of the individual is eligible for an exemption under § 47-5002(b).
“(2) An individual making a claim pursuant to this subsection shall submit the claim to the Authority for a determination as to whether the individual or a dependent of the individual is not an applicable individual with respect to the minimum essential coverage requirement under § 47-5002(a).

“(b) An individual shall be required to apply to the Authority for a determination as to whether the individual or a dependent of the individual is eligible for the exemption from the District shared responsibility payment requirement contained in § 47-5002 due to:

“(1) The lack of affordability based on projected income as defined by 45 C.F.R. § 155.605(d)(2) as this regulation was in effect on December 15, 2017; or

“(2) Hardship for reasons set forth 45 C.F.R. § 155.605(d)(1), as this regulation was in effect on December 15, 2017.

“(c) The Authority shall notify the individual and the Chief Financial Officer of any determination made pursuant to this section at least annually.

“§47-5005. Health insurance coverage; reporting requirement.

“(a) Beginning for tax years after December 31, 2018, an applicable entity that provides minimum essential coverage to an individual during a calendar year shall make a return at a time determined by the Chief Financial Officer, which shall include the information contained in a return described in section 6055 of the Internal Revenue Code of 1986 and its implementing regulations, as that section and implementing regulations were in effect on December 15, 2017, and any other information required by the Chief Financial Officer.
“(b)(1) Except as provided in paragraph (2) of this subsection, every applicable entity required to make a return under subsection (a) of this section shall furnish to each individual whose name is required to be on the return, a written statement showing the:

“(A) Name and address of the entity required to make the return;

“(B) Phone number of the information contact for the applicable entity or entity’s delegate; and

“(B) Information required regarding the individual.

“(2) The requirements of this subsection may be satisfied by a written statement provided to an individual that is consistent with the requirements of section 6055 of the Internal Revenue Code of 1986 and its implementing regulations, as that section and implementing regulations were in effect on December 15, 2017.

“(c)(1) In the case of coverage provided by an entity that is a government, or an agency, instrumentality, or other unit of a government, the officer or employee, or designee, who enters into the agreement to provide minimum essential coverage shall be responsible for the returns required by this section.

“(2) An entity may contract with a third-party service provider, including an insurance carrier, to provide the returns required by this section.

“§47-5006. Annual notification requirement.

“The Chief Financial Officer shall develop a program, in consultation with the Authority and the Director of the Department of Health Care Finance, to provide reasonable notice to taxpayers who paid a District shared responsibility payment during the previous taxable year, which shall include contact information of the Authority and
the Director of the Department of Health Care Finance and information on how to apply for:

“(1) Individual health insurance;

“(2) Medicaid; and

“(3) The federal Children’s Health Insurance Program.


“(a) There is established as a special fund the Individual Insurance Market Affordability and Stability Fund (“Fund”), which shall be administered by the Mayor in accordance with subsection (c) of this section.

“(b) Revenue from District shared responsibility payments collected pursuant to § 47-5003 shall be deposited into the Fund.

“(c) Money in the Fund shall be used to:

“(1) Engage in outreach to uninsured District residents to increase health insurance coverage;

“(2) Provide information to District residents on options for health insurance coverage; and

“(3) Engage in other activities that increase the availability of health insurance options for District residents or increase the affordability of insurance premiums in the individual health insurance market for District residents.

“(d)(1) The money deposited into the Fund shall not revert to the unrestricted fund balance of the General Fund of the District of Columbia at the end of a fiscal year, or at any other time.
“(2) Subject to authorization in an approved budget and financial plan, any funds appropriated in the Fund shall be continually available without regard to fiscal year limitation.

“§ 47-5008. District shared responsibility payments; liability.

“(a) A taxpayer who fails to pay the District shared responsibility payment imposed by § 47-5003 shall be subject to all collection, enforcement, and administrative procedures applicable to unpaid taxes or fees, as provided in Chapters 18, 41, 42, 43, and 44 of this title.

“(b) Upon application by the taxpayer, the Chief Financial Officer may abate the shared responsibility payment for good cause.

“§ 47-5009. Rules.

“(a) The Mayor shall develop rules to implement this chapter, which shall include regulations mirroring all the federal regulations implementing section 5000A of the Internal Revenue Code of 1986, as such regulations were in effect on December 15, 2017, and federal guidance interpreting the federal regulations implementing section 5000A of the Internal Revenue Code of 1986, as that guidance was in effect on December 15, 2017; provided, that:

“(1) The Mayor may revise the federal regulations and guidance and issue rules related to the definitions of applicable individual and minimum essential coverage and the exemptions under § 47-5002(b); and

“(2) Pursuant to the authority granted in section 18 of the Health Benefit Exchange Authority Establishment Act of 2011, effective March 2, 2012 (D.C. Law 19-94; D.C. Official Code § 31-3171.17), the Authority may revise the federal regulations
and guidance and issue rules related to the Authority specifically provided to the Authority under this chapter.

“(b) By November 1, 2018, the Mayor, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 et. seq.), shall issue the rules developed pursuant to subsection (a) of this section.”.

Sec. 5003. The Health Benefit Exchange Authority Establishment Act of 2011, effective March 2, 2012 (D.C. Law 19-94; D.C. Official Code § 31-3171.01 et seq.), is amended as follows:

(a) Section 5(a) (D.C. Official Code § 31-3171.04(a)) is amended as follows:

(1) Paragraph (22)(D)(iv) is amended by striking the period at the end and inserting the phrase “; and” in its place.

(2) A new paragraph (23) is added to read as follows:

“(23) Administer the hardship and affordability exemptions under Chapter 50 of Title 47 of the District of Columbia Official Code.”.

(b) Section 18(a) (D.C. Official Code § 31-3171.17(a)), is amended by striking the phrase “this act” and inserting the phrase “this act and as authorized by D.C. Official Code § 47-5009(a)(2)” in its place.

e. Fiscal Impact

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan.
7. **TITLE VI. SUBTITLE A. DEDICATED WMATA FUNDING**

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

In particular over the past year, WMATA called for dedicated funding of a total of $500 million from regional governments in D.C., Virginia, and Maryland. This is in addition to the existing operating and capital contributions provided by each jurisdiction by way of the formulas in the existing regional compact. The District included $178.5 million in dedicated funding for WMATA in the District’s proposed FY 2019 budget. The Mayor has since signed emergency legislation to approve the District’s share of $500 million per year. The proposed subtitle will make this change permanent along with a necessary 3% annual increase to begin in FY 2021. The Committee notes that there is a difference in our fiscal year versus WMATA’s, so while the dedicated funding will begin in WMATA’s FY20, this is within DC’s FY19.

b. **Committee Reasoning**

The Committee recommends adoption of this subtitle with some suggested edits from the general counsel and OCFO. The recommended language includes a change in the rate charged to all gross receipts for trips that physically originate in the District from 4.75% to 1% of all gross receipts for shared ride trips that physically originate in the District and 5.35% of all gross receipts for all other trips that physically originate in the District.

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

N/A

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

Sec. 6001. Short title.

This subtitle may be cited as the “Dedicated Funding for the Washington Metropolitan Transit Authority Act of 2018”.

Sec. 6002. Dedicated Funding for WMATA.

(a) There is established as a special fund the Washington Metropolitan Area Transit Authority (“WMATA”) Dedicated Funding Fund (“Fund”), which shall be administered by the Mayor in accordance with subsection (c) of this section.
(b)(1) There shall be deposited into the Fund general retail sales tax revenue collected pursuant to Chapter 20 of Title 47 of the District of Columbia Official Code as follows:

(A) In Fiscal Year 2019 --- $178.5 million;

(B) In Fiscal Year 2020 --- $178.5 million; and

(C) In Fiscal Year 2021, and each successive year, an amount of general retail sales tax revenue equal to the District’s allocation of the WMATA jurisdictional formula, applied to the total annual WMATA capital funding need of $500 million dollars in Fiscal Year 2020, escalated annually by 3% above the preceding fiscal year, into the fund.

(2) This subsection shall expire at the end of Fiscal Year 2059.

(c)(1) Money in the Fund in Fiscal Year 2019 shall be used as a source of funding to make the District’s payment to WMATA through agency KE0 as shown in the Fiscal Year 2019 Budget and Financial Plan.

(2) Pursuant to a grant agreement between the District and WMATA, and subject to section 3, starting in Fiscal Year 2020, money in the Fund shall be distributed to WMATA by the Mayor as a grant for the purposes of WMATA capital improvements.

(d) (1) The money deposited into the Fund shall not revert to the unrestricted fund balance of the General Fund of the District of Columbia at the end of a fiscal year, or at any other time.

(2) Subject to authorization in an approved budget and financial plan, any funds appropriated in the Fund shall be continually available without regard to fiscal year limitation.
Sec. 6003. Conforming amendments.

