
COMMITTEE ON FINANCE AND REVENUE

COUNCILMEMBER JACK EVANS, CHAIRPERSON
FISCAL YEAR 2016 COMMITTEE BUDGET REPORT



TO: Members of the Council of the District of Columbia

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

DATE: May 13, 2015

SUBJECT: Report and Recommendations of the Committee on Finance and Revenue on the Fiscal Year 2016 Budget for Agencies Under Its Purview

The Committee on Finance and Revenue ("Committee"), having conducted hearings and received testimony on the Mayor's proposed operating and capital budgets for Fiscal Year (FY) 2016 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 2016 Budget Support Act of 2015, as proposed by the Mayor.

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COUNCIL BUDGET DIRECTOR CERTIFICATION:

Jennifer Badoff

DATE:

5/27/15

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I. SUMMARY

A. FISCAL YEAR 2016 AGENCY OPERATING BUDGET SUMMARY TABLE (DOLLARS IN THOUSANDS)

FY 2016 Operating Budget by Fund Type (Gross Funds)

	FY 2015 Approved	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
AA03 - OFFICE OF PARTNERSHIPS & GRANT SERVICES					
Total Fund	358,280	339,827	10,000	349,827	-0.02
100 LOCAL FUND	358,280	339,827	10,000	349,827	-0.02
GROSS FUNDS	358,280	339,827	10,000	349,827	-2.36%
AD0 - OFFICE OF THE INSPECTOR GENERAL					
Total Fund	16,919,884	17,215,212	0	17,215,212	1.75%
100 LOCAL FUND	14,347,681	14,594,721	0	14,594,721	1.72%
200 FEDERAL GRANT FUND	2,572,203	2,620,491	0	2,620,491	1.88%
GROSS FUNDS	16,919,884	17,215,212	0	17,215,212	1.75%
AS0 - OFFICE OF FINANCE & RESOURCE MGMT					
Total Fund	35,347,529	36,522,225	(10,000)	36,512,225	3.29%
100 LOCAL FUND	21,203,359	21,582,262	(10,000)	21,572,262	1.74%
600 SPECIAL PURPOSE REVENUE FUNDS	505,527	301,142	0	301,142	-40.43%
700 INTRA-DISTRICT FUNDS	13,638,643	14,638,821	0	14,638,821	7.33%
GROSS FUNDS	35,347,529	36,522,225	(10,000)	36,512,225	3.29%
AT0 - OFFICE OF THE CHIEF FINANCIAL OFFICER					
Total Fund	166,347,586	170,933,830	0	170,933,830	2.76%
100 LOCAL FUND	114,377,808	118,143,875	0	118,143,875	3.29%
200 FEDERAL GRANT FUND	525,000	525,000	0	525,000	0.00%
600 SPECIAL PURPOSE REVENUE FUNDS	43,825,899	44,196,074	0	44,196,074	0.84%
700 INTRA-DISTRICT FUNDS	7,618,879	8,068,881	0	8,068,881	5.91%
GROSS FUNDS	166,347,586	170,933,830	0	164,742,420	-0.96%
BK0 - BASEBALL					
Total Fund	68,800,000	67,507,000	0	67,507,000	-1.88%
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	57,656,000	56,171,000	0	56,171,000	-2.58%
620 ENTERPRISE AND OTHER FUNDS - O TYPES	11,144,000	11,336,000	0	11,336,000	1.72%
GROSS FUNDS	68,800,000	67,507,000	0	67,507,000	-1.88%
BX0 - COMMISSION ON ARTS & HUMANITIES					
Total Fund	16,460,086	16,955,250	0	16,955,250	3.01%
100 LOCAL FUND	15,602,586	14,695,850	0	14,695,850	-5.81%
150 FEDERAL PAYMENTS	0	1,000,000	0	1,000,000	/0
200 FEDERAL GRANT FUND	657,500	684,400	0	684,400	4.09%
600 SPECIAL PURPOSE REVENUE FUNDS	200,000	500,000	0	500,000	150.00%
700 INTRA-DISTRICT FUNDS	0	75,000	0	75,000	/0
GROSS FUNDS	16,460,086	16,955,250	0	16,955,250	3.01%
DA0 - REAL PROPERTY TAX APPEALS COMMISSION					
Total Fund	1,749,390	1,635,857	0	1,635,857	-6.49%
100 LOCAL FUND	1,749,390	1,635,857	0	1,635,857	-6.49%
GROSS FUNDS	1,749,390	1,635,857	0	1,635,857	-6.49%

	FY 2015 Approved	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	%Growth FY 2015 Approved to FY 2016 Committee Budget
DC0 - LOTTERY & CHARITABLE GAMES CONTROL BOARD					
Total Fund	242,156,316	219,999,999	0	219,999,999	-9.15%
620 ENTERPRISE AND OTHER FUNDS - O TYPES	242,156,316	219,999,999	0	219,999,999	-9.15%
GROSS FUNDS	242,156,316	219,999,999	0	219,999,999	-9.15%
ES0 - WASHINGTON CONVENTION & SPORTS AUTHORITY					
Total Fund	133,792,837	129,670,490	0	129,670,490	-3.08%
620 ENTERPRISE AND OTHER FUNDS - O TYPES	133,792,837	129,670,490	0	129,670,490	-3.08%
GROSS FUNDS	133,792,837	129,670,490	0	129,670,490	-3.08%
EZ0 - CONVENTION CENTER TRANSFER-DEDICATED TAX					
Total Fund	115,719,000	120,053,592	0	120,053,592	3.75%
100 LOCAL FUND	4,000,000	3,114,592	0	3,114,592	-22.14%
110 DEDICATED TAXES	111,719,000	116,939,000	0	116,939,000	4.67%
GROSS FUNDS	115,719,000	120,053,592	0	120,053,592	3.75%
ID0 - BUSINESS IMPROVEMENT DISTRICTS TRANSFER					
Total Fund	25,000,000	28,000,000	0	28,000,000	12.00%
600 SPECIAL PURPOSE REVENUE FUNDS	25,000,000	28,000,000	0	28,000,000	12.00%
GROSS FUNDS	25,000,000	28,000,000	0	28,000,000	12.00%
KE0 - MASS TRANSIT SUBSIDIES					
Total Fund	330,520,281	373,213,105	0	373,213,105	12.92%
100 LOCAL FUND	221,317,113	250,856,578	0	250,856,578	13.35%
110 DEDICATED TAXES	62,686,000	76,548,167	0	76,548,167	22.11%
150 FEDERAL PAYMENTS	0	1,000,000	0	1,000,000	/0
600 SPECIAL PURPOSE REVENUE FUNDS	46,517,168	44,808,360	0	44,808,360	-3.67%
GROSS FUNDS	330,520,281	373,213,105	0	373,213,105	12.92%
TX0 - TAX INCREMENT FINANCING (TIF) PROGRAM					
Total Fund	60,438,790	64,256,229	0	64,256,229	6.32%
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	60,438,790	64,256,229	0	64,256,229	6.32%
GROSS FUNDS	60,438,790	64,256,229	0	64,256,229	6.32%

B. FISCAL YEAR 2016 AGENCY FULL-TIME EQUIVALENT TABLE

FY 2016 Operating Budget by Fund Type (Gross Funds) Full-Time Equivalent (FTE)

	FY 2015 Approved FTE	FY 2016 Mayor Proposed FTE	Committee Variance FTE	FY 2016 Committee FTE	% Growth FY 2015 Approved to FY 2016 Committee Budget
AA03 - OFFICE OF PARTNERSHIPS & GRANT SERVICES					
Total Fund--	3.00	3.00	0	3.00	0.00%
100--Local Funds	3.00	3.00	0	3.00	0.00%
GROSS FTES	3.00	3.00	0	3.00	0.00%
AD0 - OFFICE OF THE INSPECTOR GENERAL					
Total Fund--	112.40	112.00	0	112.00	-0.36%
100--Local Funds	95.10	94.75	0	94.75	-0.37%
200--Federal Grant Fund	17.30	17.25	0	17.25	-0.29%
GROSS FTES	112.40	112.00	0	112.00	-0.36%
AS0 - OFFICE OF FINANCE & RESOURCE MGMT					
Total Fund--	44.00	46.00	0	46.00	4.55%
100--Local Funds	38.00	39.00	0	39.00	2.63%
700--Intra-District Funds	6.00	7.00	0	7.00	16.67%
GROSS FTES	44.00	46.00	0	46.00	4.55%
AT0 - OFFICE OF THE CHIEF FINANCIAL OFFICER					
Total Fund--	962.10	969.85	0	969.85	0.81%
100--Local Funds	874.40	874.35	0	874.35	-0.01%
600--Special Purpose Revenue Funds	44.00	49.00	0	49.00	11.36%
700--Intra-District Funds	43.70	46.50	0	46.50	6.41%
GROSS FTES	962.10	969.85	0	969.85	0.81%
BX0 - COMMISSION ON ARTS & HUMANITIES					
Total Fund--	19.10	19.02	0	19.02	-0.42%
100--Local Funds	11.10	12.02	0	12.02	8.29%
200--Federal Grant Fund	8.00	7.00	0	7.00	-12.50%
GROSS FTES	19.10	19.02	0	19.02	-0.42%
DA0 - REAL PROPERTY TAX APPEALS COMMISSION					
Total Fund--	11.10	11.00	0	11.00	-0.90%
100--Local Funds	11.10	11.00	0	11.00	-0.90%
GROSS FTES	11.10	11.00	0	11.00	-0.90%
DC0 - LOTTERY & CHARITABLE GAMES CONTROL BOARD					
Total Fund--	76.00	73.50	0	73.50	-3.29%
620--Enterprise and Other Funds	76.00	73.50	0	73.50	-3.29%
GROSS FTES	76.00	73.50	0	73.50	-3.29%

C. FISCAL YEAR 2016 AGENCY CAPITAL BUDGET SUMMARY TABLE (DOLLARS IN THOUSANDS)

FY 2016 - FY 2021 Capital Budget by Project - Mayor's Proposed

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	6-Year Total
WMATA							
SA311C - WMATA FUND - PRIA	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	300,000,000
SA501C - WMATA CIP CONTRIBUTION	78,400,000	71,300,000	73,500,000	75,800,000	84,800,000	106,800,000	490,600,000
TOP02C - PROJECT DEVELOPMENT	1,099,000	1,099,000	1,099,000	699,000	699,000	699,000	5,394,000
AGENCY TOTAL	129,499,000	122,399,000	124,599,000	126,499,000	135,499,000	157,499,000	795,994,000
OFFICE OF THE CHIEF FINANCIAL OFFICER							
BF301C - SOAR MODERNIZATION	0	0	6,000,000	10,000,000	18,500,000	10,000,000	44,500,000
CM01C - CAPITAL INFRASTRUCTURE PLANNING MODEL-RE	1,500,000	0	0	0	0	0	1,500,000
CSF08C - INTEGRATED TAX SYSTEM MODERNIZATION	14,000,000	11,000,000	6,000,000	0	0	0	31,000,000
AGENCY TOTAL	15,500,000	11,000,000	12,000,000	10,000,000	18,500,000	10,000,000	77,000,000
TOTAL	144,999,000	133,399,000	136,599,000	136,499,000	153,999,000	167,499,000	872,994,000

FY 2016 - FY 2021 Capital Budget by Project - Committee's Proposed

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	6-Year Total
MASS TRANSIT SUBSIDIES							
SA311C - WMATA FUND - PRIA	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	300,000,000
SA501C - WMATA CIP CONTRIBUTION	78,400,000	71,300,000	73,500,000	75,800,000	84,800,000	106,800,000	490,600,000
TOP02C - PROJECT DEVELOPMENT	1,099,000	1,099,000	1,099,000	699,000	699,000	699,000	5,394,000
AGENCY TOTAL	129,499,000	122,399,000	124,599,000	126,499,000	135,499,000	157,499,000	795,994,000
OFFICE OF THE CHIEF FINANCIAL OFFICER							
BF301C - SOAR MODERNIZATION	0	0	6,000,000	10,000,000	18,500,000	10,000,000	44,500,000
CM01C - CAPITAL INFRASTRUCTURE PLANNING MODEL-RE	1,500,000	0	0	0	0	0	1,500,000
CSF08C - INTEGRATED TAX SYSTEM MODERNIZATION	14,000,000	11,000,000	6,000,000	0	0	0	31,000,000
AGENCY TOTAL	15,500,000	11,000,000	12,000,000	10,000,000	18,500,000	10,000,000	77,000,000
TOTAL	144,999,000	133,399,000	136,599,000	136,499,000	153,999,000	167,499,000	872,994,000

D. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

1. Office of the Chief Financial Officer

Fiscal Year 2016 Operating Budget Recommendations

The Committee recommends approval of the FY 2016 budget request of the Office of the Chief Financial Officer in the amount of \$170,933,830. This reflects no change in the Mayor's budget request and an increase in overall budget from FY 2015 of 2.76% percent.

Fiscal Year 2016 – FY 2021 Capital Budget Recommendations

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

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

Fiscal Year 2016 Operating Budget Recommendations

The Committee recommends approval of the FY 2016 budget request of the D.C. Lottery and Charitable Games Control Board in the amount of \$220,000,000 (rounded up). This reflects no change in the Mayor's budget request and a decrease of 9.1% of the FY 2015 approved budget, all of which are Enterprise and Other Funds.

3. Real Property Tax Appeals Commission

Fiscal Year 2016 Operating Budget Recommendations

The Committee recommends approval of the FY 2016 budget request of the Commission in the amount of \$1,635,857. This reflects no change in the Mayor's budget request and a decrease of 6.49% from the FY 2015 approved budget.

4. Office of Finance and Resource Management

Fiscal Year 2016 Operating Budget Recommendations

The Committee recommends approval of the FY 2016 budget request of the Office in the amount of \$36,522,223. This reflects a \$10,000 reduction in the Mayor's budget request and an increase of 3.29% from FY 2015 approved budget.

5. Commission on the Arts and Humanities

Fiscal Year 2016 Operating Budget Recommendations

The Committee recommends approval of the FY 2016 budget request of the Commission in the amount of \$16,955,248 as proposed by the Mayor. This reflects no change in the Mayor's budget request and an increase of 3.0% from the FY 2015 budget. The Committee further recommends the Committee of the Whole identify \$4 million in additional funding for 2016. In addition, the Committee recommends reinstating the dedicated tax to fund the Commission going forward.

6. EventsDC/Washington Convention and Sports Authority

Fiscal Year 2016 Operating Budget Recommendations

The Committee recommends approval of the FY 2016 budget request of the Washington Convention and Sports Authority in the amount of \$129,670,491. This reflects no change in the Mayor's budget request and a decrease of 3.1% from the FY 2015 approved budget, all of which are Enterprise and Other Funds.

7. Destination DC

Fiscal Year 2016 Operating Budget Recommendations

The Committee recommends approval of the FY 2016 budget supplement of Destination DC in the amount of \$3,114,592, a recurring \$3M that was mandated to be indexed to inflation.

8. Washington Metropolitan Area Transit Authority

Fiscal Year 2016 Operating Budget Recommendations

The Committee recommends approval of the FY 2016 budget request of the Washington Metropolitan Area Transit Authority in the amount of \$373,213,105. This reflects no change in the Mayor's budget request and an increase of 12.9% from the FY 2015 approved budget.

Fiscal Year 2016 – FY 2021 Capital Budget Recommendations

The Committee recommends approval of the Washington Metropolitan Area Transit Authority capital budget as proposed by the Mayor.

9. Office of the Inspector General

Fiscal Year 2016 Operating Budget Recommendations

The Committee recommends approval of the FY 2016 budget request of the Office of the Inspector General in the amount of \$17,215,212. This reflects no change in the Mayor's budget request and an increase of 1.7% from the FY 2015 approved budget.

10. Office of Partnerships and Grant Services

Fiscal Year 2016 Operating Budget Recommendations

The Committee recommends approval of the FY 2016 budget request of the Office of Partnerships and Grant Services in the amount of \$349,827, which is a \$10,000 increase and overall decrease of 0.02% from the FY 2015 approved budget.

11. Capital Budget

The Committee recommends that capital funding be identified at the Committee of the Whole level to support \$2 million for The ARC to match private donations already raised for Phase III of their construction project.

12. Committee Transfers

(a) Transfer \$10,000 from the OFRM, CSG 40 – Other Services and Charges to the Office of Partnerships and Grant Services, within the Office of the Mayor (AA0), CSG 40 – Other Services and Charges.

(b) Transfer to be received from Committee on Health and Human Services for “The Park 7 at Minnesota-Benning Tax Abatement Act of 2015” in the amount of \$275,000 per year or \$1.1 million over the budget and financial plan; and for the “4427 Hayes Street, N.E., Real Property Tax Abatement Amendment Act of 2015” in the amount of \$30,000 per year or \$120,000 over the budget and financial plan.

13. Unfunded Committee Recommendations for Consideration at the Full Council

The Committee made the following recommendations, subject to funding, for consideration:

Capital and Operating Recommendations:

- (a) Capital Recommendation (noted above) of \$2 million to The ARC to match private donations already raised for Phase III of their construction project.
- (b) The Commission on the Arts and Humanities additional \$4 million in operating funding.
- (c) Destination DC marketing fund additional \$7 million per year.

Budget Support Act Recommendations:

- (d) Strike Title VII, Subtitle C. Sales Tax Amendment as proposed by the Mayor¹.
- (e) Strike Title VII, Subtitle F. Vapor Product Amendment as proposed by the Mayor.²
- (f) Add new Subtitle “Commission on the Arts and Humanities Dedicated Funding”.
- (g) Add new Subtitle “Retail Service Station Amendment”.

¹The Committee does provide alternative language for inclusion in the Budget Support Act discussed in Section IV (A) of this report.

² *Ibid.*

II. AGENCY FISCAL YEAR 2016 BUDGET RECOMMENDATIONS

A. INTRODUCTION

The Committee presents its recommendations for the District of Columbia's Fiscal Year 2016 budget. Under Council Rules, the committee is responsible for matters relating to taxation and revenue for the operation of the government of the District of Columbia, revenue anticipation notes, tax increment and PILOT financing approvals, industrial revenue bonds, and other matters. The following agencies are within the purview of the Committee:

- I. Office of the Chief Financial Officer
 - Office of Tax and Revenue
 - Office of Finance and Treasury
 - Office of Revenue Analysis
 - Office of Financial Operations and Systems
 - Office of Integrity and Oversight
 - Economic Development Finance
- II. Office of Finance and Resource Management
- III. Real Property Tax Appeals Commission
- IV. D.C. Lottery and Charitable Games Control Board
- V. D.C. Commission on the Arts and Humanities
- VI. EventsDC/Washington Convention and Sports Authority
- VII. Destination DC
- VIII. Washington Metropolitan Area Transit Authority
- IX. Office of the Inspector General
- X. Office of Partnerships and Grant Services

Timelines:

- **February 25, March 11, 2015.** The Committee held public oversight hearings on the FY 2014/2015 performance of the entities under the Committee's jurisdiction.
- **April 2, 2015.** The Mayor submitted her FY 2016 budget request to the Council.
- **April 13, and 15, 2015.** The Committee sent requests for information to entities under the Committee's jurisdiction.
- **April 22 and April 29, 2015.** The Committee held public hearings on the FY 2015 budget request of the Mayor for the entities under the Committee's jurisdiction.

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

The Committee believes it is important to note to the public that the oversight function of the Committee and the Council is a continuing activity throughout the year. Of particular

importance to this Committee are addressing the findings and recommendations contained in the annual Comprehensive Annual Financial Report, or “CAFR”, the “Yellow Book” findings of the CAFR, which contain findings on agency systems and processes; in the annual Management Letter (now called the “Memorandum of Recommendations”), and audits and reports issued by the Office of the Inspector General and the D.C. Auditor. With respect to the Office of Inspector General, the Committee welcomes a budget that will be used to proactively identify potential waste, fraud and abuse using data analytics and new software.

Additional areas of focus for the Committee include the continued development and successful operations and performance of the Real Property Tax Appeals Commission; the operation of the lottery contract and return of instant or “scratch-off” tickets to the product offerings; and the successful operations of the Convention Center Headquarters Hotel as well as the oversight and management of the Carnegie Library, by Events DC/Washington Convention and Sports Authority. In the CFO’s office, major projects of interest to the Committee continue to include capital projects, such as modernization of the Integrated Tax System (or MITS) and SOAR. We continue to monitor the Office of Tax and Revenue’s implementation of Bill 20-23,³ relating to real property tax liens and the tax sale process, implementation of the positive changes for the expanded Schedule H and encourage the CFO to work in partnership with the OIG on the funding and completion of the Real Property Tax Administration audit as well as a best practices study.

The Committee is also very focused on Destination DC and the Commission on the Arts and Humanities (CAH). The past two years, we were able to allocate additional funding to these two entities out of debt service savings and index the Destination DC funding to inflation. The Committee hopes the CAH budget can be increased to \$20 million, as well as have a dedicated source of funding. The Committee also welcomes the Office of Partnerships and Grant Services (OPGS) into its purview. OPGS is a function under the Executive Office of the Mayor, and the committee is encouraged by its work and outreach with and to the nonprofit community.

Another focus area for the Committee continues to be investing in the Washington Metropolitan Area Transit Authority (WMATA or Metro). Funding WMATA’s Capital budget will aid in helping to address a myriad safety concerns illuminated through the tragic and unfortunate January 12, 2015 incident at L’Enfant Plaza. The investment will go towards addressing safety recommendations from the National Transportation Safety Board, including the replacement of track circuits, power cables and the train control software system.

The Committee is also committed to allocating resources to encourage sound financial reform at WMATA. This started with the decision earlier in the year to forego fare increases and service reductions on Metrorail and Metrobus. Although Metrobus ridership is up, declining ridership on rail presents unique challenges for the proposed FY2016 budget. To account for a balanced budget absent of fare hikes and service reductions, Metro has trimmed costs and the three jurisdictions have pledged to provide additional funding.

Financial reform continues to pose new and multilayered challenges to Fiscal Year 2016 for WMATA. A 2013 Federal Transit Authority audit revealed serious material weaknesses now

³ The Residential Real Property Equity and Transparency Act of 2013 (D.C. Law 20-141).

being addressed by the Board and other senior administrators. The April 30 deadline for the WMATA 2014 CAFR has also come and gone. A new financial team led by a new Chief Financial Officer, Deputy Chief Financial Officer, Treasurer and Comptroller are working to improve controls, compliance, financial management oversight, initiate a Corrective Action Plan (CAP) and improve grant management. These challenges can complicate plans for future spending on projects such as railcar purchases and expansion. The Committee is also analyzing the funding sources for the School Transit Subsidy program to better understand the administration and distribution of the proposed \$7 million for *Kids Ride Free* that would expand the program from bus only to also include rail.