(a) The Revised Revenue Contingency List Act of 2017, effective December 13, 2017 (D.C. Law 22-33; 64 DCR 7652), is amended as follows:

(1) Subsection (a) is amended to read as follows:

“(a) Notwithstanding any other provision of law, the portion of local revenues certified in the June 2017 revenue estimate and the September 2017 revenue estimate that exceeds the annual revenue estimate incorporated in the approved budget and financial plan for Fiscal Year 2018 (“additional revenues”) shall be allocated as follows:

“(1) Pursuant to subsection (b)(1) of the provision entitled “Revised Revenue Estimate Contingency Priority” in the Fiscal Year 2018 Local Budget Act of 2017, effective August 29, 2017 (D.C. Law 22-16; 64 DCR 6581), 50% of the additional revenues to the Workforce Investment account; and

“(2) Pursuant to subsection (b)(2) of the provision entitled “Revised Revenue Estimate Contingency Priority” in the Fiscal Year 2018 Local Budget Act of 2017, effective August 29, 2017 (D.C. Law 22-16; 64 DCR 6581), 50% of the additional revenues as follows:

“(A) $24.175 million in additional revenues to the General Fund of the District of the Columbia; and

“(B) All remaining additional revenues to the Workforce Investment account.”.

(2) Subsections (b) and (c) are repealed.

(b) Title 47 of the District of Columbia Official Code is amended as follows:
(1) Section 47-812(b-9)(2)(A)(ii) is amended by striking the period at the end and inserting the phrase “; provided, that for the tax year beginning October 1, 2018, and each tax year thereafter, the tax rate for the portion of the assessed value exceeding $3 million shall be $1.87 of each $100 of assessed value.” in its place.

(2) Section 47-2002(a) is amended as follows:

(A) The lead-in text is amended by striking the phrase “Beginning on October 1, 2013, the rate of such tax shall be 5.75%” and inserting the phrase “The rate of such tax shall be 6.00%” in its place.

(B) Paragraph (2)(A) is amended by striking the phrase “The rate of tax shall be 10.05%” and inserting the phrase “The rate of such tax shall be 10.30%” in its place.

(C) The lead-in text to paragraph (3) is amended by striking the phrase “The rate of tax shall be 9%” and inserting the phrase “The rate of tax shall be 9.25%” in its place.

(D) Paragraph (3A) is amended by striking the phrase “The rate of tax shall be 10%” and inserting the phrase “The rate of tax shall be 10.25%” in its place.

(E) Paragraph (4A) is amended by striking the phrase “The rate of tax shall be 5.75%” and inserting the phrase “The rate of tax shall be 6.00%” in its place.

(3) Section 47-2202 is amended as follows:

(A) The lead-in text is amended by striking the phrase “The rate of tax imposed by this section shall be 5.75%, except for the period beginning October 1, 2009, and ending September 30, 2012, the rate shall be 6%,” and inserting the phrase “The rate of tax imposed by this section shall be 6.00%” in its place.
(B) Paragraph (2)(A) is amended by striking the percentage “10.05%” and inserting the percentage “10.30%” in its place.

(C) Paragraph (3) is amended by striking the percentage “9%” and inserting the percentage “9.25%” in its place.

(D) Paragraph (3A) is amended by striking the phrase “Effective October 1, 2011, the rate of the tax shall be 10%” and inserting the phrase “The rate of tax shall be 10.25%” in its place.

c. The Department of For-Hire Vehicles Establishment Act of 1985, effective March 25, 1986 (D.C. Law 6-97; D.C. Official Code § 50-301.01 et seq.), is amended as follows:

1. Section 20a(a)(6) (D.C. Official Code § 50-301.20(a)(6)) is amended by striking the phrase “All funds” and inserting the phrase “21.05% of the funds” in its place.

2. Section 20l(b)(11) (D.C. Official Code § 50-301.31(b)(11)) is amended as striking the phrase “1% of all gross receipts of all gross receipts for trips that physically originate in the District.” and inserting the phrase 1% of all gross receipts for shared ride trips that physically originate in the District and 5.35% of all gross receipts for all other trips that physically originate in the District.” in its place.

e. Fiscal Impact

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan.
8. TITLE VI. SUBTITLE F. KIDS RIDE FREE PROGRAM

a. Purpose, Effect, and Impact on Existing Law

The subtitle expands the Kids Ride Free program by allowing the Mayor to subsidize Metrorail, Metrobus, and DC Circulator fares for public school students under 22 years old traveling to employment and training sites. Currently Kids Ride Free subsidies are available for school-related trips only.

The Mayor may issue passcards/smartrips to subsidize travel for other purposes for public school students under the age of 22 years.

The implementation of subsidized travel for non-school-related activities is subject to funding availability.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle as proposed by the Mayor and edited by the general counsel’s office.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec, 6051. Short title.

This subtitle may be cited as the “Kids Ride Free Program Amendment Act of 2018”.

Sec, 6052. Section 2(h) of the School Transit Subsidy Act of 1978, effective March 6, 1979 (D.C. Law 2-152; D.C. Official Code § 35-233(h)), is amended by adding a new paragraph (7) to read as follows:

“(7) Notwithstanding subsection (b) of this section, under the program authorized by this subsection, the Mayor may provide:

“(A) Subsidies for fares on the Metrorail, Metrobus, and DC Circulator for travel to employment or training; and
“(B) Implement the program through the issuance of a pass card that allows for subsidized Metrorail, Metrobus, and DC Circulator travel for purposes other than those described in this subsection, if the Mayor determines that such a pass card will enhance the efficiency or effectiveness of the program or alleviate administrative issues encountered, or likely to be encountered, by the Washington Metropolitan Area Transit Authority in the administration of the program.”

e. **Fiscal Impact**

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan.
9. TITLE VII. SUBTITLE A. SENIOR RESIDENTS REAL PROPERTY TAX CAP

a. Purpose, Effect, and Impact on Existing Law

Current law caps the growth of taxable assessments of class 1 (residential) property with the homestead exemption to 10 percent annually. The subtitle lowers the cap to five percent annually for homestead-qualified residents who are over the age of 65 and have a household adjusted gross income of less than $125,000 or homestead-qualified residents with a permanent disability having a household adjusted gross income of less than $125,000. The Committee notes that there is the potential for confusion regarding OTR administering a 5% cap for one class of residential real property and a 10% cap on other classes, and recommends that we consider a 5% cap for all residential real property.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle as proposed by the Mayor and edited by the general counsel’s office.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. 7001. Short title.

This subtitle may be cited as the “Senior Residents Real Property Tax Cap Amendment Act of 2018”.

Sec. 7002. Section 47-864 of the District of Columbia Official Code is amended by adding a new subsection (b-1) to read as follows:

“(b-1) Notwithstanding subsection (b)(1) of this section, for real property receiving the homestead deduction under § 47-850 and the reduced liability provided under § 47-863, the credit under subsection (a) shall be calculated by using 105%.”.

e. Fiscal Impact

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan.
10. TITLE VII. SUBTITLE C. FEMININE HYGIENE PRODUCTS SALES TAX EXEMPTION IMPLEMENTATION

a. Purpose, Effect, and Impact on Existing Law

The subtitle exempts feminine hygiene products from the District’s general sales tax by partially funding the Feminine Hygiene and Diaper Sales Tax Exemption Amendment Act of 2016\textsuperscript{11}. Feminine hygiene products are defined to include sanitary napkins, sanitary towels, tampons, menstrual cups and sanitary pads. The part of the law that exempted diapers will remain subject to appropriation in an approved budget and financial plan.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle as proposed by the Mayor and edited by the general counsel’s office. The Committee acknowledges the work of the legislation clinic of the University of the District of Columbia law school along with many other advocates who have been working for the funding of this bill.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. 7031. Short title.

This subtitle may be cited as the “Feminine Hygiene Products Sales Tax Exemption Implementation Amendment Act of 2018”.

Sec. 7032. Section 3 of the Feminine Hygiene and Diaper Sales Tax Exemption Amendment Act of 2016, effective February 18, 2017 (D.C. Law 21-201; 63 DCR 15041), is amended by striking the phrase “This act shall” and inserting the phrase “Section 47-2005(39), as added by section 2, shall” in its place.

e. Fiscal Impact

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan.

\textsuperscript{11} L21-201, February 18, 2017, 64 DCR 2710.
11. TITLE VII. SUBTITLE D. QUALIFIED BUSINESS INCOME TAX DEDUCTION CLARIFICATION

a. Purpose, Effect, and Impact on Existing Law

The federal Tax Cuts and Jobs Act, Public Law 115-97, provides for a new deduction from federal income taxes for individual taxpayers in the amount of 20 percent of a taxpayer’s qualified business income from a partnership, S corporation, or sole proprietorship.

Current law provides that taxpayers are permitted District deductions for any deduction allowed under federal law except for federal deductions that are specifically enumerated under District law as not allowed. The subtitle amends current law to clarify that a qualified business income deduction is not allowed by specifically enumerating it as an additional deduction that is not allowed for purposes of calculating District taxable income. This is a complex area of the tax law and the change is needed to ensure there is no loophole as a result of recent federal tax law changes.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle as proposed by the Mayor and edited by the general counsel’s office.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. 7041. Short title.

This subtitle may be cited as the “Qualified Business Income Tax Deduction Clarification Amendment Act of 2018”.

Sec. 7042. Section 47-1803.03(b) of the District of Columbia Official Code is amended as follows:

(a) Paragraph (8) is repealed.

(b) A new paragraph (9) is added to read as follows:

Sec. 7033. Applicability.