B. OFFICE OF THE CHIEF FINANCIAL OFFICER

FY 2016 Operating Budget by CSG (Gross Funds)

	FY15 Approved	FY15 Revised	FY16 Mayor's Proposed	Committee Variance	FY16 Committee	% Growth FY15 Approved to FY16 Committee Budget
AT0 - OFFICE OF THE CHIEF FINANCIAL OFFICER						
Personal Services (PS)	98,659,502	98,137,385	104,117,367	0	104,117,367	5.53%
11--REGULAR PAY - CONT FULL TIME	80,142,893	79,724,920	84,785,300	0	84,785,300	5.79%
12--REGULAR PAY - OTHER	720,571	720,571	1,015,060	0	1,015,060	40.87%
13--ADDITIONAL GROSS PAY	51,250	51,250	51,250	0	51,250	0.00%
14--FRINGE BENEFITS - CURR PERSONNEL	17,719,788	17,615,644	18,240,757	0	18,240,757	2.94%
15--OVERTIME PAY	25,000	25,000	25,000	0	25,000	0.00%
Nonpersonal Services (NPS)	67,688,084	68,388,084	66,816,463	0	66,816,463	-1.29%
20--SUPPLIES AND MATERIALS	438,248	438,248	470,688	0	470,688	7.40%
30--ENERGY, COMM. AND BLDG RENTALS	0	0	0	0	0	/0
31--TELEPHONE, TELEGRAPH, TELEGRAM, ETC	0	0	0	0	0	/0
32--RENTALS - LAND AND STRUCTURES	0	0	0	0	0	/0
33--JANITORIAL SERVICES	0	0	0	0	0	/0
34--SECURITY SERVICES	0	0	0	0	0	/0
35--OCCUPANCY FIXED COSTS	0	0	0	0	0	/0
40--OTHER SERVICES AND CHARGES	12,447,595	12,897,297	12,411,393	0	12,411,393	-0.29%
41--CONTRACTUAL SERVICES - OTHER	54,040,011	54,290,309	53,239,498	0	53,239,498	-1.48%
50--SUBSIDIES AND TRANSFERS	0	0	0	0	0	/0
60--LAND AND BUILDINGS	0	0	0	0	0	/0
70--EQUIPMENT & EQUIPMENT RENTAL	762,230	762,230	694,884	0	694,884	-8.84%
80--DEBT SERVICE	0	0	0	0	0	/0
91--EXPENSE NOT BUDGETED OTHERS	0	0	0	0	0	/0
99--UNKNOWN PAYROLL POSTINGS	0	0	0	0	0	/0
GROSS FUNDS	166,347,586	166,525,469	170,933,830	0	170,933,830	2.76%

FY 2016 Operating Budget, by Fund Type (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
AT0 - OFFICE OF THE CHIEF FINANCIAL OFFICER						
Total Fund	166,347,586	166,525,469	170,933,830	0	170,933,830	2.76%
100 LOCAL FUND	114,377,808	113,855,691	118,143,875	0	118,143,875	3.29%
110 DEDICATED TAXES	0	0	0	0	0	/0
150 FEDERAL PAYMENTS	0	0	0	0	0	/0
200 FEDERAL GRANT FUND	525,000	525,000	525,000	0	525,000	0.00%
250 FEDERAL MEDICAID PAYMENTS	0	0	0	0	0	/0
400 PRIVATE GRANT FUND	0	0	0	0	0	/0
450 PRIVATE DONATIONS	0	0	0	0	0	/0
600 SPECIAL PURPOSE REVENUE FUNDS	43,825,899	43,825,899	44,196,074	0	44,196,074	0.84%
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	0	0	0	0	0	/0
620 ENTERPRISE AND OTHER FUNDS - O TYPES	0	0	0	0	0	/0
700 INTRA-DISTRICT FUNDS	7,618,879	8,318,879	8,068,881	0	8,068,881	5.91%
GROSS FUNDS	166,347,586	166,525,469	170,933,830	0	170,933,830	2.76%

FY 2016 Operating Budget by Program (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
ATO - OFFICE OF THE CHIEF FINANCIAL OFFICER						
Total Program	166,347,586	166,525,469	170,933,830	0	170,933,830	2.76%
1000 - AGENCY MANAGEMENT PROGRAM	8,335,571	8,335,571	9,580,630	0	9,580,630	14.94%
100F - AGENCY FINANCIAL OPERATIONS	1,028,747	1,028,747	1,132,154	0	1,132,154	10.05%
2000 - FINANCIAL OPERATIONS AND SYSTEMS	13,146,414	13,846,414	13,442,541	0	13,442,541	2.25%
3000 - BUDGET DEVELOPMENT AND EXECUTION	5,790,846	5,790,846	6,191,410	0	6,191,410	6.92%
4000 - RESEARCH AND ANALYSIS	4,430,342	4,430,342	4,783,882	0	4,783,882	7.98%
5000 - TAX ADMINISTRATION	67,934,340	67,412,223	69,379,411	0	69,379,411	2.13%
6000 - INFORMATION TECHNOLOGY	25,406,569	25,406,569	25,524,583	0	25,524,583	0.46%
7000 - FINANCE AND TREASURY	35,732,873	35,732,873	35,961,119	0	35,961,119	0.64%
8000 - INTEGRITY AND OVERSIGHT	4,541,884	4,541,884	4,938,100	0	4,938,100	8.72%
GROSS FUNDS	166,347,586	166,525,469	170,933,830	0	170,933,830	2.76%

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

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

b. Mayor's Proposed Fiscal Year 2016 Operating Budget

The proposed total operating budget of the Office of the Chief Financial Officer is \$170,933,830, an increase of 2.76% from the FY 2015 approved budget.

Proposed Operating Budget Summary⁴

The proposed operating budget of the Office of the Chief Financial Officer is \$170,933,830, an increase of 2.76% from the FY 2015 approved budget. Without the Office of

⁴ Please note: to enhance transparency, in all instances the funding associated with the Office of Budget Development and Execution, commonly known as Budget and Planning (OBP), a component unit of the Office of the Chief Financial Officer, is consolidated within the OCFO budget numbers. This office falls under the oversight jurisdiction of the Committee of the Whole, however, and the Committee is not making any recommendations with respect to those funds.

Budget Development and Execution, commonly referred to as the Office of Budget and Planning (OBP), and falls under the Committee of the Whole jurisdiction, the proposed operating budget of the OCFO is \$164,742,420.

Local Funds: The proposed local fund budget for the OCFO is \$118,143,875, an increase of 3.29% from the FY2015 approved budget.

Federal Grant Funds: The proposed federal grant fund budget for the OCFO is \$525,000, which represents no change from the FY2015 approved budget.

Special Purpose Revenue Funds: The proposed special purpose revenue funds budget for the OCFO is \$44,196,074, an increase of 0.84% from the FY2015 approved budget.

Intra-District Funds: The proposed intra-district funds budget for the OCFO is \$8,069,881, an increase of 5.91% from the FY2015 approved budget.

Committee Analysis and Comments

The Committee recommends approval of the FY 2016 budget request of the Office of the Chief Financial Officer in the amount of \$170,933,830, an increase of 2.76% from the FY 2015 approved budget.

c. Mayor's Proposed Fiscal Year 2016-2021 Capital Budget

Proposed Capital Budget Summary

The Mayor's budget proposal provides for Integrated Tax System Modernization (MITS), SOAR replacement project and the Capital Infrastructure Planning Model, which is a new project to provide better information on current capital projects as well as future capital and infrastructure needs.

Committee Analysis and Comments

The modernization of the IT systems of the Chief Financial Officer are of particular importance, and the Committee believes these investments, especially with respect to upgrading the SOAR system as well as the Integrated Tax System (MITS) are important to the continued financial performance of the District as well as the overall security and reliability of these systems. Additionally, the new project for the Capital Infrastructure Planning Model will identify funding needs to maintain current infrastructure, analyze the capacity of different funding options and review the impact of policies on the District's debt cap and pay-as-you-go levels, and will also examine the need for alternate financial options such as public/private partnerships and infrastructure trusts.

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

d. **Committee Policy Recommendations**

The Committee supports the efforts of the OCFO in working with the OIG on the Commercial Real Property Assessment process audit that will also include a best practices study of the industry and an agency-wide risk assessment. The Committee is also interested in the continued correct implementation and processing of Schedule H income tax returns.

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

FY 2016 Operating Budget by CSG (Gross Funds)

	FY15 Approved	FY15 Revised	FY16 Mayor's Proposed	Committee Variance	FY16 Committee	% Growth FY15 Approved to FY16 Committee Budget
DC0 - LOTTERY & CHARITABLE GAMES CONTROL BOARD						
Personal Services (PS)	8,131,602	8,131,602	8,320,766	0	8,320,766	2.33%
11--REGULAR PAY - CONT FULL TIME	6,449,095	6,449,095	6,615,553	0	6,615,553	2.58%
12--REGULAR PAY - OTHER	102,116	102,116	79,736	0	79,736	-21.92%
13--ADDITIONAL GROSS PAY	16,225	16,225	16,225	0	16,225	0.00%
14--FRINGE BENEFITS - CURR PERSONNEL	1,441,266	1,441,266	1,486,352	0	1,486,352	3.13%
15--OVERTIME PAY	122,900	122,900	122,900	0	122,900	0.00%
Nonpersonal Services (NPS)	234,024,714	234,024,714	211,679,233	0	211,679,233	-9.55%
20--SUPPLIES AND MATERIALS	84,500	83,500	84,500	0	84,500	0.00%
30--ENERGY, COMM. AND BLDG RENTALS	340,295	340,295	354,624	0	354,624	4.21%
31--TELEPHONE, TELEGRAPH, TELEGRAM, ETC	311,529	311,529	311,529	0	311,529	0.00%
32--RENTALS - LAND AND STRUCTURES	2,525,470	2,525,470	2,547,480	0	2,547,480	0.87%
33--JANITORIAL SERVICES	0	0	0	0	0	/0
34--SECURITY SERVICES	567,411	567,411	30,658	0	30,658	-94.60%
35--OCCUPANCY FIXED COSTS	15,946	15,946	7,663	0	7,663	-51.94%
40--OTHER SERVICES AND CHARGES	7,596,662	7,608,162	7,510,715	0	7,510,715	-1.13%
41--CONTRACTUAL SERVICES - OTHER	5,378,500	13,198,000	13,042,375	0	13,042,375	142.49%
50--SUBSIDIES AND TRANSFERS	216,725,401	208,850,401	187,305,689	0	187,305,689	-13.57%
60--LAND AND BUILDINGS	0	0	0	0	0	/0
70--EQUIPMENT & EQUIPMENT RENTAL	479,000	524,000	484,000	0	484,000	1.04%
80--DEBT SERVICE	0	0	0	0	0	/0
91--EXPENSE NOT BUDGETED OTHERS	0	0	0	0	0	/0
99--UNKNOWN PAYROLL POSTINGS	0	0	0	0	0	/0
GROSS FUNDS	242,156,316	242,156,316	219,999,999	0	219,999,999	-9.15%

FY 2016 Operating Budget, by Fund Type (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
DC0 - LOTTERY & CHARITABLE GAMES CONTROL BOARD						
100 LOCAL FUND	0	0	0	0	0	/0
110 DEDICATED TAXES	0	0	0	0	0	/0
150 FEDERAL PAYMENTS	0	0	0	0	0	/0
200 FEDERAL GRANT FUND	0	0	0	0	0	/0
250 FEDERAL MEDICAID PAYMENTS	0	0	0	0	0	/0
400 PRIVATE GRANT FUND	0	0	0	0	0	/0
450 PRIVATE DONATIONS	0	0	0	0	0	/0
600 SPECIAL PURPOSE REVENUE FUNDS	0	0	0	0	0	/0
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	0	0	0	0	0	/0
620 ENTERPRISE AND OTHER FUNDS - O TYPES	242,156,316	242,156,316	219,999,999	0	219,999,999	-9.15%
700 INTRA-DISTRICT FUNDS	0	0	0	0	0	/0
GROSS FUNDS	242,156,316	242,156,316	219,999,999	0	219,999,999	-9.15%

FY 2016 Operating Budget by Program (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
DC0 - LOTTERY & CHARITABLE GAMES CONTROL BOARD						
1000 - AGENCY MANAGEMENT	10,303,501	10,303,501	9,953,330	0	9,953,330	-3.40%
100F - AGENCY FINANCIAL OPERATIONS	217,880,780	210,005,780	188,544,511	0	188,544,511	-13.46%
6000 - GAMING OPERATIONS	13,972,035	21,847,035	21,502,158	0	21,502,158	53.89%
GROSS FUNDS	242,156,316	242,156,316	219,999,999	0	219,999,999	-9.15%

COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

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

b. Mayor’s Proposed Fiscal Year 2016 Operating Budget

The proposed operating budget of the D.C. Lottery and Charitable Games Control Board is \$220,000,000 a decrease of 9.1% from the FY 2015 approved budget.

Proposed Operating Budget Summary

Local Funds: The Lottery is funded solely through enterprise and other funds. One item to note, the change from special purpose revenue to “enterprise and other” funding for the Lottery is a technical change that was first made in the FY 2015 budget.

Committee Analysis and Comments

The Committee recommends approval of the FY 2016 budget request of the D.C. Lottery and Charitable Games Control Board in the amount of \$220,000,000, a decrease of 9.1% of the FY 2014 approved budget, all of which are enterprise and other funds.

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

n/a

D. REAL PROPERTY TAX APPEALS COMMISSION

FY 2016 Operating Budget by CSG (Gross Funds)

	FY15 Approved	FY15 Revised	FY16 Mayor's Proposed	Committee Variance	FY16 Committee	% Growth FY15 Approved to FY16 Committee Budget
DA0 - REAL PROPERTY TAX APPEALS COMMISSION						
Personal Services (PS)	1,171,431	1,171,432	1,187,178	0	1,187,178	1.34%
11--REGULAR PAY - CONT FULL TIME	318,966	271,914	334,323	0	334,323	4.81%
12--REGULAR PAY - OTHER	645,968	684,726	688,224	0	688,224	6.54%
13--ADDITIONAL GROSS PAY	0	0	0	0	0	/0
14--FRINGE BENEFITS - CURR PERSONNEL	206,497	214,792	164,631	0	164,631	-20.27%
15--OVERTIME PAY	0	0	0	0	0	/0
Nonpersonal Services (NPS)	577,959	577,959	448,679	0	448,679	-22.37%
20--SUPPLIES AND MATERIALS	11,000	11,000	9,500	0	9,500	-13.64%
30--ENERGY, COMM. AND BLDG RENTALS	0	0	0	0	0	/0
31--TELEPHONE, TELEGRAPH, TELEGRAM, ETC	12,000	12,000	5,000	0	5,000	-58.33%
32--RENTALS - LAND AND STRUCTURES	0	0	0	0	0	/0
33--JANITORIAL SERVICES	0	0	0	0	0	/0
34--SECURITY SERVICES	0	0	0	0	0	/0
35--OCCUPANCY FIXED COSTS	0	0	0	0	0	/0
40--OTHER SERVICES AND CHARGES	272,459	272,459	292,522	0	292,522	7.36%
41--CONTRACTUAL SERVICES - OTHER	275,000	200,000	131,657	0	131,657	-52.12%
50--SUBSIDIES AND TRANSFERS	0	0	0	0	0	/0
60--LAND AND BUILDINGS	0	0	0	0	0	/0
70--EQUIPMENT & EQUIPMENT RENTAL	7,500	82,500	10,000	0	10,000	33.33%
80--DEBT SERVICE	0	0	0	0	0	/0
91--EXPENSE NOT BUDGETED OTHERS	0	0	0	0	0	/0
99--UNKNOWN PAYROLL POSTINGS	0	0	0	0	0	/0
GROSS FUNDS	1,749,390	1,749,391	1,635,857	0	1,635,857	-6.49%

FY 2016 Operating Budget, by Fund Type (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
DA0 - REAL PROPERTY TAX APPEALS COMMISSION						
100 LOCAL FUND	1,749,390	1,749,391	1,635,857	0	1,635,857	-6.49%
110 DEDICATED TAXES	0	0	0	0	0	/0
150 FEDERAL PAYMENTS	0	0	0	0	0	/0
200 FEDERAL GRANT FUND	0	0	0	0	0	/0
250 FEDERAL MEDICAID PAYMENTS	0	0	0	0	0	/0
400 PRIVATE GRANT FUND	0	0	0	0	0	/0
450 PRIVATE DONATIONS	0	0	0	0	0	/0
600 SPECIAL PURPOSE REVENUE FUNDS	0	0	0	0	0	/0
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	0	0	0	0	0	/0
620 ENTERPRISE AND OTHER FUNDS - O TYPES	0	0	0	0	0	/0
700 INTRA-DISTRICT FUNDS	0	0	0	0	0	/0
GROSS FUNDS	1,749,390	1,749,391	1,635,857	0	1,635,857	-6.49%

FY 2016 Operating Budget by Program (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
DA0 - REAL PROPERTY TAX APPEALS COMMISSION						
Total Program	1,749,390	1,749,391	1,635,857	0	1,635,857	-6.49%
1000 - AGENCY MANAGEMENT	177,076	177,076	155,929	0	155,929	-11.94%
2000 - REAL PROPERTY APPEALS PROCESS	1,454,841	1,449,335	1,381,666	0	1,381,666	-5.03%
3000 - REAL PROPERTY OUTREACH EDUCATION	117,473	122,980	98,262	0	98,262	-16.35%
GROSS FUNDS	1,749,390	1,749,391	1,635,857	0	1,635,857	-6.49%

COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

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

b. Mayor's Proposed Fiscal Year 2016 Operating Budget

The proposed operating budget of the Real Property Tax Appeals Commission is \$1,635,857, a decrease of 6.49% from the FY 2015 approved budget.

Proposed Operating Budget Summary

Local Funds: The proposed local funds budget for the Commission is \$1,635,857, a decrease of 6.49% from the FY 2015 approved budget.

Committee Analysis and Comments

The Committee continues to receive positive reports regarding RPTAC and hopes for continued good work.

The Committee recommends approval of the FY 2016 budget request of the Commission in the amount of \$1,635,857, a decrease of 6.49% from the FY 2015 approved budget.

c. Mayor's Proposed Fiscal Year 2015-2021 Capital Budget

n/a

E. OFFICE OF FINANCE AND RESOURCE MANAGEMENT

FY 2016 Operating Budget by CSG (Gross Funds)

	FY15 Approved	FY16 Mayor's Proposed	Committee Variance	FY16 Committee	% Growth FY15 Approved to FY16 Committee Budget
AS0 - OFFICE OF FINANCE & RESOURCE MGMT					
Personal Services (PS)	5,245,580	5,710,176	0	5,710,176	8.86%
11--REGULAR PAY - CONT FULL TIME	4,139,787	4,592,138	0	4,592,138	10.93%
12--REGULAR PAY - OTHER	26,818	73,524	0	73,524	174.16%
13--ADDITIONAL GROSS PAY	0	0	0	0	/0
14--FRINGE BENEFITS - CURR PERSONNEL	1,074,905	1,040,444	0	1,040,444	-3.21%
15--OVERTIME PAY	4,070	4,070	0	4,070	0.00%
Nonpersonal Services (NPS)	30,101,949	30,812,049	(10,000)	30,802,049	2.33%
20--SUPPLIES AND MATERIALS	30,000	30,000	0	30,000	0.00%
30--ENERGY, COMM. AND BLDG RENTALS	0	0	0	0	/0
31--TELEPHONE, TELEGRAPH, TELEGRAM, ETC	29,933,901	30,552,303	0	30,552,303	2.07%
32--RENTALS - LAND AND STRUCTURES	0	0	0	0	/0
33--JANITORIAL SERVICES	0	0	0	0	/0
34--SECURITY SERVICES	0	0	0	0	/0
35--OCCUPANCY FIXED COSTS	0	0	0	0	/0
40--OTHER SERVICES AND CHARGES	123,048	214,746	(10,000)	204,746	66.40%
41--CONTRACTUAL SERVICES - OTHER	0	0	0	0	/0
50--SUBSIDIES AND TRANSFERS	0	0	0	0	/0
60--LAND AND BUILDINGS	0	0	0	0	/0
70--EQUIPMENT & EQUIPMENT RENTAL	15,000	15,000	0	15,000	0.00%
80--DEBT SERVICE	0	0	0	0	/0
91--EXPENSE NOT BUDGETED OTHERS	0	0	0	0	/0
99--UNKNOWN PAYROLL POSTINGS	0	0	0	0	/0
GROSS FUNDS	35,347,529	36,522,225	(10,000)	36,512,225	3.29%

FY 2016 Operating Budget, by Fund Type (Gross Funds)

	FY 2015 Approved	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
AS0 - OFFICE OF FINANCE & RESOURCE MGMT					
Total Fund	35,347,529	36,522,225	(10,000)	36,512,225	3.29%
100 LOCAL FUND	21,203,359	21,582,262	(10,000)	21,572,262	1.74%
110 DEDICATED TAXES	0	0	0	0	/0
150 FEDERAL PAYMENTS	0	0	0	0	/0
200 FEDERAL GRANT FUND	0	0	0	0	/0
250 FEDERAL MEDICAID PAYMENTS	0	0	0	0	/0
400 PRIVATE GRANT FUND	0	0	0	0	/0
450 PRIVATE DONATIONS	0	0	0	0	/0
600 SPECIAL PURPOSE REVENUE FUNDS	505,527	301,142	0	301,142	-40.43%
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	0	0	0	0	/0
620 ENTERPRISE AND OTHER FUNDS - O TYPES	0	0	0	0	/0
700 INTRA-DISTRICT FUNDS	13,638,643	14,638,821	0	14,638,821	7.33%
GROSS FUNDS	35,347,529	36,522,225	(10,000)	36,512,225	3.29%

FY 2016 Operating Budget by Program (Gross Funds)

	FY 2015 Approved	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
AS0 - OFFICE OF FINANCE & RESOURCE MGMT					
Total Program	35,347,529	36,522,225	(10,000)	36,512,225	3.29%
1000	1,248,062	1,196,599	0	1,196,599	-4.12%
2000	33,658,697	33,786,538	0	33,786,538	0.38%
3000	440,770	1,539,088	(10,000)	1,529,088	246.91%
GROSS FUNDS	35,347,529	36,522,225	(10,000)	36,512,225	3.29%

COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

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

b. Mayor’s Proposed Fiscal Year 2016 Operating Budget

The proposed operating budget of the Office of Finance and Resource Management is \$36,522,225, an increase of 3.3% from the FY 2015 approved budget.

Proposed Operating Budget Summary

Local Funds: The proposed local funds budget for OFRM is \$21,582,262, an increase of 1.74% from the FY 2015 approved budget.

Special Purpose Revenue Funds: The proposed special purpose revenue funds budget for OFRM is \$301,000 this year, which is a decrease of 40.43% from what was provided in FY 2015.

Intra-District Funds: The proposed intra-District funds budget for OFRM is \$14,638,821, an increase of 7.3% from the FY 2015 approved budget.

Committee Analysis and Comments

The Committee recommends approval of the FY 2016 budget request of the Office of Finance and Resource Management, and recommends a reduction of \$10,000 or 0.06% in CSG 40 (Other Services and Charges), from local funds for a total local funds budget of \$21,572,262, an increase of 1.74% from the FY 2015 approved budget. The total budget amount for OFRM would be from in the amount of \$36,512,225, an increase of 3.29% from FY 2015 approved budget.

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

n/a

F D.C. COMMISSION ON THE ARTS AND HUMANITIES

FY 2016 Operating Budget by CSG (Gross Funds)

	FY15 Approved	FY15 Revised	FY16 Mayor's Proposed	Committee Variance	FY16 Committee	% Growth FY15 Approved to FY16 Committee Budget
BX0 - COMMISSION ON ARTS & HUMANITIES						
Personal Services (PS)	1,475,615	1,475,615	1,613,070	0	1,613,070	9.32%
11--REGULAR PAY - CONT FULL TIME	533,243	533,243	757,251	0	757,251	42.01%
12--REGULAR PAY - OTHER	687,282	687,282	576,968	0	576,968	-16.05%
13--ADDITIONAL GROSS PAY	0	0	0	0	0	/0
14--FRINGE BENEFITS - CURR PERSONNEL	255,090	255,090	278,851	0	278,851	9.31%
15--OVERTIME PAY	0	0	0	0	0	/0
Nonpersonal Services (NPS)	14,984,471	15,011,371	15,342,180	0	15,342,180	2.39%
20--SUPPLIES AND MATERIALS	15,000	15,000	15,000	0	15,000	0.00%
30--ENERGY, COMM. AND BLDG RENTALS	0	0	0	0	0	/0
31--TELEPHONE, TELEGRAPH, TELEGRAM, ETC	3,125	3,125	3,425	0	3,425	9.60%
32--RENTALS - LAND AND STRUCTURES	0	0	0	0	0	/0
33--JANITORIAL SERVICES	0	0	0	0	0	/0
34--SECURITY SERVICES	0	0	0	0	0	/0
35--OCCUPANCY FIXED COSTS	0	0	0	0	0	/0
40--OTHER SERVICES AND CHARGES	370,491	370,491	904,809	0	904,809	144.22%
41--CONTRACTUAL SERVICES - OTHER	2,945,000	2,945,000	1,938,500	0	1,938,500	-34.18%
50--SUBSIDIES AND TRANSFERS	11,642,855	11,669,755	12,468,446	0	12,468,446	7.09%
60--LAND AND BUILDINGS	0	0	0	0	0	/0
70--EQUIPMENT & EQUIPMENT RENTAL	8,000	8,000	12,000	0	12,000	50.00%
80--DEBT SERVICE	0	0	0	0	0	/0
91--EXPENSE NOT BUDGETED OTHERS	0	0	0	0	0	/0
99--UNKNOWN PAYROLL POSTINGS	0	0	0	0	0	/0
GROSS FUNDS	16,460,086	16,486,986	16,955,250	0	16,955,250	3.01%

FY 2016 Operating Budget, by Fund Type (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
BX0 - COMMISSION ON ARTS & HUMANITIES						
100 LOCAL FUND	15,602,586	15,602,586	14,695,850	0	14,695,850	-5.81%
110 DEDICATED TAXES	0	0	0	0	0	/0
150 FEDERAL PAYMENTS	0	0	1,000,000	0	1,000,000	/0
200 FEDERAL GRANT FUND	657,500	684,400	684,400	0	684,400	4.09%
250 FEDERAL MEDICAID PAYMENTS	0	0	0	0	0	/0
400 PRIVATE GRANT FUND	0	0	0	0	0	/0
450 PRIVATE DONATIONS	0	0	0	0	0	/0
600 SPECIAL PURPOSE REVENUE FUNDS	200,000	200,000	500,000	0	500,000	150.00%
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	0	0	0	0	0	/0
620 ENTERPRISE AND OTHER FUNDS - O TYPES	0	0	0	0	0	/0
700 INTRA-DISTRICT FUNDS	0	0	75,000	0	75,000	/0
GROSS FUNDS	16,460,086	16,486,986	16,955,250	0	16,955,250	3.01%

FY 2016 Operating Budget by Program (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
BX0 - COMMISSION ON ARTS & HUMANITIES						
1000 - AGENCY MANAGEMENT	393,834	393,834	410,054	0	410,054	4.12%
2000 - ARTS BUILDING COMMUNITIES	6,643,209	6,662,661	6,982,779	0	6,982,779	5.11%
3000 - D.C. CREATES PUBLIC ART	323,723	323,723	1,240,746	0	1,240,746	283.27%
4000 - ARTS LEARNING AND OUTREACH	9,059,467	9,066,915	7,969,902	0	7,969,902	-12.03%
5000 - ADMINISTRATION	39,853	39,853	351,769	0	351,769	782.67%
GROSS FUNDS	16,460,086	16,486,986	16,955,250	0	16,955,250	3.01%

COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The mission of the D.C. Commission on Arts and Humanities (“CAH”) is to “provide grants, programs, and educational activities that encourage diverse artistic expressions and learning opportunities so that all District of Columbia residents and visitors can experience the rich culture of our city.” The \$16 million operating budget, while slightly larger than recent years past, is deceptive in that there is an expectation of a \$1,000,000 federal payment that has not been provided in recent years. Further, the Committee recommends that the Committee of the Whole identify \$4 million in additional operating funding for the Commission and reinstate the dedicated funding tax proposal that was repealed.

b. Mayor’s Proposed Fiscal Year 2016 Operating Budget

The proposed operating budget of the Commission on Arts and Humanities is \$16,955,248, an increase of 3.0% from the FY 2015 approved budget.

Proposed Operating Budget Summary

Local Funds: The proposed local funds budget for the Commission on Arts and Humanities is \$14,695,850, a decrease of 5.81% from the FY 2015 approved budget.

Special Purpose Revenue Funds: The proposed special purpose revenue funds budget for the Commission on Arts and Humanities is \$500,000, an increase of \$300,000 from Fiscal Year 2015.

Intra-District Funds: The proposed intra-District funds budget for the Commission on the Arts and Humanities is \$75,000. The CAH did not receive any intra-District funds in Fiscal Year 2015.

Federal Grant Funds: The proposed funds from federal grants for the Commission on the Arts and Humanities is \$684,000, the same amount as the FY 2015 approved budget.

Federal Payment: The proposed federal payments funds budget for the Commission on the Arts and Humanities is \$1,000,000.

Committee Analysis and Comments

The Committee recommends approval of the FY 2016 budget request of the Commission as proposed by the Mayor. The Committee further recommends reinstating the subject to appropriations dedicated tax to fund the Commission going forward. The dedicated tax revenue would provide approximately \$20 million per year, indexed implicitly to inflation.

c. Mayor's Proposed Fiscal Year 2016-2021 Capital Budget

Proposed Capital Budget Summary

n/a

G. EVENTS/DC/WASHINGTON CONVENTION AND SPORTS AUTHORITY

FY 2016 Operating Budget by CSG (Gross Funds)

	FY15 Approved	FY15 Revised	FY16 Mayor's Proposed	Committee Variance	FY16 Committee	% Growth FY15 Approved to FY16 Committee Budget
ES0 - WASHINGTON CONVENTION & SPORTS AUTHORITY						
Personal Services (PS)	23,054,357	23,054,357	23,632,804	0	23,632,804	2.51%
11--REGULAR PAY - CONT FULL TIME	16,202,387	16,202,387	16,350,085	0	16,350,085	0.91%
12--REGULAR PAY - OTHER	963,286	963,286	1,019,838	0	1,019,838	5.87%
13--ADDITIONAL GROSS PAY	0	0	0	0	0	/0
14--FRINGE BENEFITS - CURR PERSONNEL	5,312,784	5,312,784	5,686,981	0	5,686,981	7.04%
15--OVERTIME PAY	575,900	575,900	575,900	0	575,900	0.00%
Nonpersonal Services (NPS)	110,738,480	110,738,480	106,037,686	0	106,037,686	-4.24%
20--SUPPLIES AND MATERIALS	572,406	572,406	587,306	0	587,306	2.60%
30--ENERGY, COMM. AND BLDG RENTALS	6,275,797	6,275,797	6,275,797	0	6,275,797	0.00%
31--TELEPHONE, TELEGRAPH, TELEGRAM, ETC	124,659	124,659	124,659	0	124,659	0.00%
32--RENTALS - LAND AND STRUCTURES	0	0	0	0	0	/0
33--JANITORIAL SERVICES	0	0	0	0	0	/0
34--SECURITY SERVICES	0	0	0	0	0	/0
35--OCCUPANCY FIXED COSTS	0	0	0	0	0	/0
40--OTHER SERVICES AND CHARGES	0	0	0	0	0	/0
41--CONTRACTUAL SERVICES - OTHER	15,613,623	15,613,623	16,406,316	0	16,406,316	5.08%
50--SUBSIDIES AND TRANSFERS	21,784,662	21,784,662	22,289,959	0	22,289,959	2.32%
60--LAND AND BUILDINGS	17,093,000	17,093,000	8,495,000	0	8,495,000	-50.30%
70--EQUIPMENT & EQUIPMENT RENTAL	330,050	330,050	330,050	0	330,050	0.00%
80--DEBT SERVICE	48,944,283	48,944,283	51,528,599	0	51,528,599	5.28%
91--EXPENSE NOT BUDGETED OTHERS	0	0	0	0	0	/0
99--UNKNOWN PAYROLL POSTINGS	0	0	0	0	0	/0
GROSS FUNDS	133,792,837	133,792,837	129,670,490	0	129,670,490	-3.08%

FY 2016 Operating Budget, by Fund Type (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
ES0 - WASHINGTON CONVENTION & SPORTS AUTHORITY						
100 LOCAL FUND	0	0	0	0	0	/0
110 DEDICATED TAXES	0	0	0	0	0	/0
150 FEDERAL PAYMENTS	0	0	0	0	0	/0
200 FEDERAL GRANT FUND	0	0	0	0	0	/0
250 FEDERAL MEDICAID PAYMENTS	0	0	0	0	0	/0
400 PRIVATE GRANT FUND	0	0	0	0	0	/0
450 PRIVATE DONATIONS	0	0	0	0	0	/0
600 SPECIAL PURPOSE REVENUE FUNDS	0	0	0	0	0	/0
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	0	0	0	0	0	/0
620 ENTERPRISE AND OTHER FUNDS - O TYPES	133,792,837	133,792,837	129,670,490	0	129,670,490	-3.08%
700 INTRA-DISTRICT FUNDS	0	0	0	0	0	/0
GROSS FUNDS	133,792,837	133,792,837	129,670,490	0	129,670,490	-3.08%

FY 2016 Operating Budget by Program (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
ES0 - WASHINGTON CONVENTION & SPORTS AUTHORITY						
1000 - WASHINGTON CONVENTION CENTER	133,792,837	133,792,837	129,670,490	0	129,670,490	-3.08%
GROSS FUNDS	133,792,837	133,792,837	129,670,490	0	129,670,490	-3.08%

COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

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

b. Mayor’s Proposed Fiscal Year 2016 Operating Budget

The proposed operating budget for EventsDC/Washington Convention and Sports Authority is \$129,670,490, a decrease of 3.08% from the FY 2015 approved budget.

Proposed Operating Budget Summary

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

Committee Analysis and Comments

The Committee recommends approval of the FY 2016 budget request of the Washington Convention and Sports Authority in the amount of \$129,670,490 a decrease of 3.08% from the FY 2015 approved budget, all of which are Enterprise and Other funds.

c. Mayor’s Proposed Fiscal Year 2016-2021 Capital Budget

n/a

H. DESTINATION DC

COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

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

of overnight visitors. The Committee identified a recurring funding enhancement beginning in Fiscal Year 2013 to support marketing efforts of and for Washington, D.C, and in 2015 was able to get this amount adjusted annually for inflation.

b. Mayor's Proposed Fiscal Year 2016 Operating Budget

Proposed Operating Budget Summary

Destination DC is principally funded through a contract via the Convention Center Marketing Fund managed by EventsDC, which is treated separately in this report⁵. Of note, is the \$3,000,000 local funds adjusted annually for inflation included in the Convention Center Transfer – Dedicated Taxes.

Committee Analysis and Comments

The Committee recommends approval of the FY 2016 budget supplement of Destination DC in the amount of \$3,114,592. Further, the Committee makes an unfunded recommendation to endeavor to increase this supplement to \$10 million per year.

c. Mayor's Proposed Fiscal Year 2016-2021 Capital Budget

n/a

⁵ 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.

I. WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

FY 2016 Operating Budget by CSG (Gross Funds)

	FY15 Approved	FY15 Revised	FY16 Mayor's Proposed	Committee Variance	FY16 Committee	%Growth FY15 Approved to FY16 Committee Budget
KE0 - WMATA						
Personal Services (PS)	0	0	0	0	0	/0
11--REGULAR PAY - CONT FULL TIME	0	0	0	0	0	/0
12--REGULAR PAY - OTHER	0	0	0	0	0	/0
13--ADDITIONAL GROSS PAY	0	0	0	0	0	/0
14--FRINGE BENEFITS - CURR PERSONNEL	0	0	0	0	0	/0
15--OVERTIME PAY	0	0	0	0	0	/0
Nonpersonal Services (NPS)	330,520,281	330,520,281	373,213,105	0	373,213,105	12.92%
20--SUPPLIES AND MATERIALS	0	0	0	0	0	/0
30--ENERGY, COMM. AND BLDG RENTALS	0	0	0	0	0	/0
31--TELEPHONE, TELEGRAPH, TELEGRAM, ETC	0	0	0	0	0	/0
32--RENTALS - LAND AND STRUCTURES	0	0	0	0	0	/0
33--JANITORIAL SERVICES	0	0	0	0	0	/0
34--SECURITY SERVICES	0	0	0	0	0	/0
35--OCCUPANCY FIXED COSTS	0	0	0	0	0	/0
40--OTHER SERVICES AND CHARGES	0	0	0	0	0	/0
41--CONTRACTUAL SERVICES - OTHER	0	0	0	0	0	/0
50--SUBSIDIES AND TRANSFERS	330,520,281	330,520,281	373,213,105	0	373,213,105	12.92%
60--LAND AND BUILDINGS	0	0	0	0	0	/0
70--EQUIPMENT & EQUIPMENT RENTAL	0	0	0	0	0	/0
80--DEBT SERVICE	0	0	0	0	0	/0
91--EXPENSE NOT BUDGETED OTHERS	0	0	0	0	0	/0
99--UNKNOWN PAYROLL POSTINGS	0	0	0	0	0	/0
GROSS FUNDS	330,520,281	330,520,281	373,213,105	0	373,213,105	12.92%

FY 2016 Operating Budget, by Fund Type (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	%Growth FY2015 Approved to FY 2016 Committee Budget
KE0 - WMATA						
100 LOCAL FUND	221,317,113	221,317,113	250,856,578	0	250,856,578	13.35%
110 DEDICATED TAXES	62,686,000	62,686,000	76,548,167	0	76,548,167	22.11%
150 FEDERAL PAYMENTS	0	0	1,000,000	0	1,000,000	/0
200 FEDERAL GRANT FUND	0	0	0	0	0	/0
250 FEDERAL MEDICAID PAYMENTS	0	0	0	0	0	/0
400 PRIVATE GRANT FUND	0	0	0	0	0	/0
450 PRIVATE DONATIONS	0	0	0	0	0	/0
600 SPECIAL PURPOSE REVENUE FUNDS	46,517,168	46,517,168	44,808,360	0	44,808,360	-3.67%
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	0	0	0	0	0	/0
620 ENTERPRISE AND OTHER FUNDS - O TYPES	0	0	0	0	0	/0
700 INTRA-DISTRICT FUNDS	0	0	0	0	0	/0
GROSS FUNDS	330,520,281	330,520,281	373,213,105	0	373,213,105	12.92%

FY 2016 Operating Budget by Program (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	%Growth FY 2015 Approved to FY 2016 Committee Budget
KE0 - WMATA						
DC00 - D.C.-SPECIFIC PROJECTS	37,897,502	37,897,502	48,765,819	0	48,765,819	28.68%
DS00 - DEBT SERVICE	10,725,612	10,725,612	10,671,951	0	10,671,951	-0.50%
MA00 - METROACCESS	26,242,684	26,242,684	29,322,079	0	29,322,079	11.73%
OP00 - WMATA OPERATIONS	255,654,483	255,654,483	284,453,256	0	284,453,256	11.26%
GROSS FUNDS	330,520,281	330,520,281	373,213,105	0	373,213,105	12.92%

COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

Established February 20, 1967, the Washington Metropolitan Area Transit Authority (WMATA or Metro) is an interstate compact agency, and by the terms of its enabling legislation, an agency and instrumentality of the following signatories: 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. In 2015, the Committee on Finance and Revenue welcomed WMATA under its purview.⁶ Metro has a total operating budget of \$1.8 billion proposed for FY2016. On the Capital side, the District matches federal formula grants and provides additional funding to help ensure safety and a state of good repair. The District is scheduled to contribute \$129 million for FY2016.

b. Mayor's Proposed Fiscal Year 2016 Operating Budget

The proposed gross funds budget for WMATA is \$373,213,105, an increase of 12.9% from the FY 2015 approved budget. As a paper agency used to pay the WMATA subsidy, this budget does not support any District FTEs. Other special projects of note include the D.C. Circulator, Transport D.C., and a school transit subsidy (*Kids Ride Free program*) that would allow District youth to ride both bus and rail for free. The Committee has concerns about the administration of funds, implementation, extent of involvement of supporting agencies (including DDOT, OCTO, DCPS and DOES) and estimates for expansion. Further clarification is suggested and necessary before supporting the funding for FY 16 and in subsequent years. The Committee is also concerned about the expectation of a \$1,000,000 federal payment (President's Budget Request) that is not guaranteed and has not been provided in previous years which, if received would go towards expanding the Mass Transit Innovation (Metro Momentum Plan). The additional \$1 million in federal funding is a stated major policy priority of Congresswoman Eleanor Holmes Norton included in the President's FY 2016 proposal.

Proposed Operating Budget Summary

Local Funds: The local funds budget is \$250,856,578, an increase of 13.3%, over the FY 2015 approved budget.

Dedicated Taxes: The proposed dedicated taxes budget is \$76,548,167, an increase of 22.1%, over the FY 2015 approved budget.

Special Purpose Revenue Funds: The proposed special purpose revenue funds budget is \$44,808,360, a decrease of 3.6%, from the FY 2015 approved budget.

⁶ Prior to 2010, the Committee on Transportation provided oversight over WMATA. Due to realignment of committees in 2011, the agency was siphoned from the Committee on Transportation and placed under the jurisdiction of the Committee on Economic Development.

Federal Payment: The proposed federal payments funds budget for WMATA is \$1,000,000.

Committee Analysis and Comments

The Committee recommends approval of the FY 2016 budget request of WMATA of \$373,213,105, an increase of 12.9% from the FY 2015 approved budget. The Committee has become aware of significant cause for concern surrounding WMATA's finances and stability. Poor grant management, cash flow and financial management have created a windfall of problems. Since March 2014, WMATA has sought to correct numerous problems revealed by a Federal Transit Authority (FTA) audit. As a result, the FTA has stopped the automatic cash flow to Metro and ordered the agency to manually draw down all grant money and comply with grant application procedures. This is problematic because WMATA does not have sufficient documentation to comply with grant management procedures. Although they have spent roughly \$400 million in grant money yet received, they have only applied for \$175 million. The Committee is closely monitoring WMATA's financial situation. Metro's inability to complete and submit the required CAFR has severe consequences to immediate cash flow needs and restricts the agency from borrowing from the bond market.

c. Mayor's Proposed Fiscal Year 2016-2021 Capital Budget

Proposed Capital Budget Summary

Under WMATA's Capital Improvement Plan (CIP), Metro has already ordered 528 new railcars to replace all 1000 – and 4000-series.⁷ Metropolitan Washington Airports Authority (MWAA) is providing the financing to purchase 128 cars to support expansion along the silver line. Talks are underway to determine the best and highest use of an additional 220 new rail cars and funding for traction power necessary to support said cars.

Since January, WMATA has been awarded PRIIA and formula grants worth a combined \$749 million dollars. On April 9, WMATA's FY 2014 grant application for \$148.5 million was awarded by the Federal Transit Authority. However, the House Appropriations Committee's FY 2016 Transportation, Housing and Urban Development Bill, if approved by the Senate would reduce the federal capital grant to \$75 million. Any reduction in federal grants would also reduce the jurisdictional match. Moreover, any reduction in federal grants would jeopardize rider safety.

Committee Analysis and Comment

Approved funds would go towards the maintenance, replacement and expansion of Metro's infrastructure. Safety is the Committee's top priority for WMATA. In order to truly become what the *National Journal* has described as the "nation's transit system," WMATA will need billions of dollars over the years to repair, replace and upgrade its aging rail system. However, since January, arcing insulators, smoking incidents, delays and station outages have been a seemingly everyday occurrence. This has undoubtedly has the potential to lead to drops in ridership and increased concerns about the safety and reliability of the system.

⁷ The District's CIP funds its commitment to WMATA's CIP.

Metro must also work tirelessly to regain the public trust. Improvements to on-time performance, rail and fleet reliability and a new culture of transparency must remain a priority. Enhancements of information sharing, use of modern technology, message accuracy across all communication channels will help Metro's much maligned communication practices and restore confidence in the general public.

As the District continues to welcome 1,100 new residents every month, Metro must have the capacity to accommodate growth and expansion. The Committee looks forward to expansions in the city, whether it is a second entrance at Foggy Bottom, development at Takoma or Congress Heights, investing in Metro is an investment in the long term success of the District.

The Committee recommends approval of the WMATA capital budget as proposed by the Mayor.

J. OFFICE OF THE INSPECTOR GENERAL

FY 2016 Operating Budget by CSG (Gross Funds)

	FY15 Approved	FY15 Revised	FY16 Mayor's Proposed	Committee Variance	FY16 Committee	% Growth FY15 Approved to FY16 Committee Budget
AD0 - OFFICE OF THE INSPECTOR GENERAL						
Personal Services (PS)	12,588,754	12,588,754	12,807,046	0	12,807,046	1.73%
11--REGULAR PAY - CONT FULL TIME	10,176,842	10,176,842	10,628,254	0	10,628,254	4.44%
12--REGULAR PAY - OTHER	0	0	0	0	0	/0
13--ADDITIONAL GROSS PAY	0	0	0	0	0	/0
14--FRINGE BENEFITS - CURR PERSONNEL	2,411,912	2,411,912	2,178,792	0	2,178,792	-9.67%
15--OVERTIME PAY	0	0	0	0	0	/0
Nonpersonal Services (NPS)	4,331,130	4,331,130	4,408,166	0	4,408,166	1.78%
20--SUPPLIES AND MATERIALS	31,589	31,589	38,536	0	38,536	21.99%
30--ENERGY, COMM. AND BLDG RENTALS	0	0	0	0	0	/0
31--TELEPHONE, TELEGRAPH, TELEGRAM, ETC	13,130	17,589	13,130	0	13,130	0.00%
32--RENTALS - LAND AND STRUCTURES	227,778	227,778	227,778	0	227,778	0.00%
33--JANITORIAL SERVICES	0	0	0	0	0	/0
34--SECURITY SERVICES	0	0	0	0	0	/0
35--OCCUPANCY FIXED COSTS	1,488	1,488	1,488	0	1,488	0.00%
40--OTHER SERVICES AND CHARGES	3,804,566	3,816,101	3,870,972	0	3,870,972	1.75%
41--CONTRACTUAL SERVICES - OTHER	0	0	0	0	0	/0
50--SUBSIDIES AND TRANSFERS	235,839	219,650	235,839	0	235,839	0.00%
60--LAND AND BUILDINGS	0	0	0	0	0	/0
70--EQUIPMENT & EQUIPMENT RENTAL	16,740	16,935	20,423	0	20,423	22.00%
80--DEBT SERVICE	0	0	0	0	0	/0
91--EXPENSE NOT BUDGETED OTHERS	0	0	0	0	0	/0
99--UNKNOWN PAYROLL POSTINGS	0	0	0	0	0	/0
GROSS FUNDS	16,919,884	16,919,884	17,215,212	0	17,215,212	1.75%

FY 2016 Operating Budget, by Fund Type (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
AD0 - OFFICE OF THE INSPECTOR GENERAL						
100 LOCAL FUND	14,347,681	14,347,681	14,594,721	0	14,594,721	1.72%
110 DEDICATED TAXES	0	0	0	0	0	/0
150 FEDERAL PAYMENTS	0	0	0	0	0	/0
200 FEDERAL GRANT FUND	2,572,203	2,572,203	2,620,491	0	2,620,491	1.88%
250 FEDERAL MEDICAID PAYMENTS	0	0	0	0	0	/0
400 PRIVATE GRANT FUND	0	0	0	0	0	/0
450 PRIVATE DONATIONS	0	0	0	0	0	/0
600 SPECIAL PURPOSE REVENUE FUNDS	0	0	0	0	0	/0
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	0	0	0	0	0	/0
620 ENTERPRISE AND OTHER FUNDS - O TYPES	0	0	0	0	0	/0
700 INTRA-DISTRICT FUNDS	0	0	0	0	0	/0
GROSS FUNDS	16,919,884	16,919,884	17,215,212	0	17,215,212	1.75%

FY 2016 Operating Budget by Program (Gross Funds)

	FY 2015 Approved	FY 2015 Revised	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
AD0 - OFFICE OF THE INSPECTOR GENERAL						
1000 - AGENCY MANAGEMENT	2,301,850	2,301,850	2,370,939	0	2,370,939	3.00%
2000 - ACCOUNTABILITY, CONTROL AND COMPLIANCE	8,234,522	8,234,522	8,274,530	0	8,274,530	0.49%
3000 - LAW ENFORCEMENT AND COMPLIANCE	6,383,512	6,383,512	6,569,743	0	6,569,743	2.92%
GROSS FUNDS	16,919,884	16,919,884	17,215,212	0	17,215,212	1.75%

COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The mission of the Office of the Inspector General (OIG) is to conduct independent audits, investigations, and inspections to detect and prevent fraud, waste, and mismanagement, and to help the District of Columbia government improve its programs and operations by promoting economy, efficiency, and effectiveness. The OIG performs several functions, including initiating and conducting independent financial and performance audits, inspections, and investigations of District government operations; serving as the principal liaison between the District government and the U.S. Government Accountability Office; audits procurement and contract administration on a continual basis; and is the agency in charge of the contract with an independent auditor to perform the District's annual Comprehensive Annual Financial Report (CAFR), and chairs the CAFR oversight committee.

b. Mayor's Proposed Fiscal Year 2016 Operating Budget

The proposed operating budget of the Office of the Inspector General is \$17,215,212, an increase of 1.7% from the FY 2015 approved budget. The budget is comprised of \$14,594,721 in Local funds and \$2,620,491 in Federal Grant funds.