This subtitle shall apply as of January 1, 2018.

e. Fiscal Impact

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan.
B. RECOMMENDATIONS FOR NEW SUBTITLES

The Committee on Finance and Revenue recommends the following new subtitles to be added to the “Fiscal Year 2019 Budget Support Act of 2018”:

1. TITLE X. SUBTITLE X. Private Security Camera System Incentive Clarification
2. TITLE X. SUBTITLE X. Commission on the Arts and Humanities Board Term Clarification Amendment
3. TITLE X. SUBTITLE X. Real Property Tax Abatement Reporting Clarification
4. TITLE X. SUBTITLE X. Real Property Tax Clarification
5. TITLE X. SUBTITLE X. OCFO Fingerprinting Authorization
6. TITLE X. SUBTITLE X. Empowerment Zone Designation
7. TITLE X. SUBTITLE X. Motor Fuel Importer’s License Fee Amendment
8. TITLE X. SUBTITLE X. Television, Video, or Radio Service Act
9. TITLE X. SUBTITLE X. Delinquent Debt Recovery Amendment
10. TITLE X. SUBTITLE X. Mixed Use Neighborhood Conversion
11. TITLE X. SUBTITLE X. Commission on the Arts and Humanities Charles Hamilton Houston Statue
12. TITLE X. SUBTITLE X. Commission on the Arts and Humanities Dedicated Funding
13. TITLE X. SUBTITLE X. Residential Building Permit Classification
14. TITLE X. SUBTITLE X. Franklin School Real Property Tax Exemption Amendment
15. TITLE X. SUBTITLE X. Historic Music Cultural Institutions Expansion Amendment
16. TITLE X. SUBTITLE X. Alabama Avenue International House of Pancakes Real Property Tax Exemption
17. TITLE X. SUBTITLE X. 14th Street NW International House of Pancakes Real Property Tax Exemption
18. TITLE X. SUBTITLE X. Stormwater Infrastructure Incentive Amendment

1. PRIVATE SECURITY CAMERA SYSTEM INCENTIVE CLARIFICATION

a. Purpose, Effect, and Impact on Existing Law

According to the Internal Revenue Service, rebates are generally understood to be a non-taxable events. At the suggestion of the OCFO, however, the Committee is clarifying that the city rebate associated with the private security camera system incentive, which is already in effect, is also non-taxable.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle as amended by the general counsel for the foregoing reasons.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. xxx1. Short title.

This subtitle may be cited as the “Private Security Camera System Incentive Clarification Act of 2018”.

Sec. xxx2. Section 47-1803.02(a)(2) of the District of Columbia Official Code is amended by adding a new subparagraph (DD) to read as follows:

“(DD) The amount received by a taxpayer pursuant to § 7-2831(b).”.

e. Fiscal Impact

The subtitle has no fiscal impact, as the language only clarifies current practice.

2. COMMISSION ON THE ARTS AND HUMANITIES BOARD TERM CLARIFICATION AMENDMENT

a. Purpose, Effect, and Impact on Existing Law

This proposed subtitle would permanently clarify that all members of the Commission are appointed to 3-year terms that commence on July 1st in the year of appointment and expire on June 30th of the 3rd year. This will maintain the staggered expiration of member terms of six members per year for the 18-member board. Emergency and temporary legislation was first passed in 2017.\(^\text{13}\)

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle for the foregoing reasons.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. xxx1. Short title.

\(^\text{13}\)A 22-95, expired on October 3, 2017. L22-19 expires on May 3, 2018, 64 DCR 9463.
This subtitle may be cited as the “Commission on Arts and Humanities Board Term Clarification Act of 2018”.

Sec. xxx2. Section 4(b) of the Commission on the Arts and Humanities Act, effective October 21, 1975 (D.C. Law 1-22; D.C. Official Code § 39-203(b)), is amended to read as follows:

“(b)(1) Except as provided in paragraph (2) of this subsection and subsection (c) of this section, all members of the Commission shall be appointed to 3-year terms that shall commence on July 1st in the year of appointment and expire on June 30th of the 3rd year. Terms shall be staggered so that 6 terms expire each year on June 30th. Members may be reappointed.

“(2) The term subsequent to the term being served pursuant to:

“(A) Council resolution 20-668 shall begin on July 1, 2017, and expire on June 30, 2018;

“(B) Council resolution 21-51 shall begin on July 1, 2017, and expire on June 30, 2018;

“(C) Council resolution 20-673 shall begin on July 1, 2017, and expire on June 30, 2018;

“(D) Council resolution 20-669 shall begin on July 1, 2017, and expire on June 30, 2019; and

“(E) Council resolution 20-671 shall begin on July 1, 2017, and expire on June 30, 2019.”.

e. Fiscal Impact

No funds are associated with the adoption of this subtitle.
3. REAL PROPERTY TAX ABATEMENT REPORTING CLARIFICATION

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

The real property tax abatement section of the DC Code has provided that the Mayor, via the OCFO, must annually report via hard copies to Congress on the real property tax abatements granted by the Mayor, via the OCFO, such as for local museums and charities. After consultation with OCFO and in the spirit of budget autonomy for the District of Columbia, the Committee recommends deleting this Congressional reporting requirement, as reports are available on the OCFO website.

b. **Committee Reasoning**

The Committee recommends adopting the proposed subtitle as amended by the general counsel for the foregoing reasons.

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

N/A

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

Sec. xxx1. Short title.

This subtitle may be cited as the “Real Property Tax Abatement Reporting Clarification Act of 2018”.

Sec. xxx2. Section 47-1007(a) of the District of Columbia Official Code is amended by striking the last sentence.

e. **Fiscal Impact**

The subtitle has no fiscal impact.

4. REAL PROPERTY TAX CLARIFICATION

a. **Background, Purpose and Effect**

The Committee is moving this subtitle at the request of the Chief Financial Officer to provide needed clarifications to the District’s real property tax laws. Specifically, the rationale for each provision of the subtitle is as follows:

Will allow the Recorder of Deeds (ROD) to tax security interest instruments for non-Class 1 Properties as currently classified by the assessors; currently ROD must make a determination based on an antiquated statute.
Changes the determination of recordation tax on a lease for nominal rent. “Nominal” has been defined as less than 30 percent of Fair Market Value as applied to deeds of title. The proposed language would tax nominal-rent leases based on the fair market value of the real property leased, as is done with deeds of title and the transfer tax on leases. See D.C. Official Code § 47-903(a)(1)(B). This language is generally based on the lease transfer tax provision.

Contains possessory interest changes and clarifies that the statute of limitations on collections is ten years, the penalties and interest assessment roll is public, like the real property assessment roll, and that there is a three-year statute of limitations on refunds.

Clarifies that deeds of trust (mortgages) for Low-Income Housing Tax Credit properties are exempt, as is the existing practice. This promotes affordable housing and construction thereof.

Provides a conforming change that should be made to D.C. Official Code § 42-1102(32) to effectuate the amendment to D.C. Official Code § 47-1005.02 sought in Section 7**5.

Provides that the tax sale sold improvement in government-owned ground-leased land is only for the remainder of the lease period (if applicable) and subject to the terms of the lease.

The Office of Tax and Revenue’s Real Property Tax Administration has significant numbers of open cases in Superior Court (an estimated 332 cases) where tax sale purchasers are sitting on filed lawsuits and waiting to be eventually redeemed without foreclosing themselves. This ties up the efficiency of the Office of Tax and Revenue’s Discount Sale, because such a tax sale purchaser would be redeemed in full if we were to issue a discounted deed to a tax sale purchaser; thus, properties with outstanding certificates of sale are not typically presented at the Discount Sale and continue to blight neighborhoods.

Amends the law so that a certified tax needs to be paid if it’s on a real property tax bill. It doesn’t need to have been sold, because not all certified taxes are sold.

The Real Property Tax Administration has significant amounts of non-paid bills for deeds for the past 17 years. The books need to be swept clean. The Office of the Attorney General does not have the capacity to file suits to accomplish such a sweep as is currently required, so legislation is necessary set an automatic cutoff.

b. **Committee Reasoning**

The Committee recommends adopting the proposed subtitle for the foregoing reasons.
c. **Section-by-Section Analysis**

N/A

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

Sec. 7XX1. Short title.

This subtitle may be cited as the “Real Property Tax Clarification Amendment Act of 2018”.

Sec. 7XX2. Title III of the District of Columbia Deed Recordation Tax Act, approved March 2, 1962 (76 Stat. 11; D.C. Official Code § 42-1101 *et seq*), is amended as follows:

(a) Section 302 (D.C. Official Code § 42-1102) is amended as follows:

(1) Paragraph (21) is amended by striking the phrase “§ 47-813(c-4)” both times it appears and inserting the phrase “§ 47-813” in its place.

(2) Paragraph (32) is amended to read as follows:

“(32) A deed of title or a security interest instrument as to which the Mayor has issued a valid certification of exemption pursuant to § 47-1005.02 as to both the property conveyed or encumbered and the grantee of the deed of title or the grantor of the security interest; provided, that, unless waived by regulation, to claim an exemption a copy of the certification of exemption shall accompany the deed of title or security interest instrument at the time it is submitted for recordation;”.

(b) Section 303(a)(1)(B) (D.C. Official Code § 42-1103(a)(1)(B)), is amended by adding a new sub-subparagraph (iii) to read as follows:
“(iii) If there is no consideration for a lease or ground rent or the consideration is nominal, the rate of tax shall be applied to the fair market value of the real property covered by the lease or ground rent, as determined by the Mayor.”.

Sec. 7XX3. Chapter 10 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) Section 47-1005.01 is amended as follows:

(1) Subsection (f)(3) is amended by striking the phrase “this title.” and inserting the phrase “this title and subject to the statute of limitations of collections in Chapter 43 of this title.” in its place.