Proposed Operating Budget Summary

Local Funds: The proposed local funds budget for the Office of the Inspector General is \$14,594,721, an increase of 1.7% from the FY 2015 approved budget.

Federal Grant Funds: The proposed funds from federal grants for the Office of the Inspector General is \$2,620,491, an increase of 1.88% from the FY 2015 approved budget.

Committee Analysis and Comments

The Committee is encouraged by the continued focus to eliminate any yellow book findings of the CAFR and expects a productive partnership with the OCFO for the Commercial Real Property Assessment Audit that will also include a best practices study. The Committee is certain the OIG will plan accordingly to fund the audit for all future 3 year cycles.

The Committee recommends approval of the FY 2016 budget request of the Office of the Inspector General of \$17,215,212, an increase of 1.7% from the FY 2015 approved budget.

c. Mayor's Proposed Fiscal Year 2016-2021 Capital Budget

n/a

K. OFFICE OF PARTNERSHIPS AND GRANT SERVICES

FY 2016 Operating Budget by CSG (Gross Funds)

	FY15 Approved	FY16 Mayor's Proposed	Committee Variance	FY16 Committee	% Growth FY15 Approved to FY16 Committee Budget
AA03 - OFFICE OF PARTNERSHIPS & GRANT SERVICES					
Personal Services (PS)	348,280	329,827	0	329,827	-0.05
11--REGULAR PAY - CONT FULL TIME	124,186	276,237		276,237	1.22
12--REGULAR PAY - OTHER	151,134	0		0	0
13--ADDITIONAL GROSS PAY	0	0		0	/0
14--FRINGE BENEFITS - CURR PERSONNEL	72,960	53,590		53,590	-0.27
15--OVERTIME PAY	0	0	0	0	/0
Nonpersonal Services (NPS)	10,000	10,000	10,000	20,000	1.00
20--SUPPLIES AND MATERIALS	5,000	5,000	0	5,000	0.00
30--ENERGY, COMM. AND BLDG RENTALS	0	0	0	0	/0
31--TELEPHONE, TELEGRAPH, TELEGRAM, ETC	0	0	0	0	/0
32--RENTALS - LAND AND STRUCTURES	0	0	0	0	/0
33--JANITORIAL SERVICES	0	0	0	0	/0
34--SECURITY SERVICES	0	0	0	0	/0
35--OCCUPANCY FIXED COSTS	0	0	0	0	/0
40--OTHER SERVICES AND CHARGES	5,000	5,000	10,000	15,000	2.00
41--CONTRACTUAL SERVICES - OTHER	0	0	0	0	/0
50--SUBSIDIES AND TRANSFERS	0	0	0	0	/0
60--LAND AND BUILDINGS	0	0	0	0	/0
70--EQUIPMENT & EQUIPMENT RENTAL	0	0	0	0	/0
80--DEBT SERVICE	0	0	0	0	/0
91--EXPENSE NOT BUDGETED OTHERS	0	0	0	0	/0
99--UNKNOWN PAYROLL POSTINGS	0	0	0	0	/0
GROSS FUNDS	358,280	339,827	10,000	349,827	-0.02

FY 2016 Operating Budget, by Fund Type (Gross Funds)

	FY 2015 Approved	FY 2016 Mayor Proposed	Committee Variance	FY 2016 Committee	% Growth FY 2015 Approved to FY 2016 Committee Budget
AA03 - OFFICE OF PARTNERSHIPS & GRANT SERVICES					
Total Fund	358,280	339,827	10,000	349,827	-0.02
100 LOCAL FUND	358,280	339,827	10,000	349,827	-0.02
110 DEDICATED TAXES	0	0	0	0	/0
150 FEDERAL PAYMENTS	0	0	0	0	/0
200 FEDERAL GRANT FUND	0	0	0	0	/0
250 FEDERAL MEDICAID PAYMENTS	0	0	0	0	/0
400 PRIVATE GRANT FUND	0	0	0	0	/0
450 PRIVATE DONATIONS	0	0	0	0	/0
600 SPECIAL PURPOSE REVENUE FUNDS	0	0	0	0	/0
610 ENTERPRISE AND OTHER FUNDS-DEDICATED TAX	0	0	0	0	/0
620 ENTERPRISE AND OTHER FUNDS - O TYPES	0	0	0	0	/0
700 INTRA-DISTRICT FUNDS	0	0	0	0	/0
GROSS FUNDS	358,280	339,827	10,000	349,827	-0.02

COMMITTEE ANALYSIS AND COMMENTS⁸

⁸ OPGS is an Office within the Office of the Mayor (AA0). OPGS is funded at the activity level, so no Operating Budget by Program table is provided.

a. **Agency Mission and Overview**

The mission of the Office of Partnerships and Grant Services is to enhance the capacity of the District government and non-profit organizations to obtain and manage diverse resources through effective management and oversight of the government's donation solicitation, grant development, and grant-making process. The OPGS is an office within the Office of Community Affairs division of the Executive Office of the Mayor.

b. **Mayor's Proposed Fiscal Year 2016 Operating Budget**

Proposed Operating Budget Summary

The proposed operating budget of the Office of Partnerships and Grant Services is \$339,827, a decrease of 5.0% from the FY 2015 approved budget.

Committee Analysis and Comments

The Committee recommends approval of the FY 2016 budget request of the Office of Partnerships and Grant Services, and recommends an additional \$10,000 from OFRM to assist with program and outreach efforts offered, for a total of \$349,827, a decrease of 0.02% from the FY 2015 approved budget.

c. **Mayor's Proposed Fiscal Year 2016-2021 Capital Budget**

n/a

III. FISCAL YEAR 2016 BUDGET REQUEST ACT APPROPRIATION LANGUAGE RECOMMENDATIONS

Chairman Mendelson introduced, on behalf of the Mayor, the "Fiscal Year 2016 Budget Request Act of 2016." The Committee recommends the following adjustments.

Title IV, section 108 of the Mayor's Fiscal Year 2016 Budget Request Act includes language to amend Section 472(d) and Section 475(e) of the Home Rule Act with respect to the issuance of Tax Revenue Anticipation Notes ("TRANS") and Bond Anticipation Notes ("BANs"). Under the current provisions of Section 472(d)(1) and Section 475(e)(1) of the Home Rule Act, Council acts authorizing the issuance of TRANS or BANs, or the issuance of general obligation bonds to refund the BANs, take effect on the date of enactment, without the 30-Congressional day review. The language proposed in the Mayor's Budget Request Act would treat such borrowing legislation as any other regular Council legislation and require a 30-Congressional day review before it becomes effective. This language, if included to amend these sections of the code would adversely affect the District's ability to issue short term debt expeditiously. Specifically, if the language were included, it would delay the TRANS issuance for the operating money at the beginning of a fiscal year before the tax revenues are collected. However, because Internal Revenue Service rules mandate that we can borrow only a certain amount of projected cash flow shortfalls, a lengthy delay for Congressional review could impact

our calculations. Accordingly, the Committee recommends the proposed language to amend sections 472 and 475 of the Home Rule Act, as proposed in General Provision 108(c)(1)(D) and General Provision 108(c)(1)(E), of the Fiscal Year 2016 Budget Request Act be struck.

Additionally, the Committee hopes to work with the Committee of the Whole on the implementation and funding support for the Emerging Business District Demonstration Project, which was included as a part of the Fiscal Year 2015 Budget.

IV. FISCAL YEAR 2016 BUDGET SUPPORT ACT RECOMMENDATIONS

Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2016 Budget Support Act of 2015.” The bill contains a number of subtitles for which the Committee has provided comments in addition to new subtitles that the Committee recommends.

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

The Committee provides comments on the following subtitles of the “Fiscal Year 2016 Budget Support Act of 2015”:

1. Title II, Subtitle D. Creative and Open Space Modernization Amendment35
2. Title VII, Subtitle C. Sales Tax Amendment37
3. Title VII, Subtitle D. Married Filing Separately Standard Deduction Amendment38
4. Title VII, Subtitle E. Low Income Credit Amendment38
5. Title VII, Subtitle F. Vapor Product Amendment39
6. Title VII, Subtitle G. Notice of Proposed Audit Changes Requirement40

TITLE II, SUBTITLE D. CREATIVE AND OPEN SPACE MODERNIZATION AMENDMENT.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would provide real property tax abatements to attract and retain Qualified High Technology Companies (QHTCs) who sign a twelve year lease in the District for a minimum of 50,000 square feet of office space. This incentive would also assist in transforming vacant class B offices into functional creative and open spaces. In order to qualify, entities must meet the CBE and First Source requirement and provide public benefit to the District, which would be negotiated with the Deputy Mayor for Planning and Economic Development (DMPED) and may include attributes such as hiring or training targets, free or reduced priced software and services, or community space availability. This incentive links directly to Mayor Bowser’s stated commitment to growing job opportunities for District residents and supporting DC based businesses, as well as supporting the entire tech ecosystem from startups to large technology businesses. This incentive focuses particularly on supporting medium size and growing technology companies, and also helps as an investment to update and modernize office spaces that would otherwise remain vacant.

The Mayor, through the Deputy Mayor for Planning and Economic Development would certify the abatement, and would notify the Office of Tax and Revenue the tenant qualifies and

the amount of the abatement to be received. At the request of the Office of the Chief Financial Officer, language outlining pertinent information included in the Mayor's certification to OTR for the purposes of administering the abatement is recommended. The incentive would be offered as a grant program for Fiscal Year 2016 with the abatement program beginning in Fiscal Year 2017. The committee also included language requiring DMPED to annually certify all eligible abatement recipients.

b. **Committee Reasoning**

The Committee recommends adoption of this proposed subtitle, with some suggested changes from the Office of the Chief Financial Officer.

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

n/a

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

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

TITLE VII, SUBTITLE C. SALES TAX AMENDMENT.

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

The proposed subtitle would increase the general sales tax from 5.75% to 6%, and would increase the parking tax rate on commercial lots from 18% to 22%. The Mayor's budget proposal briefing to the Council presentation states that the sales tax increase would fund initiatives that will end homelessness in the District, and the parking tax rate increase would incentivize use of public transportation and help pay subsidy increase for WMATA. The sales tax rate of 5.75% was first initiated in 1995, and remained at 5.75% until 2010, where it increased to 6% to address the recession being experienced, with a commitment to return to the 5.75%, which it did in 2014. Tax Revision Commission (TRC) recommendations, many of which were adopted in the Fiscal Year 2015 Budget, included the expansion of the sales tax to include more services, which was adopted; and raising the sales tax to 6% as part of the entire revenue neutral package presented, which was not adopted. TRC recommendations, if adopted in their entirety would have been revenue neutral.

b. **Committee Reasoning**

The Committee recommends rejection of this proposed subtitle, and recommends decoupling the parking tax from funding WMATA to direct the parking tax to the general fund for distribution. Working to end homelessness in the District is agreed to be a top priority, and the Committee is encouraged by the new leadership within the Mayor Administration, however achieving this goal can be accomplished without having to raise the sales tax rate. All the sales tax revenues go into the general fund. Regardless of what

the administration says, the sales tax is not tied to ending homelessness. Committing to fund WMATA at necessary funding levels is important, especially so the metro system is not faced with having to cut services or raise fares. The absence of a dedicated funding source from all participating jurisdictions also contributes to the financial instability WMATA constantly faces. Certainly, the District should and will pay its fair share, but should not expect to do so based on parking tax revenues.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE D. MARRIED FILING SEPARATELY STANDARD DEDUCTION AMENDMENT.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would set the standard deduction on an income tax return by a married person filing separately to be half the amount allowed for a married person filing jointly. Currently the combined deduction of married persons filing separately is \$10,400, which is larger than half of the \$8,350 deduction for married persons filing jointly.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE E. LOW INCOME CREDIT AMENDMENT.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would prorate the credit for part-time residents and limit the credit for those with other income. Part time residents, or those who lived in DC for a portion of the year for the particular tax year (including those who move to or from DC during the tax year)

would be eligible for a prorated portion in order to limit the use of the credit by those individuals whose aggregate income, including pass-through income, exceeds the federal minimum income filing requirement.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE F. VAPOR PRODUCT AMENDMENT.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would amend the definition of "other tobacco product" in the D.C. Official Code to include vapor products, noting it does not include any product that has been approved by the United States Food and Drug Administration for sale as a tobacco dependence product, or for other medical purposes, and that is being marketed and sold solely for such an approved purpose. The subtitle also defines "vapor product" to mean any non-lighted, noncombustible product that employs a mechanical heating element, battery, or electronic circuit, regardless of shape or size, and that can be used to produce aerosol from nicotine in a solution, or any vapor cartridge or other container of nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device. This subtitle would expand the definition of "other tobacco product" to include "vapor products" (commonly known as e-cigarettes) for purposes of heightened taxation, notwithstanding the fact that these products do not contain tobacco.

Under current law, "other tobacco products" are taxed at a rate equal to the cigarette tax and surtax on a package of 20 cigarettes, expressed as a percentage of the average wholesale price of a package of 20 cigarettes. The applicable percentage of the tax is calculated annually by the Office of Tax and Revenue and is effective after September 30th of each year. As of October 1, 2014, the applicable tax on "other tobacco products" is 70 percent. Thus, the Mayor's FY 2016 BSA proposal would place a tax on vapor products in the range of 70 percent, depending on the annual recalculation.

b. **Committee Reasoning**

The Committee recommends rejection of this proposed subtitle, and offers alternative language for inclusion. The Committee believes that the proposed rate of taxation is disproportionate when compared to that of other related products. In addition, the Committee is concerned that the heightened level of taxation proposed, which will nearly double the price of these products, may encourage residents to purchase their vapor products in the surrounding jurisdictions and, therefore, frustrate the District's ability to achieve the revenue projected.

In April 2014, the U.S. Food and Drug Administration ("FDA") proposed a rule that would establish, for the first time, federal regulatory authority over vapor products. Many expect the FDA to conclude its work on the proposed rule in the very near future, and reports are the current acting commissioner recently stated that completing this rulemaking is a top priority. The Committee believes that the outcome of this process will better inform state and local policymakers on the subject of vapor products going forward.

With the FDA's impending guidance in mind, and in consideration of the disproportionate nature of the proposed tax, the Committee recommends postponing the proposed heightened tax on vapor products in FY 2016.

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

n/a

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

See Appendix C for the Committee's Budget Support Act legislative language recommendations. The alternative language would define smokeless tobacco to mean any finely cut, ground or powdered tobacco that is not intended to be smoked or any leaf tobacco that is not intended to be smoked, and would place a minimum tax of \$1.71 per ounce of smokeless tobacco. The Committee also recommends consideration of restricting the purchase of vapor products to individuals age 21 or older; as well as restricting entry into an establishment selling only vapor and/or tobacco products.

**TITLE VII, SUBTITLE G. NOTICE OF PROPOSED AUDIT CHANGES
REQUIREMENT AMENDMENT.**

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

The proposed subtitle would do two things. First, it would statutorily require the OCFO to send a notice of proposed audit change at least 30 days before the proposed assessment is sent out. Currently the notice of proposed audit change is done administratively by the OCFO. Secondly, this proposed subtitle would stop the running of the 3 year statute of limitations on the day the CFO issues a notice of proposed audit changes until the issuance of an assessment or the issuance of a final order by the Office of Administrative Hearings.

For reference, a notice of proposed audit change notifies the taxpayer the amount believed to be owed to the District of Columbia as a result of the audit conducted and allows the taxpayer an opportunity to speak with the auditors. An issuance of an assessment notifies the taxpayer the amount owed and instructs the taxpayer to pay, or go to the Office of Administrative Hearings to appeal. The three year statute of limitations would remain.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

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

The Committee on Finance and Revenue recommends the following new subtitles to be added to the “Fiscal Year 2016 Budget Support Act of 2015”:

B. Recommendations for New Budget Support Act Subtitles

1.	Standard Deduction Withholding Clarification.....	41
2.	Market Based Sourcing Clarification	42
3.	Southwest Business Improvement District Clarification.....	43
4.	Unified Economic Development Report Clarification	43
5.	Capital Assets Replacement Schedule Due Date	44
6.	Disposition of District Land For Affordable Housing Clarification	44
7.	Commission on the Arts and Humanities Dedicated Funding	45
8.	Business Improvement District Technical Clarification	45
9.	District of Columbia Depository Expansion	44
10.	Real Property Assessment Appointment Clarification.....	46
11.	Electronic Payment Requirement	47
12.	Fiscal Year 2015 Budget Clarification	47
13.	Park 7 at Minnesota-Benning Tax Abatement	58
14.	4427Hayes Street, N.E., Real Property Tax Abatement.....	49

**TITLE VII, SUBTITLE XX. STANDARD DEDUCTION WITHHOLDING
CLARIFICATION.**

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would correct §47-1812.08 (b)(1) of the D.C. Official Code, which is the income tax withholding calculation that was incorporated in previous Fiscal Year budget emergency and temporary measures to exclude the standard deduction from withholding calculations for employers, and was inadvertently not changed permanently. The Council passed emergency (A20-510) and temporary (A20-522) legislation making these changes on November 18, 2014.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE XX. MARKET BASED SOURCING CLARIFICATION.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would correctly clarify the applicability date of the market-based sourcing legislation and the tax sale interest rate to be paid to certain purchasers. These items were previously included in the Fiscal Year 2015 Budget Support Act of 2014, however these technical fixes are necessary to ensure these provisions are correctly in place for tax year 2015 and subsequent tax years. The Council passed emergency (A20-585) and temporary (A20-629) legislation making these changes on December 16, 2014.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

**TITLE VII, SUBTITLE XX. SOUTHWEST BUSINESS IMPROVEMENT DISTRICT
CLARIFICATION.**

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would make technical fixes to the Southwest Business Improvement District (BID) establishing legislation to conform to the original intent and understanding of the Southwest BID. Specifically, this would insert the inadvertently omitted Section (c)(4) which clarifies the fees and responsibilities of the Southwest BID with respect to large development projects which are obligated to maintain common area and outdoor public spaces typically maintained by the District, and making a conforming change to Section (c)(i) of the Act.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

**TITLE VII, SUBTITLE XX. UNIFIED ECONOMIC DEVELOPMENT REPORT
CLARIFICATION.**

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would change the deadline for providing this report from December 31 to March 1, or not more than 5 months after the end of each fiscal year. This change would allow for the year end data required in the Unified Economic Development Report report to match the Comprehensive Annual Financial Report (CAFR) which is due on February 1, thus allowing CAFR data to be incorporated into the Unified Economic Development Report. This subtitle would also change the existing requirement of a second report produced by the OCFO and based on the Mayor's proposed budget, which has limited utility and because of timing is not able to draw any comparisons from previous years. This subtitle directs the Mayor, and not the CFO, to provide a summary, separate and in addition to her proposed Fiscal Year budget for Economic Development within seven days of transmitting her budget to the Council for review.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE XX. CAPITAL ASSETS REPLACEMENT SCHEDULE DUE DATE.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would change the deadline requirement of October 1 to February 1 established in §47-308.04, for the replacement schedule for capital assets report included in the Fiscal Year 2015 Budget Support Act of 2014 (Title I.(E)). The OCFO expects to have the report completed no later than February 1, 2016 (and annually thereafter) so it can be incorporated into the budget formulation process, and concurs with the previous Fiscal Year CAFR.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE XX. DISPOSITION OF DISTRICT LAND FOR AFFORDABLE HOUSING CLARIFICATION.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would clarify that it is the Mayor, and not the CFO, that certifies a waiver of the requirements of this law. The CFO only provides a financial analysis that is included as a part of the Mayor's waiver. Additionally, this subtitle would change the requirement of analyzing "the financial condition of the land" to read "A financial analysis and review of the proposed land disposition and development" to provide a clear meaning of what is being sought.

b. **Committee Reasoning**

The Committee recommends adoption of this proposed subtitle.

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

n/a

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

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

**TITLE VII, SUBTITLE XX. COMMISSION ON THE ARTS AND HUMANITIES
DEDICATED FUNDING**

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

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

b. **Committee Reasoning**

The Committee recommends adoption of the proposed subtitle.

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

n/a

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

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

**TITLE VII, SUBTITLE XX. BUSINESS IMPROVEMENT DISTRICT TECHNICAL
CLARIFICATION.**

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

The proposed subtitle would amend the DC Business Improvement District Amendment Act of 2013 (D.C. Law 20-161) to correct a scrivener's error that was discovered during the congressional review period. Per the Office of Tax and Revenue, possessory interest provisions in the bill must be stated as September 30, 2003, to correctly administer the levy of possessory interest for business improvement districts. This subtitle would correct the date indicated in one section of the Business Improvement District Amendment Act, and insert the date in another section which was silent on applicability.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE XX. DISTRICT OF COLUMBIA DEPOSITORY EXPANSION.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would amend the code to accept Federal Home Loan Bank (FHLBank) letters of credit (LOCs and provide letters of credit as an additional form of collateral for District of Columbia public unit deposits. Currently, 48 states have laws that allow for FHLBank LOCs to be used as collateral for public deposits.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE XX. REAL PROPERTY ASSESSMENT APPOINTMENT CLARIFICATION.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would repeal 47-825.02, established through Law 11-269, which was the Real Property Assessment and Tax Initiative of 1996. This advocate position has never been filled or funded, partially because the Council had “been unable to calculate the fiscal impact of Initiative 51 as required by section 601(c)(3) of the Home Rule Act”. Bill 20-23, the Residential Real Property Equity and Transparency Act of 2013 (DC Law 20-141) established, and funded, an Office of Real Property Tax Ombudsman.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE XX. ELECTRONIC PAYMENTS REQUIREMENT

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would direct the Office of the Chief Financial Officer to make all grant awards, contractor payments and employee paychecks by electronic means only, either direct deposit or via issuance of a debit card.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE XX. BUDGET TECHNICAL CORRECTIONS.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would correctly clarify on a permanent basis several changes that were included in the Fiscal Year 2015 Budget Support Clarification Emergency and Temporary Amendment Act, which was moved by the Council at the October 7, 2014 legislative meeting. As explained in the Chairman Mendelson's October 2, 2014 notice of emergency circulation memo: "Following the Council's passage of the FY15 BSA, staff at the Office of the Chief Financial Officer, executive agencies, and the Council identified certain provisions in the FY15 BSA, and provisions of law that were amended by the FY15 BSA, that need to be clarified or amended to effectuate their intent. The purpose of the Fiscal Year 2015 Budget Support Clarification Emergency Act of 2014 and resolution and temporary (together, the "FY15 BSA Clarification acts") is to enact those clarifications, technical corrections, and conforming amendments." Additionally, this subtitle would correct a situation whereby an individual with an estate below \$2million would pay a higher percentage of tax (16%) then would someone with an estate between \$2 and \$10 million as well as correct a typo regarding the estate tax discovered in the Fiscal Year 2015 Budget Support Clarification Emergency and Temporary Amendment Act, section (q) which should have amended subsection (b) and not subsection (c) of 47-3702, and has not been corrected in subsequent emergency legislation regarding the Fiscal Year 2015 Budget Support Act.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

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

TITLE VII, SUBTITLE XX. PARK 7 AT MINNESOTA-BENNING TAX ABATEMENT.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would create a new subtitle to provide a real property tax abatement to the Park 7 at Minnesota-Benning, a mixed use project located at the corner of Minnesota Avenue and Benning Road, N.E. next to the Minnesota Avenue Metro station. The project includes 400,000 square feet of multi-family residential space, 376 rental units, and 20,000 square feet of retail space and accessory parking. This would to preserve the affordable housing provided at this development.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

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

n/a

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

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

TITLE VII, SUBTITLE XX. 4427 HAYES STREET, N.E., REAL PROPERTY TAX ABATEMENT.