(2) New subsections (i) and (j) are added to read as follows:

“(i) The estimated assessment roll, description of the real property to which the interest or use relates, mailing address of the person with the interest or use, property use information, valuation history, other information in the public record, and information (excluding a confidential lease) not made confidential as a valuation record as defined under § 47-821(d)(2) may be published by the Mayor by any form of electronic media, including the Internet.

“(j) The provisions of § 47-811.02 shall apply to any payment of possessory interest tax.”.

(b) Section 47-1005.02(a) is amended by adding a new paragraph (3) to read as follows:

“(3) A security interest instrument, including a mortgage or deed of trust, securing debt incurred to acquire, develop, or redevelop property described in paragraph (1) of this subsection, or a refinancing or modification of a debt on such property, shall be exempt
from the tax imposed by Chapter 11 of Title 42; provided, that a certification of exemption has been made pursuant to subsection (b)(1) of this section with respect to both the owner granting the security interest and the property encumbered by the security interest. Unless waived by regulation, to claim an exemption a copy of the certification of exemption shall accompany the security interest instrument at the time it is submitted for recordation.”.

Sec. 7XX4. Chapter 13 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) Section 47-1345(b) is amended by striking the phrase “improvements only” and inserting the phrase “improvements only, for the remaining period as provided in the lease and subject to the other terms and conditions of the lease” in its place.

(b) Section 47-1355(a)(3) is amended to read as follows:

“(3) An action to foreclose the right of redemption is dismissed for lack of prosecution, or a pleading has not been filed by the plaintiff within one year of the last hearing in the case, whichever occurs first.”.

(c) Section 47-1361(b-1) is amended by striking the phrase “and sold as a lien at a tax sale” and inserting the phrase “and appears on a real property tax bill or notice that was mailed to the real property’s owner as indicated on the tax roll to the owner’s mailing address on the tax roll” in its place.

(d) Section 47-1382(f) is amended to read as follows:

“(f)(1) If the purchaser fails to pay to the Mayor the amount required under this section within 30 days of the final judgment, the final judgment may be vacated as void by the Superior Court on the motion of any party. If the purchaser fails to pay to the
Mayor the amount required under this section within one year from the date of the final judgment or from the effective date of the Real Property Tax Clarification Amendment Act of 2018, whichever is later, the final judgment shall become vacated as void without need for a motion to the Superior Court.

“(2) If the purchaser does not record the deed in the Recorder of Deeds within 30 days of the execution of the deed, the final judgment may be vacated as void by the Superior Court on the motion of any party.

“(3) If a final judgment is vacated as void as provided under this subsection, any deed and the certificate of sale are void and all money paid by the purchaser to the Mayor is forfeited except as provided in § 47-1354(c).”.

e. Fiscal Impact

This subtitle does not have a fiscal impact.

5. OCFO FINGERPRINTING AUTHORIZATION

a. Purpose, Effect, and Impact on Existing Law

The Office of the Chief Financial Officer states that this legislation is required for the office to comply with Internal Revenue Service Safeguards for protecting federal tax information. The Federal Bureau of Investigation is authorized to exchange national criminal history record information with local government officials for purposes of employment and licensing, but only where the government official has been given specific statutory authority. Therefore, the OCFO seeks specific statutory authority to conduct fingerprint background checks on employees and/or contractors who handle sensitive financial and tax information to improve agency security measures. Once the CFO has this statutory authority, he will be able to submit fingerprints to the FBI. In turn, the FBI will review the fingerprints against its national criminal history record information. The OCFO can then use this information to make determinations of suitability for employment in positions with high security risks.

This is a risk and liability prevention proposal. Postponing the CFO’s ability to conduct more detailed background checks on employees who handle sensitive tax information may inhibit the ability of OTR to process, audit and communicate with taxpayers regarding their tax returns and may lead to restrictions in the District’s access to federal tax information provided by the IRS. The OCFO has represented to the Committee that these background checks will be narrowly tailored to require only
employees that access these types of information to undergo the new background investigations.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle as amended by the general counsel for the foregoing reasons.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. 7XX]1. Short title.

This subtitle may be cited as the “Office of the Chief Financial Officer Fingerprinting Authorization Act of 2018”.

Sec. 7XX2. Section 47-4406 of the District of Columbia Official Code is amended by adding new subsections (h), and (i) to read as follows:

“(h)(1) Notwithstanding any other law, the Office of the Chief Financial Officer is authorized to require federal and state criminal background investigations on any employee, candidate for employment, contractor, or subcontractor of the Office of the Chief Financial Officer that has or will have access to federal tax information for the purpose of determining the individual's suitability to access federal tax information as required by section 6103(p)(4) of the Internal Revenue Code (26 U.S.C 6103(p)(4)).

“(2)(A) The criminal background investigations shall be conducted in accordance with Internal Revenue Code section 6103(p)(4) and shall include a fingerprint-based criminal record check of national crime information databases.

“(B) For the criminal record check authorized pursuant to this paragraph, the Office of the Chief Financial Officer shall submit the individual's
fingerprints to the Office of Integrity and Oversight for forwarding to the Federal Bureau of Investigation.

“(3) Prospective employees shall be subject to fingerprinting and national, state, and local criminal history records checks only after a conditional offer of employment has been made.

“(4) Current employees, contractors, and subcontractors with access to federal tax information shall be subject to fingerprinting and national, state, and local criminal history records checks at a minimum of every 10 years.

“(5) The Chief Financial Officer may adopt rules to effectuate the purposes of this subsection.

“(i) For the purposes of this section, the term:

“(1) “Criminal background investigation" means a District, local, state, or national fingerprint-supported criminal history investigation.

“(2) "Employee" means an individual employed by the Office of the Chief Financial Officer, an individual working for a private business entity under contract with the Office of the Chief Financial Officer, an individual working for a private business entity under contract with the District of Columbia, or an individual who is employed by the District of Columbia.

“(3) "Federal tax information" means a return or return information received directly from the Internal Revenue Service or obtained through an authorized secondary source, such as the Social Security Administration or any entity acting on behalf of the Internal Revenue Service pursuant to an Internal Revenue Code section 6103 (p)(2)(B) agreement.”.
e. **Fiscal Impact**

Any fiscal impact will be absorbed by the Office of the Chief Financial Officer.

6. **EMPOWERMENT ZONE DESIGNATION**

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

The District is at a critical juncture as it prepares to implement the $15 minimum wage and renewing the Empowerment Zone tax incentives is as compelling now as it has ever been since the incentives expired in 2011. The District is the only city in the United States without a state backdrop and lacks the advantages of other cities. Therefore, this subtitle will recommend that the Empowerment Zone apply to all four quadrants of the District instead of certain targeted areas.

b. **Committee Reasoning**

The Committee recommends adopting the proposed subtitle for the foregoing reasons.

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

N/A

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

Sec. 7XX1. Short title.

This subtitle may be cited as the “Empowerment Zone Designation Act of 2018”.

Sec. 7XX2. The Empowerment Zone legislation enacted by Congress in 1993 is hereby reenacted to include the urban areas as of December 2017 and the entirety of District of Columbia as empowerment zone.

Sec. 7XX3. Section 1391(b)(2) of the Internal Revenue Code of 1986 is amended as follows:

(a) The existing text is designated subparagraph (A).

(b) A new subparagraph (B) is added to read as follows:
“(B)(i) Notwithstanding the restrictions set forth in subparagraph (A) of this paragraph, the entirety of the District of Columbia is hereby designated an empowerment zone.

“(ii) This subparagraph shall apply as of October 1, 2015.”.

Sec. 7XX4. This subtitle shall apply upon enactment by Congress.

7. MOTOR FUEL IMPORTER’S LICENSE FEE AMENDMENT

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

The application for a license to import motor fuel into the District is part of Modernized Integrated Tax System (“MITS”) version four. Previously, this application required a five-dollar ($5.00) annual fee. The MITS program managers have determined that the cost to implement and collect this fee through MITS greatly exceeds the amount of revenue generated from the fee.

If postponed until a subsequent fiscal year, the programming changes required to collect the fee would already have been implemented at unknown cost in time and work hours.

There are currently eighty-three (83) license holders causing a negative fiscal impact of four hundred and fifteen dollars ($415). OTR will absorb the cost of this lost revenue. Additionally, the cost to implement and collect this fee would be significantly more than the amount collected.

b. **Committee Reasoning**

The Committee recommends adopting the proposed subtitle as amended by the general counsel for the foregoing reasons.

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

N/A

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

Sec. 7XX1. Short title.

This subtitle may be cited as the “Motor Fuel Importer’s License Fee Amendment Act of 2018”.

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Sec. 7XX2. Section 47-2303 of the District of Columbia Official Code is amended as follows:

(a) The heading is amended by striking the phrase “fee;”.

(b) Subsection (a) is amended by striking the phrase “shall pay to the Collector of Taxes as an annual license fee the sum of $5 and”.

(c) Subsection (b) is amended by striking the phrase “and the payment of the fee”.

Sec. 7XX3. Applicability.

This subtitle shall apply as of November 1, 2018.

e. Fiscal Impact

The subtitle has no fiscal impact.

8. TELEVISION, VIDEO OR RADIO SERVICE ACT

a. Purpose, Effect, and Impact on Existing Law

The current law requires that certain businesses provide the same information to the Office of Tax and Revenue on both a monthly and quarterly basis.

The proposed subtitle clarifies that the reporting requirements should be on a monthly basis for companies that sell or charge for cable television service, satellite relay television service, and all other distribution of television, video, or radio service.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle for the foregoing reasons.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. 7[ ]1. Short title.
This subtitle may be cited as the “Television, Video, or Radio Service Act of 2018”.

Sec. 7[ ]2. Section 47-2501.01 of the District of Columbia Official Code is amended as follows:

(a) Section 47-2501.01 is amended by striking the phrase “On a quarterly basis and at the quarterly intervals prescribed by the Mayor,” and inserting the phrase “Before the 21st day of each calendar month,” in its place.

Sec. 7[ ]3. Applicability.

This subtitle shall apply as of October 1, 2018.

e. Fiscal Impact

The subtitle has no fiscal impact.

9. DELINQUENT DEBT RECOVERY AMENDMENT

a. Purpose, Effect, and Impact on Existing Law

The proposed change increases the fiscal flexibility of the District by repealing the requirement for the Central Collections Unit to retain funds as a reserve operating balance.

The District already has the authority to sweep the funds in the reserve operating balance through legislation. Postponing the proposed item will not cause a hardship; enacting it will clarify the Central Collections Unit law.14

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle for the foregoing reasons.

c. Section-by-Section Analysis

N/A

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

Sec. 7XX1. Short title.

This subtitle may be cited as the “Delinquent Debt Recovery Amendment Act of 2018”.

Sec. 7XX2. Section 1045 of the Delinquent Debt Recovery Act of 2012, effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code §1-350.04), is amended as follows:

(a) Strike the phrase “, less 10% of such remainder, which shall be retained as a reserve operating balance,”.

(b) A new sentence is added at the end to read as follows:

“After all operational and administrative expenses of the Central Collections Unit are met, as certified by the Chief Financial Officer in the year-end close, an amount, not to exceed $5 million of the remaining cash balance, net of accrued liabilities, shall be transferred to the Commission on the Arts and Humanities, to be in addition to the existing continuing services funding level established in the Fiscal Year 2019 Budget and Financial plan.”.

e. **Fiscal Impact**

The subtitle generates a recurring $5 million enhancement to available funds which will be dedicated to increasing the baseline funding amount of the Commission on the Arts and Humanities.

10. **MIXED USE NEIGHBORHOOD CONVERSION**

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

The Committee had a hearing on Bill 22-0378, the “Mixed Use Neighborhood Conversion Incentive Act of 2017” on October 20, 2017. This bill, if passed, would
provide incentives to convert office space to market-rate residential with affordable housing required. The bill would apply to the Downtown DC and Golden Triangle BID areas only. It would provide for up to $20 per Square Foot per year for 10 years, with up to $5 million total abatement per year for 10 years.

The subtitle proposed by the Committee in this report is similar to the introduced version of the bill but with two substantive changes. The tax abatement would be available starting October 1, 2023 (Fiscal Year 2024) instead of the introduced version’s October 1, 2020 start date and move all applicable dates back the same amount of time throughout the legislation for applications and building permit requirements.

The second change from the introduced version of the bill would be to increase the percentage of subsidized units at a higher percentage of AMI. Given the need for workforce housing in DC, and the fact that 80% to 100 of AMI ranges from 50% to 63% of Downtown DC median income, this greatly assists meeting this policy goal for the city.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle as amended by the general counsel for the foregoing reasons.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. XXX1. Short title.

This subtitle may be cited as the “Mixed Use Neighborhood Conversion Incentive Amendment Act of 2018”.

Sec. XXX2. Chapter 8 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents for Subchapter II of Chapter 8 is amended by adding new section designations to read as follows:

"47-860.01. Tax Abatements for Commercial to Residential Conversion - Definitions."

"47-860.03. Tax Abatements for Commercial to Residential Conversion - Tax Abatement to incentivize conversion of commercial property to residential property.


(b) New sections §§ 47-860.01 through 47-860.04 are added to read as follows:

§ 47-860.01 Tax Abatements for Commercial to Residential Conversion - Definitions.

"For the purposes of § § 47-860.01 through 47-860.04, the term:

"(1) "Eligible area" means the area within the Downtown DC BID or the Golden Triangle BID, as defined, respectively, in section 201 and section 202 of the Business Improvement District Act of 1996, effective March 17, 2005 (D.C. Law 15-257; §§ 2-1215.51 and §2-1215.52).

"(2) "Eligible property" means any office building within an eligible area.

"(3) "Mixed Use Neighborhood Conversion Advisory Board" means an advisory board with equal representation from the Deputy Mayor for Planning and Economic Development and Business Improvement Districts, or designees, as well as representation from any District agency that the Mayor considers appropriate or necessary."
"(4) "Mixed Use Neighborhood Conversion Project" means a development project that converts an existing office building into a building that includes residential units, which may also include other commercial uses, within the boundaries of the Golden Triangle Business Improvement District or Downtown Business Improvement District, and provides that 8% of the units will be affordable to households making up to 60% of the area median income, or 15% of the units will be affordable to households making up to 80% of the area median income, or 20% of the units will be affordable to households making up to 90% of area median income, or 25% of the units will be affordable to households making up to 100% of area median income.

"(5) "Mixed Use Neighborhood Conversion Project Tax Abatement" means abatement of up to $20 per square foot per year of real property taxes for up to 10 years, which shall be awarded at the discretion of the Mayor.

"§ 47-860.02 Tax Abatements for Commercial to Residential Conversion - Requirements.

"(a) The Mixed Use Neighborhood Advisory Board shall issue a progress report 6 months after the effective date of the Mixed Use Neighborhood Conversion Incentive Amendment Act of 2018.

"(b) The Mayor may approve a tax abatement under § 47-860.03 for an eligible property by issuing a Mixed Use Neighborhood Conversion Project award letter to a building owner or developer that will convert existing office to residential space with
a tax abatement of no more than $20 per rentable or usable residential square foot.

The award letter will specify the following:

"(1) The rentable square feet of residential space to be produced;

"(2) The total number of residential units to be produced, and whether they are apartments or condominiums;

"(3) The number of studio, one-bedroom, two-bedroom, three-bedroom and four-bedroom units to be produced;

"(4) The number and type of affordable units to be produced;

"(5) The total annual dollar amount of tax abatement being awarded;

"(6) The square and lots of the building, or buildings, where the awarded tax abatement will be used to reduce the buildings annual property tax bill; and

"(7) The projected dates for:

"(A) Filing for all necessary permits;

"(B) Receiving final approval of all permits;

"(C) Starting the construction work to convert office space to residential space;

"(D) Completion of construction work to convert office space to residential space; and

"(E) Starting the 10-year tax abatement.
"(c) Subject to paragraphs (1) and (2) of this subsection and subsection (d) of this section, and per the tax abatement limits imposed by § 47-860.04, the Mayor shall issue a certification letter for the tax abatement under § 47-860.03 that includes the information required by § 47-860.02(b), only after the owner, or his designee or assignee:

"(1) Receives a final building permit for the mechanical, electrical, plumbing, and heating, ventilation, and air conditioning systems for the building's superstructure within one year of the date of their award letter; and

"(2) Completes construction within 3 years of the date of the award letter, provided, that the Mayor, at the Mayor’s discretion, may grant two 6-month extensions.

"(d) A tax abatement shall not be allowed under § 47-860.03 unless the owner, or his designee or assignee, satisfies subsection (c)(1)(A) and (B) of this section on or before December 31, 2029;

"(e) The Mayor may award up to $5 million per year of 10-year tax abatements at a rate of up to $20 per square foot for Mixed Use Neighborhood Conversion Projects; provided, that the Mayor shall not be obligated to make any awards, or, if an award is made, to offer the maximum rate of $20 per square foot.

"(f) No less than 45% of total abatements, and no more than 55% of total abatements, shall be awarded to projects within a single eligible area.

"(g) The Mayor shall send copies of all certification letters transmitted by the Mayor pursuant to paragraph (c) of this section to the Office of Tax and Revenue.
"§ 47-860.03. Tax Abatements for Commercial to Residential Conversion - Tax
Abatement to Incentivize Conversion of Commercial Property to Residential Property.

"The Mayor shall allow for all eligible properties selected by the Mayor to receive Mixed Use Neighborhood Conversion Project Tax Abatement and certified under § 47-860.02, an abatement of the real property tax imposed by § 47-811 an amount up to $20 per square foot of the converted building's total usable or rentable residential square footage as certified by the project architect and the Mayor; provided, that the:

"(1) Tax abatement shall expire at the end of the 10th tax year after the tax year in which a certificate of occupancy is issued for the eligible property; and

"(2) Eligible property for which the abatement was granted continues to meet the definition of Mixed Use Neighborhood Conversion Project.


"The Mayor may approve an amount not to exceed $5 million annually in tax abatements under § 47-860.03, not to exceed $50 million in the aggregate and starting no earlier than Fiscal Year 2024 and no later than Fiscal Year 2029. The certified tax abatement can be used to reduce the annual property taxes of multiple buildings as described in both the award and certification letters.”.

e. Fiscal Impact

The subtitle has no fiscal impact, as there are no costs within the financial plan period.
11. COMMISSION ON THE ARTS AND HUMANITIES CHARLES HAMILTON HOUSTON STATUE FUND

a. Purpose, Effect, and Impact on Existing Law

In support of the Commission on Arts and Humanities' mission of fostering public education and awareness through diverse artistic expression which enriches the District’s culture, the Committee recommends $300,000 of existing funds be allocated to erecting a statue in commemoration of Charles Hamilton Houston, a remarkable Washingtonian and champion of civil rights. As a brilliant lawyer, tenacious Dean of Howard University Law School, and the first special counsel for the NAACP, Charles Hamilton Houston laid the legal framework responsible for dismantling the American system of segregation.