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

The proposed subtitle would provide a real property tax abatement not to exceed \$30,000 per year to the project located at 4427 Hayes Street, N.E. to preserve the affordable housing provided at this development.

b. **Committee Reasoning**

The Committee recommends adoption of this proposed subtitle.

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

n/a

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

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

TITLE VII, SUBTITLE XX. RETAIL SERVICE STATION AMENDMENT

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

The proposed subtitle would repeal the additional 5% transfer tax on properties where a retail service station is located, and will bring the current 6.45 percent transfer tax on gas station properties to conform with the District's 1.45 percent transfer tax on all commercial properties. Around July of 2009, Council inserted a subtitle in the FY 2010 Budget Support Act of 2009 to levy an extra 5% transfer tax on real property upon which is located a retail service station without a public hearing.

b. **Committee Reasoning**

The Committee recommends adoption of this proposed subtitle.

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

n/a

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

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

V. COMMITTEE ACTION AND VOTE

The Committee on Finance and Revenue met on Wednesday, May 13, 2015 at 12:00 p.m. in the Council Chambers to consider and vote on the Mayor's FY 2016 Budget Request for the agencies under its jurisdiction, appropriation language recommendations, the provisions of the FY 2016 Budget Support Act of 2015 referred to the Committee for comment, as well as the Committee's Budget Support Act recommendations, and the draft Committee report. Chairperson Evans determined the presence of a quorum consisting of himself and Councilmembers Grosso, Silverman and Orange.

Chairperson Evans made opening remarks summarizing the Committee's proposed actions. Each committee member made brief remarks expressing their thoughts on the Committee's proposed actions and their position on the report as presented.

Councilmember Orange offered an amendment, which was accepted as friendly which would recommend the additional 5% transfer tax on properties where a retail service station is located be repealed.

Councilmember Silverman offered an amendment to recommend the Committee adopt Budget Support Act Title VII, Subtitle C, "Sales Tax Amendment" as proposed by the Mayor. The Committee members voted as follows:

Members in favor:	Silverman
Members opposed:	Evans, Grosso, Orange
Members absent:	McDuffie

The amendment was rejected by a vote of 1 yes, 3 no, 0 present, 1 absent.

Councilmember Silverman offered an amendment to recommend the Committee reject Budget Support Act Title II, Subtitle D, "Creative and Open Space Modernization Amendment" as proposed by the Mayor and the Committee will instead work to create a new high tech incentive program targeted to small and medium-sized technology companies. The Committee members voted as follows:

Members in favor:	Silverman
Members opposed:	Evans, Grosso, Orange
Members absent:	McDuffie

The amendment was rejected by a vote of 1 yes, 3 no, 0 present, 1 absent.

Chairperson Evans then moved the committee report and recommendations on the FY 2016 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 2016 Budget Support Act. The members voted as follows:

Fiscal Year 2016 Budget Request Act Recommendations

Members in favor:	Evans, Grosso, Silverman, Orange
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Members opposed:
Members voting present:
Members absent: McDuffie

The Committee's Fiscal Year 2016 Budget Request Act recommendations are adopted by a vote of 4 yes, 0 no, 0 present, 1 absent.

Fiscal Year 2016 Budget Support Act Recommendations

The Members voted as follows:

Members in favor: Evans, Grosso, Silverman, Orange
Members opposed:
Members voting present:
Members absent: McDuffie

The Committee's Fiscal Year 2016 Budget Support Act recommendations are adopted by a vote of 4 yes, 0 no, 0 present, 1 absent.

Business having concluded, the meeting was adjourned at 12:45 p.m.

VI. ATTACHMENTS

- A. April 22, 2015 FY 2016 Budget Oversight Hearing Witness List and Testimony.
- B. April 29, 2015 FY 2016 Budget Oversight Hearing Witness List and Testimony.
- C. FY 2016 Budget Support Act legislative language recommendations.
- D. Amendments offered and accepted.
- E. Amendments offered and rejected.



**Council of the District of Columbia
Committee on Finance and Revenue
AGENDA**

John A. Wilson Building, 1350 Pennsylvania Avenue, N.W. Washington, D.C. 20004

**COUNCILMEMBER JACK EVANS, CHAIR
COMMITTEE ON FINANCE AND REVENUE**

**FISCAL YEAR 2016 PROPOSED BUDGET AND FINANCIAL PLAN
PUBLIC HEARING**

**Destination DC
Washington Convention and Sports Authority (Events DC)
Real Property Tax Appeals Commission
District of Columbia Lottery and Charitable Games Control Board
Office of the Chief Financial Officer
Office of Tax and Revenue
Office of Financial Operations and Systems
Office of Finance and Treasury
Office of Financial Operations
Office of Revenue Analysis**

Wednesday, April 22, 2015

10:30 a.m.

**Room 500 - John A. Wilson Building
1350 Pennsylvania Avenue, NW; Washington, D.C. 20004**

I. Opening Remarks

II. Witness List

Public Witnesses

1. Mayor Anthony A. Williams, Federal City Council
2. Joe Sternlieb, CEO, Georgetown BID
3. Michael A. Lee
4. Geraldine Tally Hobby, DC Injured Workers Committee Civil Service Status Fed DC
5. Bob Zahradnik, Director, State Policy, The Pew Charitable Trusts
6. David Bardin
7. Carol Craul
8. Jack Craul
9. Teresa Heinze, Community Tax Aide
10. Ed Lazere, DC Fiscal Policy Institute

11. Fadi Khalaf
12. Anna Roblin
13. Sam Jewler
14. Eric M. Mondres, Federal Home Loan Bank of Atlanta
15. Monica Kamen, Advocacy Coordinator, Fair Budget Coalition
16. Stanley Augustin
17. Michael Sindram, Justice for All DC, Disabled Veteran
18. Sean Robinson
19. Eric Miller

Government Witnesses

Destination DC

1. Elliott Ferguson, President & CEO

Washington Convention and Sports Authority (Events DC)

1. Gregory O'Dell, Chief Executive Officer

Real Property Tax Appeals Commission

1. Gregory Syphax, Chairman
2. Richard Amato, Vice Chairman
3. Carlynn Fuller Jenkins, Executive Director

District of Columbia Lottery and Charitable Games Control Board

1. Tracey Cohen, Interim Executive Director

Office of the Chief Financial Officer

1. Jeff DeWitt, Chief Financial Officer

III. Announcements

IV. Adjournment

April 22, 2015

The Honorable Jack Evans
Chairman, Committee on Finance and Revenue
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Suite 106
Washington, D.C. 20004

Dear Chairman Evans:

The undersigned organizations support legislation that would permit federally insured depository institutions serving the District of Columbia to use Federal Home Loan Bank (FHLBank) letters of credit (LOCs) as collateral for District of Columbia public deposits. The legislation, if enacted, will bring District law into conformity with at least 48 states that allow FHLBank LOCs to be used in this manner.

FHLBanks are reliable affordable housing partners delivering a stream of low-cost liquidity to District banks and credit unions. The legislation will allow the District's eligible financial institutions to use FHLBank LOCs to secure public deposits in a manner that is more efficient not only to the institutions holding the deposits, but to the District government.

As a District organization dedicated to the production or preservation of affordable housing to improve the lives of constituents you represent, we ask for your support of this legislation.

Each FHLBank is required by federal statute to contribute ten percent of its net income to an Affordable Housing Program (AHP). Since 1990, over \$30 million has been awarded under this program, creating over 5000 units of housing for low or very low-income District residents.

Passage and enactment of this legislation will expand FHLBank support of the financial institutions serving local units of government and may increase FHLBank income thereby increasing funding eligible for the AHP. DC housing providers, working with local FHLBank members, will have an opportunity to compete for these AHP funds in order to meet DC's ongoing affordable housing needs.

Thank you for your consideration of this matter.

Sincerely,

Central Union Mission
The Community Builders, Inc
Community Preservation and Development Corporation
Habitat for Humanity of Washington, DC
Jubilee Housing
National Housing Trust-Enterprise Preservation Corporation
Samaritan Inns
Telesis Corporation

Committee on Finance and Revenue
Fiscal Year 2016 Budget Oversight Hearing
Wednesday, April 22 2015

Testimony of Monica Kamen, Advocacy Coordinator, Fair Budget Coalition

Good afternoon, Chairman Evans. Thank you for the opportunity to testify today. My name is Monica Kamen, and I'm the advocacy coordinator for the DC Fair Budget Coalition, a coalition of more than 70 advocacy organizations, service providers, faith organizations, and community members concerned with meeting the human needs of the District's lowest income communities.

Since October, FBC has worked to identify the programs that are most critical to ensuring that low income families have access to their most basic needs to get by in an increasingly unaffordable city. We also worked to identify ways for the District to raise revenue to fund these programs. We hope that as the city continues to grow, and specifically, as inequality reaches a 35 year high in the city, that the Council will recognize that those who can most afford to pay should contribute more to maintaining and preserving our city's safety net. Progressive income taxes and property taxes are the best ways to raise revenue for our city, as they protect low income people from paying more than they can afford.

However, today I'd like to testify about the changes to DC's sales tax, and urge the City Council to maintain the changes in the sales tax from 5.75% to 6% in order to preserve the much needed revenue that it will generate. Mayor Bowser's budget for Fiscal Year 2016 is a serious step towards helping all District of Columbia residents reach their full potential. We commend the Mayor for backing up her campaign promises with real money for affordable housing, homeless programs, and income support for our neediest families. These are vital investments that the Council should support.

But while these investments are a significant step in the right direction, far too many DC residents are struggling to meet their basic needs. There are additional enhancements that many programs need in order to meet the high demand and ensure that our lowest income communities have access to the resources they need to survive.

We support raising revenue to create true pathways to the middle class and ensure that DC is a city that works for all of its residents. In general, the sales tax disproportionately burdens the poor, and an increase, however modest, would make the tax code more regressive at a time when skyrocketing housing prices and stagnant wages are already straining the finances of most families. However, we believe the revenue generated from the changes in the sales tax will go towards supporting critical city programs that keep our residents from falling into deeper crisis.

The tax increase is modest. The sales tax increase adds 25 cents to a \$100 purchase. For poor families, tax increases will likely be \$25 a year or less. The benefits of the expanded Earned Income Tax Credit and the raise in the Standard Deduction that were passed as part of the tax package last year, in addition to the increase funding levels in services for low income people, outweigh this minimal additional cost.

Without new revenue, added funding for homeless services may not have been possible. The District faces an affordable housing crisis, and the need for shelter and supportive services has outgrown capacity. The District must find new revenues to address these issues, as there are still programs that could use further enhancements, rather than face the threat of service cuts.

DC's tax system keeps taxes relatively low for low-income families. The District has taken steps over the years to offset the regressive effect of the sale tax, including substantial income and property tax credits targeted on low- and moderate-income residents. Total taxes paid by low-income DC residents are now second lowest in the nation when compared with all states, showing that these targeted tax reduction have been effective.

Thank you, again, for the opportunity to testify. I'm happy to answer any additional questions.

Office of the Chief Financial Officer Budget Oversight Hearing
Committee on Finance and Revenue
John Wilson Building - April 22, 2014
Testimony of Stanley Augustin, Manna, Inc.

Good Morning. My name is Stanley Augustin, I am the Advocacy and Outreach Coordinator at Manna, Inc. and I am also a resident of Ward 5.

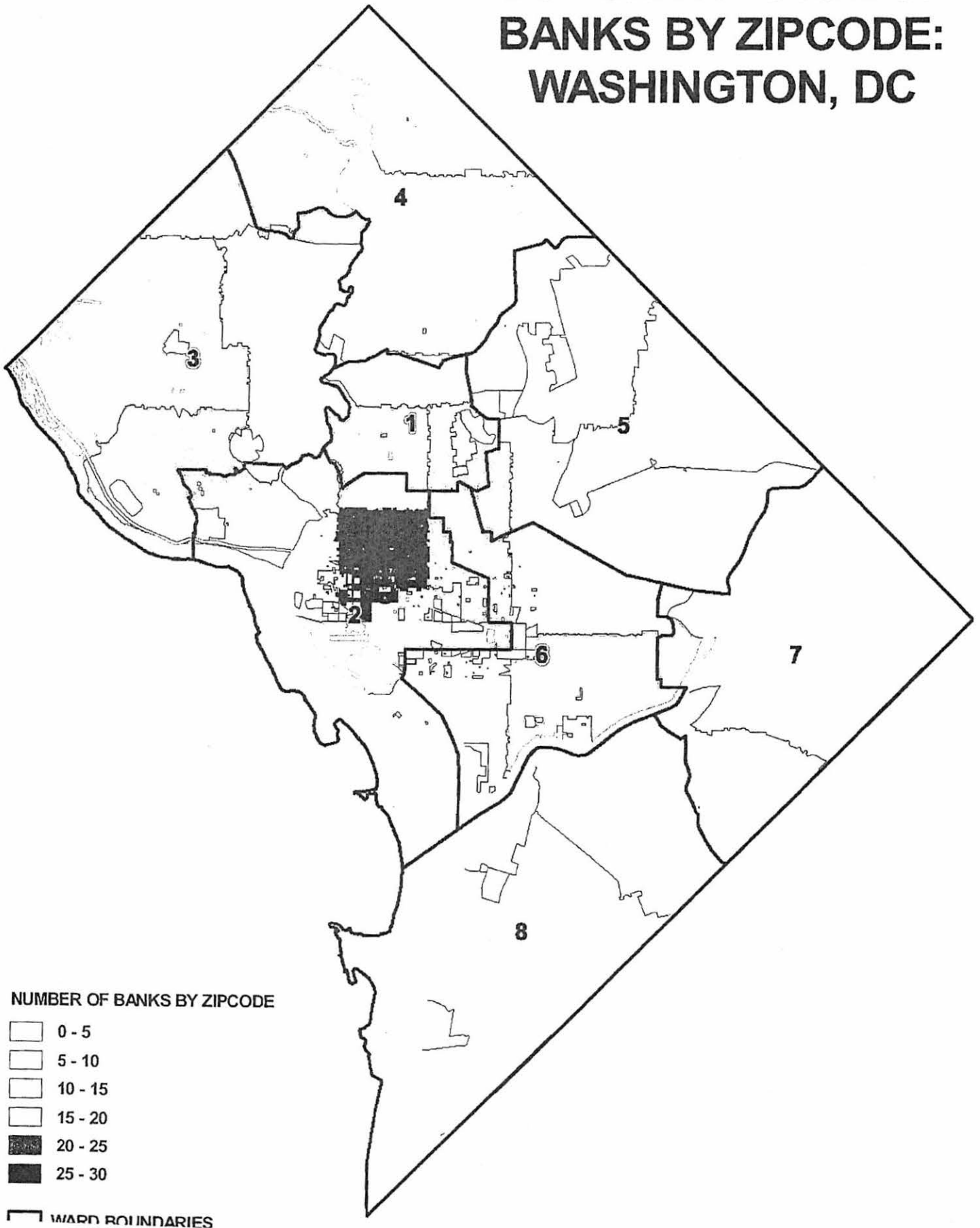
I would like to thank Councilmember Evans for chairing the Committee on Finance and Revenue and for having a strong commitment to more equitable banking across the District, as seen in the Community Development Amendment Act of 2013 that you introduced and the Council passed unanimously last year. We and other community stakeholders worked with the CFO's office last year to craft that legislation and are excited about its implementation in FY16. We thank the CFO's office and the Council for their commitment to ensuring that the credit needs of District residents are met. The financial industry, particularly those doing business with the city, needs encouragement, scrutiny and incentives to invest in the people and infrastructure to provide financial services where the loans are smaller, take longer to complete and involve support from public programs like HPAP.

Today I am here to speak about the 1997 Financial Institutions Act and its connection to the Community Development Act. Strong District financial legislation is a fundamental step in ensuring equitable banking here in the District. Working at Manna, a 34-year old affordable housing developer and educator focused on providing opportunity to low-to-moderate income DC residents, there is a very stark disparity between the access and availability of quality banking resources between the city's lower and moderate income households and the city's more affluent residents. Currently, in the District there isn't equitable banking. Recent HMDA data and maps produced on banking in the District paint a very telling picture of where banking and credit services are available. In large parts of Wards 7 and 8 there are large banking deserts, where you can go many miles in between finding a bank branch. The Community Development Act and the 1997 Financial Institutions Act work in tandem to address this problem, by ensuring the District's relationship with the large banks is one that benefits District residents. The Community Development Act requires banks that want to do business with the city to submit plans on how they will address the credit and financial service needs of underserved DC residents and neighborhoods, while the 1997 Financial Institutions Act determines the weight of those plans in conjunction with a bank's overall score. We hope to connect the two pieces of legislation and raise the percentage weight of those plans from 20% to 30%. We believe this is a common sense way to leverage the city's funds/financial contracts for better banking.

Manna works first-hand with qualified residents to find lenders for home loans. I can tell you the state of lending in lower income neighborhoods-where it is painfully obvious that services have demonstrably declined in the last five years. The data emerging from the last couple of years shows bank prime lending to lower income and minority neighborhoods well below the pre-crisis levels. Subprime lending dominated these neighborhoods, and is now thankfully gone, but much of the prime lending that was being done also has left and we don't see many signs of responsible lending coming back to keep the bad money from returning. We know that the business is there, and responsible loans made in these neighborhoods performed well through the crisis. It just takes more effort and focus to make it work. That is why we worked with CFO Jeff Dewitt and Treasurer Jeff Barnette to pass the Community Development Act of 2013, and looking forward to a continued partnership with the 1997 Financial Institutions Act.

The District is full of residents who love their city, residents who've been here through the tough times and good times. We look forward to continuing to work with the CFO's Office to ensure the financial needs of all residents are met across the entire city. Also, please prioritize equitable banking initiatives in your next budget. Financially sound constituents are the glue that keeps the District together, strengthening communities and building neighborhoods.

CONCENTRATION OF BANKS BY ZIPCODE: WASHINGTON, DC





Council of the District of Columbia

The Honorable Jack Evans, Chairman

Committee on Finance and Revenue

BUDGET HEARING ON FISCAL YEAR 2016

April 22, 2015

Presented by:
Elliott L. Ferguson
President & CEO
Destination DC

Committee Members

Councilmember David Grosso, At-large
Councilmember Kenyan McDuffie, Ward 5
Councilmember Vincent Orange, Sr., At-Large
Councilmember Elissa Silverman, At-Large

- Good morning Chairman Evans and members of the Committee on Finance and Revenue.
- My name is Elliott Ferguson and I serve as President and CEO of Destination DC, the official convention and visitors bureau for Washington, DC. Today I am joined by:
 - Mike Dickens, Chairman of Destination DC's Board of Directors
 - Robin McClain, VP of Marketing and Communications
 - John Kim, VP of Finance and Administration
 - Melissa Riley, VP of Convention Sales and Services
 - Theresa Belpulsi, VP of Tourism and Visitor Services
 - Marquis Perkins, Creative Director
 - Crispus Gordon, III, Manager of Industry and Government Relations
- I am pleased to be here this morning to provide testimony on the budget of Destination DC.
- I want to thank those that have testified before me on our behalf:
 - Anthony Williams, CEO and Executive Director of the Federal City Council and former Mayor of the District of Columbia (1999-2007)
 - Joe Sternlieb, CEO, Georgetown BID and Destination DC Board Member
- Destination DC is a private non-profit organization with a membership of more than 850 businesses, including hotels, restaurants, attractions, museums and cultural organizations.
- We are an economic development organization in the city helping create new jobs across a wide range of levels, from entry level to top management positions.
- In fact, hospitality is the fastest growing industry in the city, generating \$6.7 billion in tax revenue for the District.
- On Tuesday, May 5th we will be hosting our annual Travel Rally at the Carnegie Library and release the new economic impact data for 2014.
- At Destination DC, we are responsible for bringing citywide conventions to the District and as such, we partner with Events DC to promote conventions for the Walter E. Washington Convention Center and book smaller meetings in hotels across the city.
- We also work with Events DC to help bring sporting events to the city and promote the National Cherry Blossom Festival, the DC Jazz Festival, Passport DC and other major events that take place in the District.
- Destination DC's total budget for FY2015 is \$19.6 million which is inclusive of the \$4 million dollars allocated by the District Government to be used for Marketing.

- These dollars allow us to promote the District of Columbia and continue to drive economic impact to the city.
- Of the 14.5% hotel tax generated by visitors to District, Destination DC receives 67-cents for every \$100 collected to fund our marketing efforts.
- As the city's official tourism marketing organization, we work to increase economic development and maximize revenues for Destination DC and the District government by increasing the number of visitors who stay in hotels within DC.

CONVENTION SALES AND SERVICES

- Our Convention Sales and Services team is aggressively positioning DC as a world class convention destination.
- In 2015 we'll welcome 15 citywides, including an impressive roster of conventions such as: American Academy of Neurology which is currently meeting in the city with over 15,000 attendees, American Neurological Association of Surgeons which meets next week, American Dental Association, American Academy of Pediatrics and the Drug Information Association.
- In 2016 we'll welcome 16 citywide conventions including the American Educational Research Association, Society for Human Resource Management—both of which were booked as a direct result of the Marriott Marquis opening – American Alliance of Museums, National Education Association and American College of Rheumatology
- In FY2016 our Convention Services team will focus on initiatives designed to increase revenue such as:
 - Enhancing the "Show Your Badge" program— a year-round program designed to promote attractions, tours, theaters, retail and restaurants to convention and meeting attendees.
 - Aggressively marketing to potential housing and registration customers.
- With the completion of major assets like CityCenterDC, City Market at O Street and the Marriott Marquis Washington, DC—all in Ward 2— Destination DC's sales team is leveraging these developments to attract new customers into the market.
- The team showcases new development along with projects underway such as the Southwest Waterfront during site visits, FAM trips, local client events and in market tradeshow. This allows us to better impact potential customers with the goal of increasing future convention bookings.
- The connectivity of the Marriott Marquis and additional meeting space has allowed DC to reposition the city to attract larger meetings. In addition, the influx

of all new hotel inventories in the city's core has positioned the city to remain competitive against other markets.

- International visitors are an important part of the long term growth of DC for both leisure and convention travel.
- Our International Convention Sales department has been successful in creating awareness internationally as well as driving new business to the Convention Center and to hotels.
- In 2015, we hosted our first in-market International Customer Advisory Board and in 2016 will continue to focus on growth from this market segment and continue to use our advisors to enhance and grow our international business.

MARKETING AND COMMUNICATIONS

- Marketing and Communications is focused on extending the success of the DC Cool campaign to promote the District as a destination for leisure and business travel.
- The DC Cool marketing campaign showcases the full experiences that visitors can have in the city from dining, nightlife, retail, romance, family fun, sports, theater and recreational experiences.
- Marketing campaigns in FY2016 will include:
 - Promotions for the winter holidays
 - Date Nights DC
 - Springtime
 - Summer.
- Convention trade advertising will continue to promote the strong product development that's available for meetings and events throughout the District.
- Destination DC's public relations efforts will focus on engaging with journalists locally, domestically and internationally to increase positive media coverage.
- Destination DC's 2014 ROI Study was conducted by Destination Analysts to evaluate the Spring and Summer domestic advertising resulting from the additional \$3 million allocation from the City Council in FY14.
- The campaign earned DC \$98.4 million in spending and \$7.6 million in tax revenue from visits to the District.
- In the Spring and Summer of 2014, a tax ROI of \$2.54 was earned for every dollar spent on advertising.
- The advertising recall rate for the campaign was 30%, up nearly a fifth over last year's in 2013, and is 15 times the consumer average of 2%.

- We want to thank the City Council for the \$4 million in supplemental funding for the marketing of DC in 2015. I want to also personally thank you Chairman Evans for your efforts to increase our marketing budget over the years and request that it be increased to \$10 million dollars.
- As an example of what additional funding for marketing can achieve, for the first time this summer, Destination DC is buying sustained television advertising in our top domestic markets during May and June.
- Consumers in New York, Philadelphia and Boston will see our TV ads on cable stations ranging from Bravo, ESPN and The Travel Channel to CNN, MSNBC and FOX News Channel.
- This year, Destination DC commissioned Tourism Economics to conduct an independent analysis of the level of funding we would need that would enable us compete effectively as a visitor destination in the future against other cities and states.
- The results show that we should be funded at a level of \$31 million to effectively compete with other first-tier cities.

TOURISM

- The leisure visitor makes up approximately half of our annual visitation numbers and is supported through domestic and international efforts.
- The fastest growing market for the district lies within the sports market.
- From a professional, collegiate and high school level, we will continue to work collaboratively with Events DC and align ourselves with the area colleges and university to attract new conference sporting events to the city.
- The recent win of Major League Baseball's 2018 All-Star Game in DC is one example of the collective group working together to attract high profile sporting events to the city.
- The All-Star Game is estimated to generate \$50-60 million in spending over the course of the week-long event.
- From an international perspective, foreign visitors make up just 8% of all visitors to DC, but generate 27% of all visitor spending.
- This makes the importance of influencing how international dollars are spent critical to impact the economic impact on the District.
- Our top international markets are the United Kingdom, China, Germany, France, Australia and Brazil—with China surpassing the UK.
- Destination DC partners with the Capital Region through a cooperative marketing partnership known as CRUSA with the states of Virginia and Maryland and Metropolitan World Airports Authority. This collaboration assists DC and our

region in maximizing our dollars and provides us funds to have satellite offices in our key markets.

- We have routinely conducted sales missions with our partners from CRUSA to places such as the UK, Germany, France, Brazil and China.
- In fact, we were able to work with our regional partners as well as DMPED to bring a direct flight from Beijing to Washington-Dulles last June.
- The significance of the international market will continue to increase as President Obama is committed to reach 101 million annual visitors to the U.S. by 2021.
- This will be an increase of 40 million visitors over the next six years. Washington, DC will benefit from this effort as we are one of the top five major U.S. gateways.
- Destination DC is taking full advantage of these efforts by committing to hosting U.S. Travel Association's IPW in 2017, which will be a significant game changer in the international tourism arena for the District.
- IPW is the travel industry's premier international marketplace, bringing more than 6,000 travel buyers, media and suppliers from 70+ countries to participate in three days of intensive, pre-scheduled business appointments.
- Why is hosting IPW in the District so important?:
 - According to studies of previous host cities, there is an expected growth of one million NEW international visitors in the three years after hosting IPW.
 - There will be an immediate economic impact of approximately \$14 million dollars in direct spend in 2017 and an estimated \$950 million of economic impact realized by 2020.
 - The opportunity to introduce the true personality of the District to 3000 international tour operators and over 500 international travel writers is unprecedented.
- As Destination DC gears up to host IPW 2017 in the District, funding support from the city will be imperative in the planning and execution of a world-class convention.
- The total budget for hosting IPW is \$7 million. Every city that has hosted IPW has received money from their municipal government as well as the state. Chicago, which hosted IPW in 2014 received a \$4 million commitment from its local and state government.
- The District Government has already committed \$3.5 million dollars toward hosting IPW in June 2017.
- It is imperative that we receive the monies by the beginning of FY2016 to begin the planning process and to ensure that IPW is a resounding success.

CLOSING

- We continue to remain fiscally responsible and are also pleased to report that Destination DC received a clean audit for the fourth consecutive year.
- The convention and tourism industry is highly competitive, and we are eager to continue to work with the City Council and staff to ensure that we continue to be a net revenue generator and job creator for the District.
- Thank you for your time Chairman Evans and members of the Committee. At this time I am happy to answer any questions you may have.



COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE ON FINANCE AND REVENUE

COMMITTEE ON FINANCE AND REVENUE
PUBLIC HEARING
FY 2016 PROPOSED BUDGET AND FINANCIAL PLAN

April 22, 2015

Testimony of Gregory A. O'Dell
President and Chief Executive Officer
Washington Convention and Sports Authority
t/a Events DC



Good morning Chairman Evans and members of the Committee on Finance and Revenue. I am Gregory A. O'Dell, President and Chief Executive Officer of the Washington Convention and Sports Authority, also known as Events DC. Joining me are Henry Mosley, our Chief Financial Officer, and Marlene Johnson, our General Counsel. We are here to testify today about the Authority's Fiscal Year 2016 proposed budget and spending plan.

I am pleased to report that we have identified our operational and capital budget needs for the coming fiscal year, and our Board of Directors has approved our FY16 budget, which remains consistent with our statutory mission and purpose:

- To generate economic and community benefits for the residents and businesses in the District of Columbia,
- To promote the District as a location for meetings and conventions, entertainment, cultural and sporting events,
- To encourage and support youth sports activities, and,
- To market the District as a destination of choice for leisure travelers from around the nation and across the globe.

As you know, the Authority is organized into three core lines of business: the **Conventions and Meetings Division**, which operates the Walter E. Washington Convention Center and the historic Carnegie Library at Mount Vernon Square; the **Sports and Entertainment Division**, which operates the Robert F. Kennedy Memorial Stadium, the Festival Grounds at RFK Stadium, the non-military operations of the DC Armory and the Maloof Skate Park at RFK Stadium; and the **Special Events Division**, a portfolio of some of the District's premiere cultural events and activities in which we invest, market and promote.

Before we get to the numbers, I want to take a moment to provide the Committee with background on some of the activities that take place at Events DC.

First, at the heart of our **Conventions and Meetings Division** is the Convention Center, which has generated an estimated \$3.95 billion in economic impact since we opened its doors in 2003. The Convention Center is an economic engine for the District, and we are continually making investments in the Center and the related infrastructure to ensure that our customers and attendees have access to one of the nation's premier meeting facilities when they come to Washington, DC.

One of the most important investments we've made to-date has been in the **Marriott Marquis Washington, DC**, which opened in May, 2014. The delivery of the hotel has enhanced our efforts to market, sell and secure business for the District, and I am happy to report that the Convention Center will see an increase in citywide bookings starting in FY16. Moreover, more than 1.9 million room nights have been booked in



the hotel through the year 2020; when I appeared before the Committee at this time last year, the total number of rooms booked stood at 600,000. Destination DC reports that 28 citywide meetings either booked contingent on the opening of the hotel for their citywide event or have booked because the Marriott Marquis was the only hotel that could provide the needed meeting space and/or the additional rooms needed to host the event in DC.

As you can see, Mr. Chairman, we have directly benefited from the hotel, and our investment of \$206 million is doing exactly what we said it would do.

On the **Sports and Entertainment** side of our business, we continue to see an increase in bookings of new events that use the RFK campus and our facilities there in creative and innovative ways. This past summer, we hosted the DC leg of the **Red Bull Global Rallycross**, an event that saw the return of motorsports to the District for the first time in a decade. The Red Bull "GRC" uses production vehicles from manufacturers like Ford, Volkswagen and Subaru, with upgrades that make them capable of going zero-to-60 in two seconds while also being able to withstand 70-foot jumps.

The Rallycross features open paddocks, allowing spectators to directly interact with the drivers and their teams, and the cars race on a track made of gravel, dirt and asphalt, creating an unparalleled, immersive event experience for fans of all ages. The Red Bull Global Rallycross is a great example of how Events DC can use unique venues like the Festival Grounds at RFK Stadium to host events that engage, excite and entertain, and I am happy to say that the GRC will return to the RFK campus this fall.

RFK Stadium itself continues to host some of the professional soccer in the Mid-Atlantic region, with **D.C. United's** season off to a strong 3-2-and-1 start that has them neck-and-neck with the NY Red Bulls atop the MLS Eastern Conference. And we expect to sell-out RFK for this summer's much-anticipated concert celebrating the **20th anniversary of the Foo Fighters** on July 4.

In addition to all of the events that we host, our **Special Events Division** continues to invest in some of the region's marquee cultural and athletic activities, including the **National Cherry Blossom Festival** and its nationally televised parade, of which Events DC is the presenting sponsor. We are also the presenting sponsor of **Cultural Tourism DC's Passport DC**, a month-long celebration of the city's unique international culture; Passport DC includes the **Around the World Embassy Tour**, when more than 50 embassies will open their doors on May 2 to allow DC residents and visitors to experience each nation's food, art, dance, fashion and music. Later this year, the **Events DC Nation's Triathlon** will bring thousands of world-class athletes to our city.



Now I would like to provide a brief overview of the FY16 budget for the Authority:

For Fiscal Year 2016, our approved operating budget is \$129.67 million, a decrease of 3.1 percent over FY15.

Our Personal Services budget will increase by \$578,000, or 2.5 percent, to \$23.63 million for the fiscal year, due to the addition of two new FTEs, additional part-time hours to support an increased number of citywide conventions and an increase in costs for fringe benefits.

Our Non-Personal Services budget will decrease by \$4.7 million, or 4.2 percent, to \$106.04 million. This amount includes debt service on the Convention Center and Headquarters Hotel of \$51.53 million and Marketing Fund expenditures of \$22.29 million. The overall decrease in Non-Personal Services is primarily the result of FY16 being the fourth year of a five-year capital budget cycle, and as a result, FY16's capital budget of \$8.5 million is approximately 50 percent lower than the current fiscal year.

Overall, I am pleased to say that the Authority is in sound financial condition going into the new fiscal year, and we look forward to working with our stakeholders and hospitality industry partners to generate even greater economic and community benefits for the District in FY16.

Chairman Evans and Members of the Committee, this concludes my formal remarks. Thank you very much for the opportunity to appear before you today. My team and I are happy to answer any questions that you may have for us.

**TESTIMONY OF
GREGORY SYPHAX
CHAIRPERSON
REAL PROPERTY TAX APPEALS COMMISSION**



**ON THE
PROPOSED FY 2016 BUDGET
FOR THE
REAL PROPERTY TAX APPEALS COMMISSION**

**BEFORE THE
COMMITTEE ON FINANCE AND REVENUE
COUNCIL OF THE DISTRICT OF COLUMBIA
THE HONORABLE JACK EVANS, CHAIRPERSON**

**WEDNESDAY, APRIL 22, 2015
JOHN A. WILSON BUILDING
WASHINGTON, D.C.**

**Testimony
of
Mr. Gregory Syphax, Chairperson
Real Property Tax Appeals Commission**

Good Morning Chairman Evans, Members of the Committee, and staff, I am Gregory Syphax, Chairman of the Real Property Tax Appeals Commission ("RPTAC"), and I am here today to present the proposed Fiscal Year (FY) 2016 operating budget for the Commission. Here with me is Richard Amato, Vice Chairman, Carlynn Fuller, Executive Director, and Lorrelle Parker, the agency Financial Manager from the Office of the Chief Financial Officer.

Mayor Muriel Bowser has adequately funded the Real Property Tax Appeals Commission with the FY 2016 proposed budget of \$1,636,856 which is a decrease of \$113,534 from the FY 2015 approved budget. The agency had no other enhancement requests, technical adjustments, or reductions to its budget. RPTAC does not have any active budgeted capital funds or active capital projects.

RPTAC occupies approximately 4,991 square feet of finished office space which is located on the 3rd floor (360N) at 441 4th Street, NW (One Judiciary Square). The partitioned space consists of three (3) hearing rooms, ten (10) private offices, one (1) kitchenette/lunch room, one (1) file room, one (1) general office area with four cubicles, and a general waiting area with a receptionist desk. The rent and utility expenses are paid by Central Management (DGS).

The FY 2016 proposed operating budget for the RPTAC will allow it to meet its required statutory mandates. These mandates include the staffing of the Commission with a Chairman, Vice Chairman, and four other full-time Commissioners at an anticipated cost of \$799,028.16 for salaries and fringe benefits. In addition, the proposed budget will also fund the stipends for eight part-time Commissioners at an anticipated cost of \$270,000. As you know, Chairman Evans, the Commission is in the process of getting two of its members, Mr. Richard Amato and Mr. Trent Williams, re-appointed to the Commission before their appointments expire on April 30, 2015, and we still have one part-time and one full-time position open that we hope to fill before the TY 2016 hearings begin. We have only one Commissioner whose term will expire in 2016.

The Office of Tax & Revenue will likely begin to hear first level appeals in late May or early June and we will begin to receive our second level appeals in September. According to the official count by the Office of Tax & Revenue, as of April 20, 2015, RPTAC is expecting a caseload of approximately 5,000 appeals in FY 2016. This represents a possible 500 case increase over last year's count.

To bring you up to date with our annual training requirements, the Commission has scheduled 13 hours of specialized "in-house" training and approximately 21 hours of recommended "on line" classes scheduled for April and May. Last year, in an effort to raise the number of hours of training for part-time Commissioner's, we started to allow Commissioners to take "on line" classes. Since part-timers usually have to take time off from their regular jobs to attend our classes, "on line" classes allow them to take classes from the comfort of their homes and get paid for it if they can produce a certificate of completion from the class provider.

Chairman Evans, you have asked us whether our new electronic filing system will provide some measure of cost savings to our operation. Although I think it might show some measure of benefit in costs, we see it more as a matter of convenience and cost savings to the Petitioner by reducing the amount of hard copies needing to be filed under the old system (an original and 3 copies of everything was required). In some cases, a filing might contain well over 100 pages of material. The benefit to us is that it provides us with a more convenient way to file, store, and recall cases when needed (Commissioners are now able to pull information from a previous year's filings from their own computers without having to search through file cabinets). This year will be the first real test of the system.

This concludes my testimony. We ask that the Committee and the Council act favorably on this budget request. I will be happy to answer any additional questions that you may have.

**PUBLIC OVERSIGHT HEARING ON
FISCAL YEAR 2016 PROPOSED BUDGET AND
FINANCIAL PLAN
FISCAL YEAR 2016 BUDGET SUPPORT ACT OF 2015**

**Before the
Committee on Finance and Revenue
Council of the District of Columbia**

THE HONORABLE JACK EVANS, CHAIRMAN

**APRIL 22, 2015 10 A.M.
COUNCIL CHAMBERS, JOHN A. WILSON BUILDING**



**Testimony of
Tracey Cohen, Interim Executive Director
D.C. Lottery and Charitable Games Control Board**

**Jeffery S. DeWitt, Chief Financial Officer
Government of the District of Columbia**

Good Morning, I am Tracey Cohen, Interim Executive Director of the DC Lottery and Charitable Games Control Board. This is my first time before you in this capacity, so let me share a little bit about myself. I possess fifteen years of lottery experience with the last five years as chief operating officer of the DC Lottery. Prior to that, I spent ten years as director of game development, creative services, and communications at the Maryland Lottery. I am committed to furthering the mission, vision and values established by Executive Director, Buddy Roogow.

At this time, I would like to acknowledge Buddy's sudden and untimely passing on April 11th. Since 2009, he transformed the image and operations of the DC Lottery and ushered in a series of 'firsts,' including a DC Scratcher with a \$1,000,000 top prize; the rollout of the Lucky Lottery Mobile, which is a mobile lottery retail vehicle; and the launch of award-winning games such as DC Fast Play. Buddy's passing was a tremendous loss to the agency and the lottery industry. Honoring his great legacy, it is my charge to continue the Lottery's upward trajectory and secure its place as the premier lottery in the Washington metropolitan area; And to forward the agency's mission to provide revenue-generating entertainment through the sale of innovative lottery products and promotions that directly benefit the residents and the economic vitality of the District of Columbia.

I am pleased to have this opportunity to present testimony on the DC Lottery's FY 2016 Budget. With me today are Craig Lindsey, Agency Fiscal Officer and Ridgely Bennett, Associate General Counsel for the DC Lottery.

Since its inception, the DC Lottery has transferred over \$1.8 BILLION to the District's General Fund which supports essential city services including schools, infrastructure, and public safety. The DC Lottery has awarded approximately \$3 BILLION in prizes to players. Charitable gaming activities have allowed nonprofit organizations within the District to raise approximately \$125 MILLION in support of critical missions. These fiscal contributions are all made possible through the sale of DC Lottery games at the 475 DC Lottery agent locations that operate as small businesses and corporate retailers, as well as through the licensing of charitable gaming activities.

As of March 31, 2015 the agency has transferred \$27 million to the District and we are currently on course to deliver our projected FY2015 transfer amount. For FY2016 the DC Lottery budgeted \$62.5 million for transfer to the General Fund. However, the Lottery is not without challenges.

Competition from surrounding jurisdictions, declining market factors, and the recent scratch ticket shortage have all impacted performance. These dynamics have challenged the agency to be more innovative in our approach, creative in our ideas, and determined in our strategy.

Surrounding jurisdictions are voraciously pursuing the region's available player base with options such as the Maryland Live Casino in Anne Arundel County, the Horseshoe Casino in Baltimore, and even closer is National Harbor's MGM Casino, projected to open in summer 2016.

The agency is developing a work plan aimed at achieving the strongest and healthiest lottery possible. We are continuing to develop a stellar portfolio of new products and promotions to compete with mounting competition. Our exclusive line of games—Hot Lotto, DC 5, Tap-N-Play, and DC Fast Play—continue to show significant appeal to players. We also remain focused on core and unique products branded as 'only in DC' winning opportunities in that they are exclusively available with the DC Lottery in this region. In addition, we are conducting a best practices study of the Lottery. Those findings and recommendations will help us stay competitive and regain market share. All of these initiatives will help set us apart from the competition.

As you know, the DC Lottery has entered into three separate instant ticket manufacturing contracts. We are also living up to our commitment to increase opportunities for small businesses in the District. The following solicitations are set aside 100 percent for CBE vendors: Warehousing (awarded to Metropolitan Services), Lottery Mobile Vendor Services (out for response), Lottery Retail Recruitment Services (out for response) and Lottery Retail Store Enhancement (out for response).

We currently have fourteen tickets in the marketplace with more anticipated to be delivered in May 2015. Our principal ticket for the season, the CODEBREAKER scratcher launched the first week of April. In its second week on the market, the ticket is one of the agency's most successful licensed products with sales exceeding our pre-launch estimates by 15 percent. In addition, we partnered with the International Spy Museum to provide a trove of Second Chance prizes to broaden and enhance the ticket's appeal. We believe we may have 'cracked the code' so to speak, as the ticket is drawing new customers across demographics who are attracted to the game.

On the ground marketing efforts include our Lucky Lottery Mobile, a mobile lottery sales truck that travels around the city promoting daytime specials at retailer locations.

Since its opening in December 2012, the Official DC Lottery Store at Union Station has continued to see year-over-year increases in sales performance. Sales to date for this location in FY 2015 total \$108,423. This is a 28% increase over last year's totals for this time. The Union Station Lottery Store is a showcase for the DC Lottery, offering exclusive player promotions and incentives and is easily accessible to visitors from all over the country. It operates as a flagship, with heavy lottery retail action. This site has become a go-to location among local and national media outlets during peak jackpot periods.

DC Fast Play and DC Tap-N-Play games continue to be a growing part of our game portfolio. As required by law, unclaimed prizes are being returned to players as prizes in second chance drawing and promotions. Currently, the DC Lottery is conducting 'The Big Payback' promotion, where players can win over \$600,000 in prizes.

In February 2015, the DC Lottery, in conjunction with other lottery jurisdictions, launched Lucky for Life, a national jackpot game. While this is a national jackpot game, Lucky for Life is another 'only in DC' winning opportunity. Lucky for Life has shown promising sales results. Monopoly Millionaires Club, another national game, was added to our portfolio in October 2014. As a result of lackluster performance, national sales for this game were halted in December 2014.

Working with the Washington Wizards and Washington Nationals sports organizations, we have instituted 50-50 raffles that have proven to be fun revenue-generating activities enjoyed by players and respectively appreciated by the participating organizations.

Our Licensing and Charitable Gaming initiatives continue to facilitate the generation of revenue by nonprofit organizations in the District of Columbia through the licensing of Bingo, Casino Night, and raffle activities.

Intralot remains in place as the agency's gaming system vendor. Intralot's contract with the DC Lottery will expire in March 2020.

In December 2014, with the help of the Department of General Services, the agency relocated its Claim Center (formerly located at the Franklin D. Reeves Center on U Street, NW), and its headquarters (formerly located on Martin Luther

King, Jr. Avenue, SE), to a single location within the newly constructed green office building located at 2235 Shannon Place, SE. The DC Lottery has been allotted 46,106 square feet of space. This amount is almost half of the space apportioned to the agency in its old headquarters building. The move has facilitated improved customer service and increased agency efficiency.

The new building has further streamlined operations with the availability of an onsite warehouse where the agency's instant ticket inventory is stored and monitored under the strictest security measures.

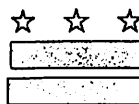
Thank you for the opportunity to address you this morning. The DC Lottery will continue to bring the best and brightest industry practices to the District of Columbia. I am available to answer any questions you may have.

PUBLIC HEARING
ON
THE FISCAL YEAR 2016 BUDGET
OF THE OFFICE OF
THE CHIEF FINANCIAL OFFICER

Before the
Committee on Finance & Revenue
Council of the District of Columbia

The Honorable Jack Evans, Chairman

April 22, 2015, 10:30a.m.
John A. Wilson Building
Council Chambers



Testimony of
Jeffrey S. DeWitt
Chief Financial Officer
Government of the District of Columbia

Good morning, Chairman Evans and members of the committee on Finance and Revenue. I am Jeff DeWitt, Chief Financial Officer of the District of Columbia. I am pleased to appear before you today to discuss the FY 2016 budget request for the Office of the Chief Financial Officer (OCFO).

I am joined by my colleagues who will assist in answering specific questions that the Committee may have. With me are Angell Jacobs, Deputy CFO and Chief of Staff. Also with me today is Jeff Barnette, Deputy CFO for the Office of Finance and Treasury; Steve Cordi, Deputy CFO for the Office of Tax and Revenue; Fitzroy Lee, Deputy CFO for the Office of Revenue Analysis; and Bill Slack, Deputy CFO for the Office of Financial Operations and Systems. Gordon McDonald, Deputy CFO for the Office of Budget and Planning, who will appear before the Committee of the Whole on April 23rd, but is here today to answer questions. In addition, Tracey Cohen, Interm Executive Director of the DC Lottery, who testified earlier today, is here.

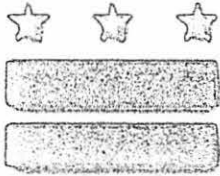
The OCFO's FY 2016 budget request supports the agency's strategic plan. I will now discuss the budget in greater detail.



District of Columbia

Fiscal Year 2016 Budget of the Office of the Chief Financial Officer

**Jeffrey S. DeWitt
Chief Financial Officer
April 22, 2015**



District of Columbia

OCFO Core Functions

The Independent Office of the Chief Financial Officer:

- Certifies budgets are balanced and financial statements are fairly represented
- Provides independent revenue estimates
- Monitors revenues and spending
- Evaluates fiscal impacts of all legislation
- Reviews all economic development projects
- Issues all debt, manages all investments, and oversees credit ratings
- Oversees tax collections and lottery
- Manages financial personnel (budget, accounting and payroll functions) in all agencies



District of Columbia

Strategic Objectives

7 Strategic Objectives:

1. Improve Customer Service
2. Create a Culture of Continuous Improvement
3. Improve Transparency and Quality of Information
4. Effectively Manage Risk and Prevent Fraud
5. Implement Quality Financial Systems
6. Develop, Attract, and Retain High Quality Employees
7. Manage a Fair and Equitable System to Fully Collect District Revenues



District of Columbia

24 Strategic Initiatives

1 **Implement a Modernized Integrated Tax System (MITS) to replace the current tax system**

2 **Implement a new telephone system in the Office of Tax and Revenue to improve customer service**

3 **Develop comprehensive customer service training program for all OCFO staff**

4 **Enhance current practices to strengthen internal controls and ensure compliance**

5 **Improve District-wide vendor payment process to ensure more efficient and timely payments by all agencies**

6 **Implement a long-range (15-20 year) capital financing plan for the District**

7 **Implement a new enterprise-wide financial reporting, accounting and budgeting system and enhance availability of information to the public**

8 **Create comprehensive community outreach program for regular feedback**



District of Columbia

24 Strategic Initiatives (con't)

9 Implement a program for continuous improvement based on employee-driven process improvement teams

10 Complete an external "best practices" review of all DC Lottery activities and expand base for retail products

11 Implement improved process to notify seniors of property tax credit

12 Review current debt and investment systems and strategies to minimize cost and maximize revenues within debt and investment policies

13 Develop an educational program on commercial real property assessments for taxpayers

14 Upgrade income tax policy analysis and forecasting models

15 Improve usability and usefulness of information on OCFO website

16 Implement online process to receive clean-hands compliance notices



District of Columbia

24 Strategic Initiatives (con't)

- | | | | |
|----|--|----|---|
| 17 | Implement tools to protect taxpayer identity and reduce fraud | 21 | Modernize financial and accounting systems at United Medical Center (UMC) |
| 18 | Implement a formal municipal bond investor outreach program | 22 | Modernize payment operations across the District |
| 19 | Improve the timeliness and availability of grant information to agencies | 23 | Continue and enhance OCFO Ethics Training |
| 20 | Expand external recruiting through partnerships with local universities, career centers, and professional associations | 24 | Improve the quality of financial information available to the public by integrating related information from other District agencies (DOES, DCRA, etc.) |



District of Columbia

Highlights of FY2016 Budget Request

The OCFO request represents the minimum resources needed to successfully accomplish our mission and attain our stated goals.