Language included in the Mayor’s proposed budget for the Commission on the Arts and Humanities identifies funding for a statue of a “historic figure”15, this subtitle directs “historic figure” to be “Charles Hamilton Houston”.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle for the foregoing reasons.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

“Sec. 7xx1. Short Title. This subtitle may be cited as the “Commission on the Arts and Humanities Charles Hamilton Houston Statue Act of 2018”.

Sec. xxxx. Notwithstanding any provision of law, in Fiscal Year 2019, the Commission on the Arts and Humanities Act shall commission, on a competitive basis, issue a grant to create a statue to honor native Washingtonian Charles Hamilton Houston, in an amount not to exceed $300,000. The statue shall include a plaque or other display element that recognizes his role as a champion of civil rights who, as a brilliant lawyer, tenacious Dean of Howard University Law School, and the first special counsel for the NAACP, laid the foundation responsible for dismantling the American system of segregation.

15 See https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/bx_dcartchapters_2019m.pdf
segregation, and who left an indelible mark on society and inspired generations of
lawyers to pursue the cause of freedom and equal justice under the law for all Americans.

e. Fiscal Impact

The subtitle has no fiscal impact, as the funding has been identified in the agency budget.

12. COMMISSION ON THE ARTS AND HUMANITIES DEDICATED FUNDING

a. Purpose, Effect, and Impact on Existing Law

The development of our arts and humanities communities are critical for both the
educational and economic benefits they provide to the District. Providing a dedicated
funding source to the Commission on the Arts and Humanities will allow them to more
effectively provide. The proposed subtitle directs 0.25% of our existing general sales tax
collections to the CAH on a yearly basis. This would amount to approximately $43
Million annually.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle for the foregoing reasons.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. 7xx1. Short title.

This subtitle may be cited as the “Commission on the Arts and Humanities
Dedicated Funding Act of 2018”.

Sec. 2. Chapter 20 of Title 47 of the District of Columbia Official Code is amended
as follows:

(a) The table of contents is amended by adding a new section designation to read
as follows:
“47-2034. Dedication of sales tax revenue for Commission on the Arts and Humanities.”.

(b) A new section 47-2034 is added to read as follows:

“§ 47-2034. Dedication of sales tax revenue for Commission on the Arts and Humanities.

Beginning in fiscal year 2019, and each succeeding fiscal year, 0.25% of the existing nondedicated sales and use tax revenue collected annually shall be dedicated to fund the Commission on the Arts and Humanities.”.

e. Fiscal Impact

The Committee recommends that funds be identified at the Committee of the Whole to fund this subtitle.

13. RESIDENTIAL BUILDING PERMIT CLASSIFICATION AMENDMENT

a. Purpose, Effect, and Impact on Existing Law

The proposed item will permit properties to benefit earlier from the residential tax classification where such properties are being developed for residential use or are being converted to residential use. Currently a property cannot convert its tax classification until it is 65% complete, and this amendment will allow for such change at a lower 10% completion benchmark. If the 10% threshold is reached, the classification can be changed even for half a real property tax year.

Postponing the proposed item may not incentivize residential construction and conversion, potentially exacerbating vacant office space which otherwise could be used for residential purposes. Enacting the legislation will encourage residential construction and conversion.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle for the foregoing reasons.

c. Section-by-Section Analysis

N/A
d. Legislative Recommendations for Committee of the Whole

Sec. 7XX1. Short title.

This subtitle may be cited as the “Residential Building Permit Classification Amendment Act of 2018”.

Sec. 7XX2. Section 47-813 of the District of Columbia Official Code is amended as follows:

(a) Subsection (c-8)(2) is amended as follows:

(1) Subparagraph (A) is amended to read as follows:

“(A) Except as otherwise provided in this paragraph and subject to paragraphs (4) and (5) of this subsection, Class 1 Property shall be comprised of:

“(i) Residential real property that is improved and its legal use (or in the absence of use, its highest and best permitted legal use) is for nontransient residential dwelling purposes; or

“(ii) Real property, for which a building permit has been issued to construct upon vacant land a new improvement for predominantly (or substantially rehabilitate that portion or all of an existing improvement for exclusive) nontransient residential dwelling purposes, and the actual construction work related to such permit is actively pursued and at least 10% completed pursuant to a construction percentage completion schedule promulgated by the Chief Financial Officer through rulemaking, or for which a supplemental assessment is issued under § 47-829 for construction or rehabilitation of that portion or all of an improvement for exclusive nontransient residential dwelling purposes; provided, that this sub-subparagraph shall not apply to any tax year or part thereof once an annual assessment for such upcoming tax year is made
under § 47-824 and the owner may apply for mixed-use under subsection (f) of this section.”.

(2) Subparagraph (B) is amended by striking the phrase “designated as” and inserting the phrase “designated solely as” in its place.

(3) Subparagraph (D) is amended by striking the word “ownership” and inserting the phrase “ownership and the real property is not buildable as a matter of right” in its place.

(b) Subsection (d-1) is amended by adding a new paragraph (3B) to read as follows:

“(3B)(A) If real property changes classification pursuant to subsection (c-8)(2)(A)(ii) of this section during the period:

“(i) October 1 through March 31 of the tax year, the newly reclassified Class 1 Property, or portion thereof for exclusive residential use if already improved or assessed under § 47-829, shall be taxed at the Class 1 Property tax rate for the entire tax year; or

“(ii) April 1 through September 30 of the tax year, the newly reclassified Class 1 Property, or portion thereof for exclusive residential use if already improved or assessed under § 47-829, shall be taxed at the Class 1 Property tax rate for the second installment only.

“(B) The owner shall apply for a change of classification under this paragraph and promptly provide complete documentation as prescribed by the Chief Financial Officer to substantiate any classification change under this paragraph and
subsection (c-8)(2)(A)(ii) of this section before any such change shall be effective, which
may include a schedule of costs with supporting documentation.

“(C) A change in classification under this paragraph and subsection (c-
8)(2)(A)(ii) of this section shall be effective beginning in the half tax year for which
application is made under subparagraph (B) of this paragraph.

“(D)(i) If a classification change under this paragraph and subsection (c-
8)(2)(A)(ii) of this section is determined to be erroneous because the real property was
not put to the purported residential use by the earlier of the issuance of a new or amended
certificate of occupancy (temporary or permanent) for any part of the improvement of the
real property or 3 years from the issuance of the building permit, or if the building permit
expired and was not renewed within one year, the Chief Financial Officer shall reclassify
and tax the real property without limitation for each tax year or half tax year in which the
real property was erroneously classified as Class 1 Property, subject only to paragraph (5)
of this subsection if the property is determined to be Class 3 Property or Class 4 Property,
or subsection (d-2) of this section.

“(ii) In the event of a reclassification pursuant to this subparagraph,
penalty and interest shall be added beginning from the day the correct amount of tax
should have been due but not paid if the property had been properly classified.

“(E) Within 45 days from the date of the notice of denial, or rescission, of
Class 1 Property reclassification under this paragraph, the owner may petition for an
administrative review of the denial, or rescission, and appeal from a final determination
thereof to the same extent as if the appeal were filed under § 47-825.01a(d)(2).
“(F) Notwithstanding the time limitations in subparagraphs (C) and (D) of this paragraph, the Chief Financial Officer, in the Chief Financial Officer’s discretion, may grant an extension of time to comply to prevent an undue hardship to the owner.

“(G) The provisions of this paragraph, subsection (c-8)(2)(A)(ii) of this section, and § 47-829 shall not supersede the requirement to timely file for mixed-use classification for the upcoming tax year pursuant to subsection (f) of this section where the annual assessment for such upcoming tax year is made under § 47-824 and the certificate of occupancy was issued or the permit was made final.”.

(c) Subsection (d-2) is amended by striking the phrase “Class 3 Property” and inserting the phrase “Class 2 Property, Class 3 Property,” in its place.

Sec. 7XX3. Applicability.

Section 7XX2 shall apply beginning in tax year 2019.

e. Fiscal Impact

The Committee recommends that funding be identified, if necessary, at the Committee of the Whole level as the fiscal effect has not yet been quantified by the OCFO. The Committee anticipates that this should not have a fiscal impact.

14. FRANKLIN SCHOOL REAL PROPERTY TAX EXEMPTION AMENDMENT

a. Purpose, Effect, and Impact on Existing Law

The long-vacant Franklin School will be put to a dynamic new use through the creation of the city’s first interactive language arts museum and education space. A clarifying amendment to the tax law is needed to ensure that deed and recordation tax as well as possessory interest tax are not assessed during the construction period when the museum has not yet opened to the public.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle for the foregoing reasons.
c. **Section-by-Section Analysis**

N/A

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

Sec. xxx1. Short title.

This subtitle may be cited as the “Franklin School Real Property Tax Exemption Amendment Act of 2018”.

Sec. xxx2. Chapter 10 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by adding a new section designation to read as follows:

“47-4669. Franklin School; Lot 80, Square 285.”.