- The OCFO FY 2016 Gross Fund budget is \$170.9M, comprised of the following major categories:
 - Local Fund of \$118.1M
 - Special Purpose Revenue (O-Type) Funds of \$44.2M (Central Collections Fund, Tax Collection Fees, Bank Fees, and Unclaimed Property)
 - Federal Grant Funds of \$525K (EBT Management)
 - Intra-District Funds of \$8.1M (Health Benefits Fees-Payroll Support, Single Audit, and Cashier Services)



District of Columbia

Highlights of FY2016 Budget Request (Cont.)

- Local Fund increase of \$3.8M over FY 2015 includes:
 - Adjustments totaling \$4.8M to the Current Services Funding Level (CSFL), including \$4.5M for personal services costs as determined by the District-wide compensation agreement, cost of living adjustments and fringe benefit adjustments.
 - Reductions to non-personal services funding to close FY2016 gap totaling \$1M (related to technology efficiencies including e-filing).



District of Columbia

Highlights of FY2016 Budget Request (Cont.)

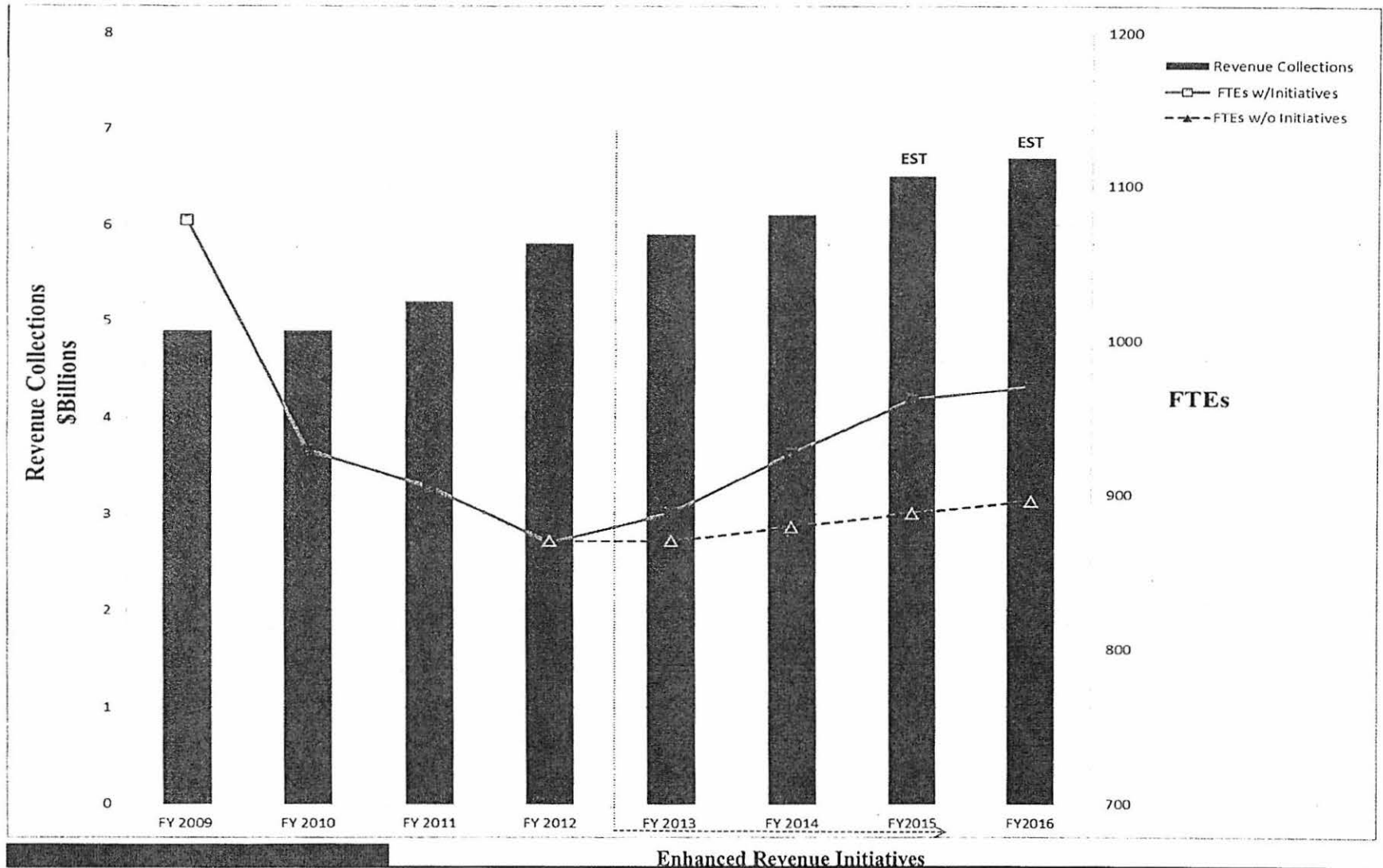
FTE Increase for Non-Local Purposes

- Total of 8 Non-Local FTEs
 - 5 FTEs (Special Purpose Revenue-\$370K):
 - 3 FTEs in the Office of Finance and Treasury to address increasing research requirements in Unclaimed Property and pension benefits administration.
 - 2 FTEs to enhance support at the DC Lottery for cashier and legal services.
 - Intra-District Fund increase of \$450K and 3 FTEs to fund three cashiers at agency sites.



District of Columbia

OCFO Full-Time Equivalent Employees (FTEs) - Tax Revenue Collections FY2009-FY2016





District of Columbia

Status of Strategic Initiatives

Customer Service

- Modernized Integrated Tax System (MITS)
 - Contract with Fast Enterprises executed
 - 30 OCFO and 31 contract staff dedicated for 4 years
 - Base system configuration completed
 - Master training and testing plans drafted
 - Phase I Rollout-October 2015 (Income Tax)
 - Future phases-October 2016 through October 2018
- Completed employee focus groups to assess customer service training needs and developed e-learning training modules
- Training for employees on recent tax changes
- Increased staffing (permanent and temporary) to address customer service needs in the OTR Customer Service Call Center

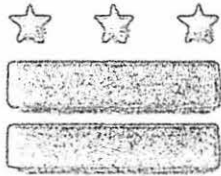


District of Columbia

Status of Strategic Initiatives (con't)

Customer Service

- New Telephone System
 - Phase I scheduled August 2015 to support MITS Phase I rollout
- Modified real property appraisal models to better reflect the impact of subsidized properties
- Implemented online Income & Expense (I&E) report filing
- Implemented online BID payments
- Implemented improved process to notify seniors of property tax credit
- Collaborating with OIG regarding comprehensive review of real property assessment process to include best practice study



District of Columbia

Status of Strategic Initiatives (con't)

Technology

- Soar Replacement Project
 - Completed review of system implementation requirements
 - Engaging OCTO in discussions of support for enterprise-wide system
 - Partially funded in FY2016 Budget and Financial Plan
- United Medical Center System Upgrade
 - Implementation is currently in progress
 - Full implementation to be completed by September 30, 2015
- Upgraded income tax policy analysis and forecasting models
- MITS Upgrade
- Telephone System Upgrade



District of Columbia

Status of Strategic Initiatives (con't)

Risk Management

- Comprehensive review of all policies and procedures in progress
- Contract for comprehensive risk assessment and internal controls review planned for completion in summer 2015
- Developed, in coordination with the City Administrator and Inspector General, an inter-agency approach to address external audit findings
- Conducted internal control review of Lottery warehouse processes
- Issued RFP for best practices review of Lottery



District of Columbia

Status of Strategic Initiatives (con't)

Efficiencies

- Hired Senior Financial Policy Advisor to develop long-range infrastructure and capital financing plan and investor outreach program for the District
- Final Stages of Hiring for Continuous Improvement Manager
- Budgeted for Capital Asset Management System to support long-range Capital Financial Plan
- Debt management efficiencies reflected in FY 2016 budget and financial plan through improved timing and sizing of bond sales



District of Columbia

Status of Strategic Initiatives (con't)

Other

- 18th consecutive CAFR on-time with a clean opinion
- GO bond upgrade by Standard & Poor's, Fitch, and Moody's rating agencies



District of Columbia

Questions?



Testimony of Joe Sternlieb
CEO, Georgetown Business Improvement District
before the
COMMITTEE ON FINANCE AND REVENUE
JACK EVANS, CHAIR
on the
FISCAL YEAR 2016 PROPOSED BUDGET AND FINANCIAL PLAN
April 22, 2015

Good morning Chairman Evans, members of the committee, and staff. I am Joe Sternlieb, the CEO of the Georgetown Business Improvement District. Thank you for this opportunity to share our comments on the District's FY 2016 Budget.

The Georgetown BID manages the public environment in Georgetown and engages in economic development planning and organizing, transportation planning and advocacy, and marketing and promoting our commercial district to keep it successful and sustainable. We, like the other nine BIDs in the District, are funded through a special tax on real property that is collected by OTR and transferred to us each year.

I want to start by commending CFO Jeff DeWitt and his staff at both the CFO's office and OTR. Collectively they have been accessible, communicative, and collaborative in addressing our issues, and responsive when we have identified problems that need quick resolution. In the last few years we have seen noticeable improvements in the BID tax collection process and especially in receiving transfers from the District. We believe that the recent addition of BID taxes to the on-line payment system will further improve collections and accounting for BID tax payments, and we are very grateful that this has been implemented for the 2nd half FY 15 tax year.

The most pressing policy issue that we ask the Committee to focus on is the impact of huge, one-year increases in commercial property assessments on small businesses. This issue came into focus last month when OTR released the FY 2016 real property tax assessments. 105 (almost 20%) of the approximately 535 commercial tax lots in the Georgetown BID saw a one year assessment increase of more than 50%. 46 properties (9%) went up more than 100%.

Most of these buildings did not transfer ownership to set new values, or undergo major renovations: they were simply reassessed to be worth twice as much as they were the previous year. I am pleased to report that when we raised concerns with the CFO and OTR about the volume and size of increases their leadership immediately conducted a comprehensive review of all Georgetown assessments and issued 81 corrected assessments before waiting for them to be appealed. We want to commend the OTR leadership for its quick and professional response to this problem.

However, even after assessments were reissued, 15 properties saw assessment increases between 35% and 50%, and 9 properties saw increases exceed 50%. Whether these changes stem from previous under-assessments by OTR, changes in estimation methodology, or even rapid appreciation based on transactions of nearby comparable properties, occupied buildings that are subject to existing leases with tenants simply cannot appreciate that much in one year. And tenants cannot simply snap their fingers to increase their revenue in order to pay 50% more in taxes. To the contrary, in Georgetown's current retail climate, sales are generally flat year to year, so tax increases come directly off a tenant's bottom line.

The unintended consequence of allowing a commercial property tax on an existing tenant to rise dramatically in a single year is that it will drive out small businesses. Closures will, in turn, temporarily leave buildings vacant – impacting the overall value of buildings in our market over time. And when a building is re-leased, it is unlikely to be filled by another local small business—that can neither afford the comparatively large tax bill nor expose itself to future tax spikes—but rather by national tenants with balance sheets that are better able to cover large tax fluctuations. Georgetown's diversity of local and national, small and large, tenants make it a world renowned retail district. Driving small and local businesses out of Georgetown with tax shocks cannot be the intention of the District, so tax policy should be amended to protect us from this potential outcome.

Councilmember Evans, we ask you to address this issue in the FY 2016 budget support act by placing a reasonable annual cap on the amount that a commercial property's tax burden can rise in a single year as a result of a change in assessment when the building has neither been renovated nor changed hands. This would protect tenants, stabilize occupancy, and ultimately protect the value of both individual buildings and the neighborhoods. We would be happy to provide more information on this and to work with you and your staff on the details of this proposal.

The other issue that we want to bring to your attention is the ability of the CFO's office to collect and share aggregated sales tax collection data so that economic development decision makers and marketers, including the BIDs, can make better decisions and improve our ability to target and measure the impact of our resources.

As the CFO moves to employ new software to track sales tax data, we urge the Council to push them to collect and record sales tax data by sector and by the location of the sales transaction. Today, OCFO reports only the total amount of sales tax collected across the entire city for each tax rate (which blends many different sectors).

It is impossible for policy makers to track the performance of neighborhoods—both established and emerging. It is impossible to use tax data to help judge the impact of public investments or for BIDs to know whether their interventions are increasing prosperity. It is also impossible to see and respond to downward trends that may require new interventions.

Enabling the OCFO to collect data that can be meaningfully examined on different geographic and sector dimensions will likely require new data reporting requirements for businesses, and better coordination and data sharing between DCRA, DOES, and OCFO. We urge the Council to both fund and mandate these reporting requirements and encourage and fund better business processes for data sharing. These efforts will help provide economic development agencies and policy makers, including the Council, with the types of data we all need to be better stewards of the economy.

In conclusion, we are grateful to the CFO and his staff for the continuous improvements that we are seeing in their interactions with the Georgetown BID and other BIDs across the city. We hope that you and your colleagues on the Council will support local small businesses by capping the tax shock they can experience in a single year. And, we urge you to support efforts to collect, record, and disseminate sales tax and other economic data. Thank you for the opportunity to testify and I am happy to answer any questions.

Statement of Lucy Drayton
before the
Finance & Revenue Committee on the
Highest Commercial Property Transfer Tax (6.45%) on Gas Stations
Fiscal Year 2016 Budget Hearing

My name is Lucy Drayton. I am a native Washingtonian and a longtime DC business entrepreneur. I was a Ward 5 resident, but now live in Ward 3. However, many of my family members still live in Ward 5. I am also the property owner of a Shell gas station located at 3701 12th Street NE, also in Ward 5. My family and I have owned this gas station going back to the 1970s. I would like to request the Committee to support repealing the highest transfer tax of 6.45 percent on gas station properties in the budget.

Recently, I was shocked to learn that the DC Government has imposed an “additional tax” of 5% where an owner “transfers an interest in real property upon which is located a retail service station”. This additional 5% tax plus the existing 1.45% transfer tax that is already required of all commercial property transfers, makes the District the highest tax collector in the nation, where a retail service station is located upon the property. On March 31, 2015, the Washington Post wrote an editorial questioning this tax, and let me quote “[A] separate 5 percent tax on real estate transfers that applies only to gas-station properties,...creates a powerful web of restrictions on property rights for no clear public purpose.” I like to include this editorial as part of my statement for the record.

It is my understanding that during the end of July 2009, this extraordinary tax was quietly inserted in the Fiscal Year 2010 Budget Support Act without any public notice. This additional 5% transfer tax is imposed only on the transfer of commercial property upon which there is a retail service station. It is in effect, a surcharge imposed upon the owners of retail service stations. For the reasons below, I urge the Council to repeal this additional 5% unfair and punitive transfer tax on retail service station owners in the Fiscal Year 2016 budget:

- I am a District property owner and resident. It is unfair and undemocratic to impose an additional 5% transfer tax on owners of commercial property upon which there is a retail service station, without any input from affected property owners or the public.
- I and similar retail service station owners did not know or learn about this “additional tax” until after it became law because there was no public notice given and/or no public hearing on this punitive tax.
- This is a discriminatory tax because it singles out commercial properties upon which there are retail service stations while leaving all other transfers of commercial property at 1.45%. Why is commercial property with retail service stations singled out for an additional 5% transfer tax?

- Why not impose an additional 5% transfer tax on properties like hotels, fast-food restaurants, nightclubs, liquor stores, and other commercial properties that are far more profitable than retail service stations? What is the justification for this additional 5% tax on retail service station owners?
- This unfair and punitive “additional tax” is particularly devastating to small retail service station owners, who own one or two retail service stations. This is the most valuable asset we have in our estate. If I and my fellow gas station owners decide to retire and sell our gas-station properties, we are required to pay 6.45% tax to the District, while national or international companies like Safeway or McDonald’s would only be required to pay 1.45% tax to the District on the sale of their properties.
- The District of Columbia is the *only* jurisdiction in the nation that imposes a draconian 6.45% transfer tax on commercial property upon which there is a retail service station, and with no public input.
- In Maryland the state tax rate for real estate transfers is 0.5% and in Virginia it is 0.1 to 0.25%, no matter what the use. The highest commercial transfer property rate that we can find is 2.625% in New York City¹. It is very difficult to comprehend how the District Government can single out commercial property upon which there is a retail service station for a 5% “additional tax”.
- Over the years our industry has borne the burden of numerous surcharges, regulatory and permit fees. The impact of these taxes and fees on the purchase of petroleum products should not be ignored. They are one of the major contributors to high gasoline prices in the District.

I urge you, Chairman Evans, and the rest of the Council to repeal this punitive 5% transfer tax on gas-stations properties as soon as possible.

Thank you.

¹ National Conference of State Legislators (NCSL) Real Estate Transfer Taxes Table 2012.

A D.C. law regarding gas stations is in need of full-service repairs

By Editorial Board, Washington Post, March 31 at 8:50 PM

EXACTLY HOW many gas stations should the District have within its 68 square miles? How many should be “full service,” with repair shops, and how many just “gas-and-go”? We don’t know. You don’t know. The D.C. Council, however, does know.

The council has prohibited the sale of property containing a gas station for “any other use,” or even the conversion of a full-service operation to a gas-and-go — without prior approval from something called the Gas Station Advisory Board. Under the law, enacted to little fanfare last fall, the only exception is “extreme financial hardship,” as the D.C. government defines it. Also, there must be an “equivalent” station a mile or less away to take the departing one’s place.

So now you can use marijuana legally in the District, but you have to ask permission to sell land with a gas station on it. No doubt the franchisees who lease and operate stations are glad lawmakers protected them against their landlords. The public’s stake in that intra-business tug of war is less clear, however.

The law’s goal is “to preserve as many full service stations as possible” for D.C.’s neighborhoods, according to an accompanying committee report. This fine sentiment was based on no market analysis, except to note that there were “as few as” 108 service stations in the District as of 2006, of which 47 were full service.

Those figures do indeed represent a decline over the previous quarter-century — not surprising, given that the District’s population and car registrations also fell, while auto-service chains such as Midas and Jiffy Lube emerged. The District has fewer corner bakeries and groceries than it used to, too. And don’t get us started about newsstands.

Ironically, the council acted in response to then-Mayor Vincent C. Gray’s (D) request to abolish the Gas Station Advisory Board; it seems that mayors had consistently allowed stations to close or convert even when the board said otherwise, rendering it superfluous. No one had even been appointed to the board since 2006. But council Chairman Phil Mendelson (D) felt the solution was to strengthen the board, and he introduced a measure to make it impossible for a mayor to permit a station’s sale or conversion over the board’s contrary recommendation.

In November, Mr. Gray signed the bill, which was included in a broader measure that he supported; but he called it an unenforceable infringement on constitutional property rights. He then left office, so it is up to his successor, Mayor Muriel E. Bowser (D) to decide what to do.

Together with a separate 5 percent tax on real estate transfers that applies only to gas-station properties, the new law creates a powerful web of restrictions on property rights for no clear public purpose.

Supply and demand should decide such matters, subject to generally applicable land-use regulations such as historic preservation or zoning. And the law is probably counterproductive in any case: Who would build a new station, knowing that it would fall under the Gas Station Advisory Board’s ultimate control and be subject to extra taxation as well? If Ms. Bowser wants to show that her young administration can improve the District’s business climate, calling for the repeal of these silly laws would be a good place to start.



Fiscal Policy Institute

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**TESTIMONY OF ED LAZERE, EXECUTIVE DIRECTOR
At a Public Oversight Hearing on the Proposed FY 2016 Budget
Of the Office of the Chief Financial Officer
District of Columbia Committee on Finance and Revenue
April 22, 2015**

Chairman Evans and other members of the Committee, thank you for the opportunity to testify today. My name is Ed Lazere, and I am the executive director of the DC Fiscal Policy Institute. DCFPI works to develop policy and budget solutions to reduce income inequality and promote economic opportunity for all residents of the District of Columbia.

I am here to testify in favor of the revenue increases in the proposed FY 2016 budget, which are modest in scope and yet are critical to supporting important initiatives in the budget, from police body cameras to closing the DC General homeless shelter. I also would like to share concerns about implementation of reforms to the Schedule H tax credit that this committee championed, even though the issue is one of implementation and not budget.

Mayor Bowser's proposed fiscal year (FY) 2016 budget would boost revenues by \$36 million, equal to about one-half of 1 percent of the city's locally funded budget. This revenue increase was needed to support services in the midst of a budget shortfall of nearly \$200 million. New revenues address just one-sixth of the budget gap Mayor Bowser faced. And even with the revenue increase, total spending in the proposed FY 2016 will be less than the Current Services Funding Level, the amount needed to maintain services at FY 2015 levels. This indicates that the proposed FY 2016 budget overall is a lean one, with reductions and efficiencies that keep spending below the current services level.

The mayor's budget shows that building a city where everyone can succeed requires substantial new commitments to housing, jobs, and other needs. In that light, the proposed revenue increases – which equal one-half of 1 percent of the budget – stand out as modest.

The DC Fiscal Policy Institute supports the proposed revenue increases, the largest being an increase in the sales tax from 5.75 percent to 6 percent. That will bring our rate in line with Maryland and Virginia and add 25 cents to a \$100 purchase. The sales tax is a broad-based tax but lower-income households pay more of it as a share of their income, which means it is not always the ideal way to raise revenue. Lower-income families spend all or nearly all of their income each month, while higher-income families put more of their income into savings or in other ways that are not subject to sales tax.

However, the change proposed by Mayor Bowser should be supported for the following reasons:

- **This change was recommended by the D.C. Tax Revision Commission:** The commission supported this change because it would raise revenues to support other important tax reductions while keeping our rate in line with Maryland and Virginia.

- **The tax increase will be modest for most residents.** The sales tax increase adds 25 cents to a \$100 purchase. For poor families, tax increases will likely be \$25 a year or less.
- **Substantial low-income tax cuts have been adopted in recent years.** The DC Council expanded the Earned Income Tax Credit and the income tax standard deduction last year, and the Schedule H low-income property tax credit was expanded twice in recent years. These tax cuts outweigh the sales tax increase for a large share of lower-income households.
- **DC's tax system keeps taxes relatively low for low-income families.** The District has taken steps over the years to offset the regressive effect of the sales tax; the tax rate should be low (DC's is below national average) and broad-based to cover as many services as possible (DC does pretty well in this area). And the rest of the tax system should be very progressive to offset the sales tax. For low-income families, DC's tax system does this fairly well. Combined taxes paid by low-income residents in DC are second lowest in the nation when compared with all states, showing that these targeted tax reductions have been effective.

I also want to use my testimony to comment on implementation issues with the Schedule H property tax credit that this committee worked to expand and simplify in recent years. I am concerned that the way the changes have been implemented runs counter to the intent of the reforms, which was to make it easier for eligible residents to claim this important credit.

Schedule H provides a tax credit for low- and moderate-income residents when property taxes are high relative to income. Schedule H applies to renters as well, with an assumption that 20 percent of rent is property tax passed on from the landlord.

Under the old Schedule H, residents were required to report a variety of sources of non-taxable income beyond what was reported on the rest of a household's tax return. For example, families had to report public assistance income even though they did not get any annual documentation from the District or federal government on their annual public assistance income. It is likely that this element of the former Schedule H, which was intended to measure income as fully as possible, led many eligible people not to apply.