(b) A new section 47-4669 is added to read as follows:

“§ 47-4669. Franklin School; Lot 808, Square 285.

“(a) For the period beginning December 15, 2017, and ending December 31, 2020, the real property located at 925 13th Street, N.W., formerly known as the Franklin School and described as Lot 808, in Square 285 (“Property”) shall be exempt from real property taxation and possessory interest taxation as long as the Property is leased directly from the District of Columbia and is used for purposes permitted under the lease, including the development, design, construction and operation of a museum of language arts, and ancillary uses.

“(b) The transfer of a possessory interest in the Property shall be exempt from transfer and recordation tax during the period stated in subsection (a) of this section and
any payments made of such taxes shall be refunded to the person who made the payments.

“(c) The holder of a possessory interest exempted from tax under this section shall make the reports required under § 47-1007 and shall have the appeal rights provided under § 47-1009.”.

Sec. xxx3. The Council orders that all possessory interest taxes, interest, penalties, fees, and other related charges assessed against Lot 802, Square 285 beginning on January 1, 2018, through the end of the month following the effective date of this act be forgiven and that any payments for this period be refunded to the person who made the payments.

Sec. xxx4. Applicability.

(a) This act shall apply upon the date of inclusion of its fiscal effect in an approved budget and financial plan.

(b) The Chief Financial Officer shall certify the date of the inclusion of the fiscal effect in an approved budget and financial plan, and provide notice to the Budget Director of the Council of the certification.

(c)(1) The Budget Director shall cause the notice of the certification to be published in the District of Columbia Register.

(2) The date of publication of the notice of the certification shall not affect the applicability of this act.

e. Fiscal Impact

The Committee recommends that funds be identified at the Committee of the Whole to fund this subtitle.
15. HISTORIC MUSIC CULTURAL INSTITUTIONS EXPANSION AMENDMENT

a. Purpose, Effect, and Impact on Existing Law

This subtitle would restore legislation that was previously passed by the Council, but repealed due to a lack of funding. Essentially it would conditionally and temporarily exempt historic music cultural institutions from certain recordation taxes as a condition of their expansion in the District and would also exempt these institutions, which have operated in the District for a minimum of 45 years and host a minimum of 100 live musical performances open to the public in the District each year, from real property and transfer taxes and assessments on land and improvements at their current or future location, not to exceed $2 million in the aggregate. In particular, this subtitle is directed toward Blues Alley. This is an important cultural institution in the city and it needs targeted support to ensure that it stays in the District.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle for the foregoing reasons.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

“Sec. 7xx1. Short Title.

“This subtitle may be cited as the Historic Music Cultural Institutions Expansion Amendment Act of 2018.

“Sec. 7xx2. Purpose.

“To amend Title 42 of the District of Columbia Code to conditionally and temporarily exempt Historic Music Cultural Institutions from certain recordation taxes as a condition of their expansion in the District; and to amend Title 47 of the District of Columbia Code to conditionally and temporarily exempt Historic Music Cultural Institutions from certain real property and transfer taxes and assessments on land and improvements at their current or future location.
“Sec. 2. Definitions.

“For the purposes of this act, the term:

“(1) “Historic Music Cultural Institution” means a for-profit or nonprofit corporation operating a commercial venue located in the District which has been in continuing commercial operation in the District for a minimum of 45 years, and in the five calendar years preceding the effective date of this act hosted a minimum of 100 live musical performances open to the public in the District each year. An Historic Music Cultural Institution shall include areas immediately adjacent to, or included within, the music venue, and in the same building or buildings as the Historic Music Cultural Institution which are: dedicated to food or beverage service or preparation and used exclusively by the Historic Music Cultural Institution; supporting office spaces used exclusively by the Historic Music Cultural Institution; and spaces occupied exclusively by directly affiliated nonprofit music-oriented cultural organizations.

“(2) “Expanded Music Cultural Use” means the lease, including a lease renewal or renegotiation at its current location, or lease or purchase by an Historic Music Cultural Institution of real property within the District capable of supporting one or more buildings larger in size than the building occupied by the Historic Music Cultural Institution within one year prior to the effective date of this act, where the principal purpose of the lease or purchase is for (i) making improvements at the Historic Music Cultural Institution's current location or (ii) relocating the Historic Music Cultural Institution into that expanded building or those buildings; and then the use of that current or future real property to increase the Historic Music Cultural Institution's ability to present live music performances in the District, to continue to present live music
performances in the District, and to seek a goal of expanding public live music and cultural entertainment and employment opportunities in, and increasing government revenue for, the District.

“Sec. 2163. Tax and fee temporary abatements, waivers, and freezes.

“(a) Section 42-1102 of the District of Columbia Code is amended as follows:

“(1) Subsection (34) is amended to remove the word “and”;

“(2) Subsection (35) is amended to remove the final period and to add “; and” at the end;

“(3) A new subsection (36) is added to read as follows:

“(36) Any Historic Music Cultural Institution which closes on the purchase of real property within the District within one year prior to, or within five years after, the effective date of this act for an Expanded Music Cultural Use shall be exempted from the deed recordation taxes imposed by this section. Any deed recordation taxes subject to this exemption paid to the District by a Historic Music Cultural Institution shall be reimbursed by the District.”

“(b) Section 47-902 of the District of Columbia Code is amended by adding a new subsection (28) to read as follows:

“(28) Any Historic Music Cultural Institution which closes on the purchase of real property within the District within one year prior to, or within five years after, the effective date of this act for an Expanded Music Cultural Use shall be exempted from the transfer tax on real property imposed by this section. Any transfer tax on real property subject to this exemption paid to the District by a Historic Music Cultural Institution shall be reimbursed by the District.”
“(c) Title 47 of the District of Columbia Code is amended as follows:

“(1) Section 47-1002 is amended by adding a new subsection (33) to read as follows:

“(33) The portion of any real property in the District purchased or leased by an Historic Music Cultural Institution, as defined in this act, where the Historic Music Cultural Institution (a) closes on the purchase or lease of real property within the District or (b) renews or renegotiates its lease at its current location and the date of purchase, lease or new lease term is within one year prior to, or within five years after, the effective date of this act for an Expanded Music Cultural Use shall be exempted from the real property taxes imposed by this section for a period of ten tax years from date of purchase or effective date of any lease or renegotiated lease. Any real property taxes subject to this exemption paid to the District by a Historic Music Cultural Institution shall be refunded by the District.”

“(d) Section 47-813 of the District of Columbia Code is amended as follows:

“(1) A new section (g) is added to read as follows:

“(g) Any real property taxes, and penalties or interest associated with those taxes, assessed by the District under this Title at any property tax classification other than the Class 2 classification defined by this section within five years prior to the effective date of this act which have not already been paid to the District shall be waived, so long as the real property subject to that real property tax shall be purchased or leased in its entirety by a Historic Music Cultural Institution for an Expanded Music Cultural Use within one year prior to, or within five years following, the effective date of this act.”
“Sec. 2164. Limitations and Cooperation.

“(1) The amount of all taxes and fees waived, abated, or frozen pursuant to this act shall not exceed, in the aggregate, $2,000,000.

“(2) No Historic Music Cultural Institution shall be entitled to receive any of the waivers, abatements, or freezes provided pursuant to this act more than once.

“(3) At least 50 percent of any employees newly hired by a Historic Music Cultural Institution while receiving any tax or fee waiver, abatement, or freeze pursuant to this act shall be residents of the District. A Historic Music Cultural Institution receiving any tax or fee waiver, abatement, or freeze pursuant to this act shall annually certify its compliance with this subsection to the District's Chief Financial Officer.

“(4) Real property in the District owned or leased by an Historic Music Cultural Institution shall only be entitled to continue to receive any tax or fee waivers, abatements, or freezes pursuant to this act as long as the Historic Music Cultural Institution continues to occupy and own or lease the real property receiving the benefit and continues to use that real property for an Expanded Music Cultural Use.

“(5) In the course of providing any tax or fee waiver, abatement, or freeze pursuant to this act the Mayor or his designee shall provide cooperative assistance to a Historic Music Cultural Institution to facilitate the prompt, efficient, and coordinated review of any permit or license application, or application to transfer such permit or license, made necessary by a change of music venue location under this act; including, but not limited to, licenses or permits associated with food and beverage service, demolition and construction, and utility hook-ups.
e. **Fiscal Impact**

The Committee recommends that funds be identified at the Committee of the Whole to fund this subtitle.

16. **ALABAMA AVENUE INTERNATIONAL HOUSE OF PANCAKES REAL PROPERTY TAX EXEMPTION**

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

   This subtitle would provide that the Alabama Avenue International House of Pancakes would receive a real property tax exemption. The OCFO has certified that this abatement is necessary due to a shortfall in business operating funds.

   b. **Committee Reasoning**

   The Committee recommends adopting the proposed subtitle for the foregoing reasons.

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

   N/A

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

   “Sec. 7xx1. Short Title.

   “This subtitle may be cited as the Alabama Avenue International House of Pancakes Real Property Tax Exemption Act of 2018”.

   Sec.7xx2. Chapter 46 of Title 47 of the District of Columbia Official Code is amended as follows:

   (a) The table of contents is amended by adding a new section designation to read as follows:

   “47-4650. Father & Sons, LLC; Lot 819, Square 5912.”.

   (b) A new section 47-4650 is added to read as follows:
“(a) The real property described as Lot 819, Square 5912, (“Property”), shall be exempt from the tax imposed by Chapter 8 of this title for the period beginning October 1, 2018 and ending September 30, 2027 as long as:

“(1) The Property is leased by Father & Sons, LLC;

“(2) The Property is used for restaurant purposes;

“(3) At least 51% of permanent jobs in the restaurant are filled by District residents, with a minimum of 31% of the District resident jobs reserved for Ward 8 residents;

“(4) All apprenticeships shall be reserved for District residents with preference given to Ward 8 residents; and

(5) The benefit of this exemption shall be passed on to Father & Sons, LLC in the form of reduced rent equal to the amount of the tax exemption.

“(b) All real property taxes, interest, penalties, fees, and other related charges assessed against the Property, for the period beginning on October 1, 2018 and continuing through the end of the month during which the Alabama Avenue International House of Pancakes Real Property Tax Exemption Act of 2018 becomes effective, shall be forgiven and any payment made for this period refunded to the person who made the payment.

“(c)(1) In each year of the exemption period, the Mayor shall certify to the Office of Tax and Revenue the Property’s eligibility for the exemption provided pursuant to subsection (a). The Mayor’s certification shall include:

“(A) The Property’s owner and lessee, the use of the Property, and the term of the lease;

“(B) The amount of the tax exemption passed to the lessee as a reduction in rent;
“(C) A description of the eligible Property by street address, square and lot, the eligible premises, including the floor, or floors, location, and square footage of the area eligible for the exemption, and the date that eligibility begins or ends; and

“(D) Any other information that the Mayor considers necessary or appropriate.

(2) If at any time the Mayor determines that the occupant has become ineligible for the exemption provided pursuant to subsection (a) of this section, the Mayor shall notify the Office of Tax and Revenue and shall specify the date that the Property became ineligible.”.

e. Fiscal Impact

The Committee recommends that funds be identified at the Committee of the Whole to fund this subtitle.

17. 14th STREET NW INTERNATIONAL HOUSE OF PANCAKES REAL PROPERTY TAX EXEMPTION

a. Purpose, Effect, and Impact on Existing Law

This subtitle would provide that the 14th Street NW International House of Pancakes would receive a real property tax exemption. At the recent hearing on the legislation, the Committee heard testimony further affirming this as the type of business we want to have in the city, and it needs our support due to losses it is absorbing in other areas.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle for the foregoing reasons.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

Sec. 7XX1. Short title.
This subtitle may be cited as the “14th Street NW International House of Pancakes Real Property Tax Exemption Act of 2018”.

Sec. 7XX2. Chapter 46 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by adding a new section designation to read as follows:

“47-4650.01. International House of Pancakes #3332; Lot 2001, Square 2674.”.

(b) A new section 47-4650.01 is added to read as follows:

“§ 47-4650.01. International House of Pancakes #3332; Lot 2001, Square 2674.”

“(a) The portion of the real property designated for tax purposes as Lot 2001, in Square 2674, located at 3100 14th Street, N.W., #109, that is owned by DC USA OPERATING CO LLC, and leased to DC Pancakes, LLC (“Property”) shall be exempt from the tax imposed by Chapter 8 of this title for the period beginning October 1, 2018, and ending September 30, 2027; provided, that:

“(1) The Property is leased to DC Pancakes, LLC;

“(2) The Property is used as a restaurant;

“(3) At least 51% of permanent jobs in the International House of Pancakes are filled by District residents, with a minimum of 30% of the District resident jobs reserved for Ward One residents;

“(4) All apprenticeships shall be reserved for District residents with preference given to Ward One residents; and

“(5) The benefit of this exemption shall be passed on to DC Pancakes, LLC in the form of reduced rent equal to the amount of the exemption.
“(b) All real property taxes, interest, penalties, fees, and other related charges assessed against the Property, for the period beginning on October 1, 2018, and ending 45 days after the 14th Street NW International House of Pancakes Real Property Tax Exemption Act of 2018 becomes effective, shall be forgiven and any payment made for this period refunded to the person who made the payment.

“(c)(1) In each year of the exemption period, the Mayor shall certify to the Office of Tax and Revenue the Property’s eligibility for the exemption provided pursuant to subsection (a). The Mayor’s certification shall include:

“(A) The Property’s owner and lessee, the use of the Property, and the term of the lease;

“(B) The amount of the tax exemption passed to the lessee as a reduction in rent;

“(C) A description of the eligible Property by street address, square and lot, the eligible premises, including the floor, or floors, location, and square footage of the area eligible for the exemption, and the date that eligibility begins or ends; and

“(D) Any other information that the Mayor considers necessary or appropriate.

(2) If at any time the Mayor determines that the occupant has become ineligible for the exemption provided pursuant to subsection (a) of this section, the Mayor shall notify the Office of Tax and Revenue and shall specify the date that the Property became ineligible.”.

e. **Fiscal Impact**

The Committee recommends that funds be identified at the Committee of the Whole to fund this subtitle.
18. STORMWATER INFRASTRUCTURE INCENTIVE ACT

a. Purpose, Effect, and Impact on Existing Law

This subtitle provides that a tax exempt entity shall not lose its tax exempt status if its grounds are used to generate stormwater retention credits. Stormwater Retention Credits or SRC’s are available to lower compliance costs of construction projects that are identified as needing runoff-reducing green infrastructure to prevent the degradation of Washington DC's water bodies.

b. Committee Reasoning

The Committee recommends adopting the proposed subtitle for the foregoing reasons.

c. Section-by-Section Analysis

N/A

d. Legislative Recommendations for Committee of the Whole

“Sec. 7xx1. Short Title. This subtitle may be cited as the “Nonprofit Stormwater Infrastructure Incentive Amendment Act of 2018”.

Sec. 7xx2. Section 47-1005 of the D.C. Official Code is amended by adding a new subsection (d) to read as follows:

“(d) This section shall not apply to buildings or ground used to generate Stormwater Retention Credits certified in accordance with section 531 of Title 21 of the District of Columbia Municipal Code (21 DCMR 531).”.

e. Fiscal Impact

The Committee recommends that funds be identified at the Committee of the Whole, if necessary to fund this subtitle.
The Committee met on Thursday, May 3, 2018 in the Council Chambers to consider and vote on the Mayor’s FY 2019 budget request for the agencies under its jurisdiction, appropriation language recommendations, the provisions of the Fiscal Year 2019 Budget Support Act of 2018 referred to the Committee for comment, the Committee’s recommendations to include in the Fiscal Year 2019 Budget Support Act of 2018, and the draft Committee report. Chairperson Evans determined the presence of a quorum consisting of himself and Councilmembers Gray, McDuffie, Silverman and R. White.

Chairperson Evans made opening remarks summarizing the Committee’s proposed actions.

Councilmember McDuffie made brief remarks in support of the report and recommendations.

Councilmember Gray offered an amendment to include a new subtitle in the FY 19 Budget Support Act, the “Department of Health Smoking Cessation Amendment Act of 2018”. After discussion, the members voted on the amendment as follows:

Members in favor: Gray, Silverman
Members opposed: Evans, McDuffie, R. White

Thus, the amendment failed and is not incorporated into the Committee’s report.

Councilmember R. White made brief remarks in support of the report and recommendations.

Councilmember Silverman made brief remarks regarding the report and recommendations, explaining she had concerns with many provisions in the report, would discuss two in particular and would be voting no. Ms. Silverman expressed support for the original rideshare proposal that was included as a part of the Dedicated WMATA Funding subtitle as proposed by the Mayor, but expressed concerns over the revised proposal in the committee report reducing the percentage tax on pooled rides will actively hurt Metro. Ms. Silverman also expressed concerns regarding the Mixed Use Neighborhood Conversion proposed subtitle.

Chairperson Evans then moved the committee report and recommendations on the FY 2019 budget requests of the agencies under the Committee’s purview and appropriation language recommendations, as well as the Committee’s recommendations for the Fiscal Year 2019 Budget Support Act of 2018. The members voted as follows:

**Fiscal Year 2019 Budget Federal Portion Adoption and Request Act of 2018 Recommendations**

Members in favor: Evans, Gray, McDuffie, R. White
Members opposed: Silverman
Members voting present:
Members absent:

The Committee’s Fiscal Year 2019 Budget Federal Portion Adoption and Request Act of 2018 recommendations are adopted by a vote of 4 yes, 1 no, 0 present, and 0 absent.
Fiscal Year 2019 Budget Local Portion Adoption Act of 2018 Recommendations

Members in favor: Evans, Gray, McDuffie, R. White
Members opposed: Silverman
Members voting present:
Members absent:

The Committee’s Fiscal Year 2019 Budget Local Portion Adoption Act of 2018 recommendations are adopted by a vote of 4 yes, 1 no, 0 present, 0 absent.

Fiscal Year 2019 Budget Support Act of 2018 Recommendations

Members in favor: Evans, Gray, McDuffie, R. White
Members opposed: Silverman
Members voting present:
Members absent:

The Committee’s Fiscal Year 2019 Budget Support Act of 2018 recommendations are adopted by a vote of 4 yes, 1 no, 0 present, 0 absent.

Business having concluded, the meeting was adjourned at 11:45 a.m.

VI. ATTACHMENTS

A. Wednesday, April 11, 2018 Fiscal Year 2018 Budget Oversight Hearing Witness List and Testimony.
B. Wednesday, April 18, 2018 Fiscal Year 2018 Budget Oversight Hearing Witness List and Testimony.