In response, the Schedule H reforms adopted by the Council in 2013 tie the tax credit to a household's Adjusted Gross Income, which is easily identifiable from their tax form and does not require complicated accounting of multiple sources of income that may not be easy to document. It is important to recognize that the Council chose to base Schedule H on AGI to make it easy for residents to claim, knowing full well that AGI does not fully capture a household's income.

Yet Schedule H has been implemented in two ways that undermine this goal. First, rather than simply asking the tax filer to list their total AGI, copying from a single line elsewhere on their tax return, the new Schedule H form requires the filer to separately list the AGI of each member of the tax filing unit, and to break down each person's AGI into its component parts, like wages and interest income. This is unnecessary, since the total will in the end match the AGI reported elsewhere on the tax return, and it is clearly burdensome. There is no clear rationale for doing this, yet it clearly discourages households from claiming Schedule H.

In addition, the Office of Tax and Revenue is screening tax returns in which reported AGI is no more than \$2,000 higher than reported rent, on the notion that that income may be under-reported or rent over-reported. While I understand the intent of this screen, it is inappropriate because there are very legitimate situations in which someone could pay rent that is close to their AGI. A resident could pay their rent with Social Security income, public assistance, or savings, none of which is part of their AGI. All of these could lead to situations in which someone's rent looks very high compared with their Adjusted Gross Income. A household with zero AGI and \$800 rent may look implausible, until it is revealed that they have \$18,000 in social security.

OTR is screening cases where rent is high relative to income and then asking filers to document non-taxable social security income. This is problematic because a household could be paying rent with savings or public assistance income that would not show up on a social security statement. It also is problematic because it starts us on a path of having households document all sorts of non-taxable income to claim Schedule H, which is exactly what the Schedule H reforms were intended to address. As noted, the Council chose to base Schedule H eligibility and benefits on AGI, understanding that filers may have other non-taxable income, and thus that there may be legitimate situations where rent is high relative to AGI. Screening returns that match a profile that was fully expected under the Schedule H reforms does not make sense.

We hope there are other controls OTR can use that do not overly burden legitimate claimants. We would be happy to be part of those conversations.

Thank you for the opportunity to testify, and I'm happy to answer any questions.

Office of Finance and Revenue
Fiscal Year 2016 Budget Oversight Hearing
Testimony of Louis Perwien, Chapter Leader, Resource Generation DC Chapter and Ward 2 Resident

My name is Louis Perwien and I am a member of the DC Chapter of Resource Generation, a national organization of young people with wealth and class privilege working towards the equitable distribution of wealth, land and power. But I am writing today, not as a member of a group trying to push a political agenda, but as a resident of this city who feels that I have an obligation to my fellow citizens, especially those who are less fortunate and who were not born with the same advantages that I was. However, because I am but one person and the problems faced by many in this city are very great my own personal efforts may not be able to make a dent in the problems. For this reason, we as a city, we as a society, have decided to pool our resources to provide important social services for the least fortunate among us. However, the funding for these social programs has not kept pace with the ever expanding need. For this reason we, as a city, should implement new progressive taxes so that the programs which serve as a lifeline to our neighbors can be funded by those who are most able to pay.

This city is obviously changing. When I first moved here 10 years ago I remember arriving at 2AM on the Chinatown bus and seeing streetwalkers on Mount Vernon Square. At that time the best place to eat on 14th street in Logan Circle was the Popeye's. Many of these changes have been good: homicides have declined by almost 50% over the last 10 years and we have a new baseball team. However, the rising tide has not lifted all boats. Rising prices have forced many longtime homeowners to leave the city for Prince George's County. A 2014 report from the Department of Housing and Urban Development found that in 2014 there were over 7,700 homeless people in DC, representing 1.2% of our population, and homelessness in the city increased by 45% in the last 7 years, the largest increase of any state in the country.¹ And, as we have seen over the past two winters, our current infrastructure to serve the homeless is completely inadequate to deal with this surge.

I am Jewish and our heritage teaches us that not only is it good to help those in need, but that it is, in fact, our obligation to do so. As our sage Hillel the elder once said: "If I am not for myself, who will be for me? If I am only for myself, what am I? And if not now, when?" but the Jewish people have no monopoly on good works and such sentiment is repeated in moral systems around the world. For those who are able to give some of what they have to help those who are less fortunate just seems like the right thing to do.

The easiest way for us as a city to fulfill our obligation to those who are less fortunate is to increase taxes on those who are most able to pay to fund social services for those who need them. This can take the form of higher income taxes and estate taxes or a more progressive property tax. In addition, the council should reverse the decision policy decision, made during the 2014 budget cycle, to raise the threshold for the estate tax. This tax cut, which would only benefit the wealthiest of our city, has not yet been funded and it is easier to reverse a tax cut before it has been implemented than after it has gone into effect. Some may say that an increase in taxes would cause people to leave the District or prevent the continued influx of new, wealthier residents but they would be wrong. Study after study has shown that people move for a number of reasons, job, family, lifestyle, but tax rates are not one of them.²

¹ 2014 Annual Homelessness Assessment Report to Congress October 2014

² The Impact of Taxes on Migration in New England April 2011 State Taxes have a Negligible Impact on Americans' Interstate Moves May 2014

In her recent budget the Mayor made substantial investments in important social programs, most notably \$100 million pledged to the Housing Production Trust Fund. However, these investments are still not enough to satisfy the ever increasing needs of those who have been displaced in this city, especially since much of the money is going to replacing outdated facilities like the homeless shelter at DC General rather than increasing the capacity of the city to deal with social ills. In her budget the mayor raises the sales tax by 0.25% to help fund these social programs but such tinkering around the edges will never provide enough new revenue to satisfy the needs in our city. What we need is higher taxes on DC's wealthiest residents to fund these programs. I am a wealthy resident of Washington DC and I am willing to pay more to make this happen.

Sincerely,
Louis Perwien

Office of Finance and Revenue
Fiscal Year 2016 Budget Oversight Hearing
April 22, 2015

Testimony of Samantha Waxman, Chapter Leader, Resource Generation DC Chapter

Good afternoon, committee members. My name is Samantha Waxman and I'm a member of Resource Generation (RG), DC chapter. RG is a national network of young people with wealth and class privilege who organize for a more equitable distribution of land, wealth, and power. As a young person with wealth, I am submitting written testimony to voice my support for progressive tax policies in our city—policies that ensure our neighbors' basic needs are met, and to ensure that these funds come from those who can most afford to pay.

I have lived in the District for almost five years. I moved here after college for many of the reasons that young people do: I found a great job, I wanted to live in an exciting urban environment, and I was very attracted by the District's rich and diverse history and present. I have grown to love my Ward 1 neighborhood—Parkview—and this city, and I want the District to be a great place to live—and it is. But not for all. In the short time that I have lived here, I have seen how housing has become even more unaffordable than it has been, and that many of our neighbors are being pushed out of their homes by rising rents and prices, while their wages stay flat. I am deeply, deeply troubled by inequality—it's bad for the fabric of our city, its economy, and our region. I want to live in a city where anyone can afford to buy a home, live decently, and support a family on a full-time salary. But that dream is sadly out of reach for many families here, and that's a shame. We have the means to fix these problems by ensuring that the people with the most wealth in our city—like myself—pay our fair share in taxes to support a basic living standard for our neighbors.

And inequality in our city continues to get worse. I commend the Mayor for many of the investments that she has made in her budget to tackle the housing and homelessness crisis, and I hope that the Council will support these critical services. But the truth is that these measures, commendable as they are, can't beat the market. Development and rising prices have eviscerated the affordable housing market, to the point where there is very, very little left in large parts of the city. The homelessness crisis is measured in thousands of people, while the solutions in the budget are in the tens and hundreds. We need to think bigger, if the Mayor and Council are truly invested in creating pathways for the middle class. To really take a crack at making DC a livable city for all, we need some serious investment.

And that's where taxes come in. We need to ensure that the people who can most afford to pay contribute to the success of all of our neighbors, and we need to scale up services to meet the escalating need. Only then will we be able to make homelessness brief, rare, and non-recurring, as the ICH plan describes. **As a young person with inherited wealth, I strongly urge the Council to increase taxes on wealthy DC residents, including the estate tax, top income brackets, and other similar measures.** We need to grow the pie bigger, so that the people who can most afford to pay a little more in taxes are contributing toward the mutual well-being of all. It's only fair, after all.

And we know that DC voters would much rather maintain services than keep taxes low. The DC Fiscal Policy Institute conducted polling about this very issue in 2011, and found that a large majority of D.C. voters find cuts to police and public safety, education, and specific social services to be unacceptable. By an overwhelming 70% to 23%, District voters say that maintaining public services should be a higher priority than holding down taxes.

Whether or not the Council legislates progressive taxation during this budget season, RG will be watching for forward movement on this issue. We truly believe in the Mayor's goal of creating pathways for the middle class, and we want you to know that RG's members—young people with wealth—stand with our neighbors and are ready to invest in all of our futures.

Sincerely,
Samantha Waxman

Office of Finance and Revenue
Fiscal Year 2016 Budget Oversight Hearing
May 1, 2015

Testimony of Laura Silver, Ward 1 Resident, Member of Resource Generation DC Chapter

Good afternoon, committee members. My name is Laura Silver and I'm a member of Resource Generation (RG), DC chapter. RG is a national network of young people with wealth and class privilege who organize for a more equitable distribution of land, wealth, and power. As a young person with wealth, I am submitting written testimony to voice my support for progressive tax policies in our city—policies that ensure our neighbors' basic needs are met, and to ensure that these funds come from those who can most afford to pay.

I moved to Washington, D.C. about a year ago and purchased a house in Shaw (Ward 1). I love my neighborhood and feel very fortunate to live in such a thriving area, with a multitude of new restaurants, stores, and apartment complexes going up every day. However, I am very cognizant of and concerned about the fact that this development is not benefiting everyone equally. In fact, in many respects, this development is *harming* the people who have lived longest in the neighborhood. Housing has become unaffordable for many and neighbors are being pushed out of their homes by rising rents and prices. Growing inequality is increasingly creating two different versions of Washington D.C.: one for the affluent, and another for the low-income. This negative trend needs to—and can—be corrected. We can ensure that everyone can afford housing and can support their families in D.C. if we require those with the most wealth in our city—like myself—to pay more in taxes. Only by ensuring that those with means are paying their fair share in taxes can we hope to make the important changes needed to make D.C. affordable for all.

I'd like to voice support for the Mayor's decision to focus on housing and homelessness with the budget and urge the Council to support these measures. However, it's important that we not stop there. Allocating existing resources is a great start, but the costs are going to continue to grow in the coming years. We need to take larger steps. I believe taxes are key to the changes we want to see in the District. To ensure that everyone can lead a life of basic dignity in this city and that the poorest residents in this city can access shelter and resources, we need to increase taxes on those who can pay. As a young person with inherited wealth, **I want to call on the Council to increase taxes on wealthy D.C. residents, including the estate tax, top income brackets, and other similar measures.**

Residents of D.C. care more about maintaining basic services than keeping their taxes low. Public opinion polling by the D.C. Fiscal Policy Institute shows that a large majority is unwilling to accept cuts to social provisions like public safety or education. We urge the Council to prioritize providing the services necessary for the city and all of its residents to thrive above keeping a low tax rate, and to particularly focus on taxing those who can pay. It's an issue of fairness and those who can contribute to making the city a better place for all, should.

I hope to see the Council make progress on the issue of progressive taxation this budget season, and RG will be watching forward movement on this issue in the coming months and years. We truly believe in the Mayor's goal of creating pathways for the middle class, and we want you to know that RG's members—young people with wealth—stand with our neighbors and are ready to invest.

Sincerely,
Laura Silver

(B)

**Council of the District of Columbia
Committee on Finance and Revenue
AGENDA**

John A. Wilson Building, 1350 Pennsylvania Avenue, N.W. Washington, D.C. 20004

**COUNCILMEMBER JACK EVANS, CHAIR
COMMITTEE ON FINANCE AND REVENUE**

**FISCAL YEAR 2016 PROPOSED BUDGET AND FINANCIAL PLAN
PUBLIC HEARING**

**Washington Metropolitan Area Transit Authority
Office of the Inspector General
Office of Partnerships and Grant Services
Commission on Arts and Humanities**

**Wednesday, April 29, 2015
10:00 a.m.**

**Room 412 - John A. Wilson Building
1350 Pennsylvania Avenue, NW; Washington, D.C. 20004**

- I. Opening Remarks
- II. Witness List

Public Witnesses

1. Kishan Putta
2. Michelle Chatman, Assistant Professor & Coordinator, Sociology UDC
3. Sunny Sumter, Executive Director, DC Jazz Festival
4. Shay Stevens, Mars Urban Arts Curator, Washing Performing Arts
5. Catalina Talero, Executive Director, One World Youth Project
6. Todd Clark, Board of Directors, Television, Internet and Video Association
7. Ted Gong, 1882 Project Foundation
8. Amy Dudas, Policy Analyst at DC Alliance of Youth Advocates
9. Michael Sindram, DC Justice for All, Disabled Veteran
10. Vanessa Dixon-Briggs, Co-President, Board of Directors, Washington Philharmonic Youth Orchestra
11. Anna Granger, Board of Directors, Washington Philharmonic Youth Orchestra
12. William Swann Board of Directors, Washington Philharmonic Youth Orchestra
13. Cheryl Crockett, Board of Directors, Washington Philharmonic Youth Orchestra
14. Christie Walser, Executive Director, Project Create
15. Jennifer Coyne Payne, President, Culture Capital
16. Lissa Rosentahl-Yoffe, Executive Director, DC Arts and Humanities Education

Collaborative

17. Monica Scott, Board Member, Humanities DC
18. Dr. Bevadine Terrell, Anacostia Community Out Reach Center
19. Bethany Henderson, Executive Director, DC SCORES
20. Hannah Jacobson, Capitol Hill Arts Workshop
21. William Taft
22. David Suls, AICP, Director of Planning & Economic Development, Golden Triangle Business Improvement District
23. Geraldine Tally Hobby, DC Injured Workers Committee Civil Service Status Fed DC
24. Christine Brooks-Cropper, President, DC Fashion Foundation
25. Mohamed A. Jalloh, Bridgedal Capital Management, LLC
26. Michael Benjamin, Treasure, Hillcrest Children and Family Center

Government Witnesses

Washington Metropolitan Area Transit Authority

1. Jack Requa, Interim General Manager

Office of the Inspector General

1. Daniel W. Lucas, Inspector General

Office of Partnerships and Grant Services

1. Lafayette Barnes, Director

Commission on Arts and Humanities

1. Lisa Richards Toney, Interim Director

III. Announcements

IV. Adjournment

District of Colombia Arts and Humanities Commission
COMMITTEE ON FINANCE AND REVENUE
FISCAL YEAR 2016 PROPOSED BUDGET AND FINANCIAL PLAN
COUNCILMEMBER JACK EVANS, CHAIR

TESTIMONY OF

Dr. Michelle Chatman, Asst. Professor, University of the District of Columbia

April 29, 2015

Good Morning and thank for the opportunity to be here today. In the early 1960's, an anthropologist named Elliot Liebow conducted research among a group of underclass Black men who lived in the Logan Circle neighborhood of 10th and M Street, NW of Washington, DC. The result of that research, Tally's Corner: A Study of Negro Streetcorner Men (1967), has become a seminal work in the social sciences and has been read by millions of college students around the country. Using participant observation, Dr. Liebow highlighted how racism, inequality, and the justice system, have shaped the experiences of Black men in this nation. In October 2013, I was awarded a \$5,000 grant by the Humanities Council of DC under their Who's a Washingtonian program, for my project, Tally's Corner TALKS. Using the book as a focal point, the project sought to inspire dialogue among the various constituents within the community around the new identity of "Tally's Corner." In the face of the visible neighborhood change occurring in D.C., the project also sought to understand how community members maintain their connections to the past, while engaging critically around present day issues of equity and access.

This grant literally expanded the parameters of my classroom and gave students and community members an opportunity dialogue about gentrification, urban revitalization, and other dynamics that are impacting the lives of DC residents, yet rarely spoken about in publicly. Through our

partnership with Mt. Zion Pentecostal church, an 78 year old neighborhood institution, and Rachael's Women's Center, a day shelter for homeless women, students connected the past to the present. In interviews and book discussions, they spoke with elders, police officers, teachers, and others who lived in the community during the 1960's, and who gave them a different view of the city. With funds from this project we,

- Purchased 4 dozen copies of Tally's Corner and distributed them among students, community and church members
- Conducted 6 book discussions with students and community members
- Engaged 14 undergraduate students in social science research
- Awarded stipends to 6 undergraduate students on the project
- Interviewed 12 members of Mt Zion Pentecostal Church
- Purchased a video camera and recorded
- Visited the Liebow Archive house as the Catholic University Library
- Conducted research in the DC Historical Society -- one student, with the assistance of an archivist, found a black and white photo of Bosco's Carryout, which was called the New Deal Carryout in Liebow's book.
- Organized a community talk with independent researcher, Dr. Sabiyha Prince, author of African Americans and Gentrification in Washington DC: Race, Class, and Inequality

Through this project, my students fell in love with social inquiry. They learned that tensions over parking, pets, lifestyle, and community image existed in this small, yet diverse neighborhood of urban professionals, old time resident, immigrants, homeless women, and families. Students left this project understanding that equitable economic development and social investment in

communities is just as important as structural and business development. More importantly, students began to formulate their own questions around race, class, history, and neighborhood change, and as such, they saw that they could also produce knowledge. Further, our project gave Mt. Zion Church an opportunity to interrogate its role as a property owner and service provider in the community.

The Tally's Corner TALKS project is part of a larger effort to commemorate the 50th anniversary of the publication of Tally's Corner in 2017, and the contributions of urban anthropology. As events in Baltimore and other parts of this countries painfully reveal, the issues arising from this project remain with us and warrant our attention and resources.

Because of this project I was selected to participate in a National Sconce Foundation sponsored training on Text Analysis this summer at the Duke University Marine Lab. I used my work on Tally's Corner TALKS as an example of where I would apply my advanced skills if selected for one of the coveted slots.

I sincerely thank the Humanities Council for seeing the value in this endeavor and I hope they will be able to continue to offer this support to other projects that enhance our experience of humanity. Thank You for your time today.

**Testimony of
Shay Stevens, Mars Urban Arts Curator
Washington Performing Arts
To the Committee on Finance and Revenue
Wednesday, April 29, 2015**

Good morning, Chairman Evans and members of the DC Council. Thank you for this opportunity to speak in support of the work being carried out by the DC Commission on the Arts & Humanities. My name is Shay Stevens and I am the Mars Urban Arts Curator at Washington Performing Arts. Our offices are located in Ward 2. My organization was the recipient of a grant from the *Who's A Washingtonian* program with HumanitiesDC for our program entitled, *Ourselves: We Sing*, which is funded in-part by the DC Commission on the Arts & Humanities.

Ourselves: We Sing is a suite of programs created by Washington Performing Arts' Mars Urban Arts Initiative that explore poetry as an art form and its varied interpretations and presentations. By examining the political, spiritual, musical, historical, and personal meanings of poetry in society, Washington Performing Arts aims to convene artists and writers from the academic communities and the performance communities to present the similarities between music and poetry.

Inspired by the theme *Who's a Washingtonian*, Washington Performing Arts is working with the local creative writing community, local scholars, and local musicians to explore the global themes of expression, aesthetic variation, and intent in song and verse. This unique suite of programs will also incorporate the music and poetry of local musicians and poets as the Mars Urban Arts Initiative seeks to explore and showcase poetry's role as a connector and an art form that provides endless opportunities for engagement and expression by artists and audiences alike.

The funding that the DC Commission on the Arts & Humanities provides to HumanitiesDC allows organizations like mine to relate the history and culture of our communities. This funding is critical in providing the Mars Urban Arts Initiative with the resources to amplify the voices of local poets and the creative writing historical community and current community in Washington, D.C.

I wholeheartedly support the DC Commission on the Arts & Humanities' efforts, and their support for HumanitiesDC. These two entities continue to invest deeply in all of the residents of Washington, D.C. I also invite you to attend or participate in the events and programs that we will provide to our community this month and next month.

At this time, I will be happy to answer any questions you might have.

Thank you.

**Testimony of
Catalina Talero, Executive Director
One World Youth Project
To the Committee on Finance and Revenue
Wednesday, April 29th, 2015**

Good morning, Chairman Evans and members of the DC Council. Thank you for this opportunity to express my support of the work being carried out by the DC Commission on the Arts & Humanities. My name is Catalina Talero and I am the Executive Director of the One World Youth Project. I am also a resident of Ward 1. I have twice been the recipient of a grant from HumanitiesDC, which is funded in-part by the DC Commission on the Arts & Humanities.

The first time I received a grant from Humanities DC it was when I was the DC Director of Global Kids and it was in the amount of \$10,000. The project gave us the opportunity to fund crucial summer programming for high-school aged kids involved in the Mayor's Summer Youth Employment Program. This was summer programming that offered young people the opportunity to travel abroad to Costa Rica and to get involved in Participatory Action Research-based evaluation work that put them in leadership positions when it came to monitoring and evaluation. All too often, young people are treated like "subjects" in the evaluation of education programs. I won the Fulbright for a proposal that relied heavily on train-the-trainer youth education models and participatory action based evaluation. Humanities DC and Soul of the City was the first time, after returning from the Fulbright, that I had the opportunity to test some of these programmatic and evaluation theories again.

The second time that I received funding was more recently, in response to a "Who's a Washingtonian?" grant program. This particular project was of very special importance to me because I had tapped into longstanding mentor relationships to formulate the proposal. I had, prior to receiving this funding, a longstanding theory that the answer to that question, the question of who is a Washingtonian, could only really be determined by young people, young people actively committed to interviewing folks of all ages, from all walks of life, folks whose lives are –or have become- inextricably intertwined with the story of Washington, D.C. I already believed that DC youth were the right people to tell the tale of Washington, D.C. as it is now and how it got that way. How lucky for me that HumanitiesDC agreed with me. Now, in partnership with Jonathan Tucker of Split This Rock and One World Youth Project (the nonprofit I now head up) as well as Teaching for Change, come springtime, the kids will answer the question:

“Who Is a Washingtonian”? I, for one, am deeply curious to hear the answer that they come up with.

The funding that the DC Commission on the Arts & Humanities provides to HumanitiesDC allows organizations like mine to relate the history and culture of our communities. The funding is important to me because it allows me to do what I have always dreamed with my education and professional training. It allows me to train tomorrow’s leaders, to unite this city, to build peace and equality into concrete, measurable realities.

I wholeheartedly support the DC Commission on the Arts & Humanities’ efforts, and their support for HumanitiesDC. These two entities continue to invest deeply in all of the residents of Washington DC. I also invite you to attend or participate in the events and programs that they provide to our community. Your soul will be enriched by the experiences they offer. I will be happy to answer any questions you might have.

Thank you.

Testimony of Todd Clark
Fiscal Year 2016 Budget Oversight Hearing
April 29, 2015

Good morning, and thank to all of the members of the DC City Council for this hearing today. Thank you for this opportunity for me speak in support of the vital, essential, pivotal work carried out by the DC Commission on the Arts & Humanities.

My name is Todd Clark and I am an EMMY award-winning Producer and the Founder and Host of www.thedcplace.com, a progressive on-line video magazine about the arts, culture, local business and volunteerism.

I am a resident of Ward 2 and a DC resident for over 25 years. I am a member of the **Board of Directors** of TIVA (The Television Internet and Video Association) where I serve as the **Government Liaison and Chair of the 2015 TIVA Peer Awards**.

A year ago I was named **DC Film Maker of the Month** by the Office of Motion Picture and Television Development. I am also a past and recent recipient of grant support from both the DC Commission on the Arts and Humanities.

I am currently directing a documentary program about the history, value, and contribution of the Lincoln Theatre called: **A Conversation at the Lincoln**. I have received support for this documentary from the DC Humanities Council through their ***"Whose a Washingtonian"*** program which exists because of support that comes from the DC Commission.

"A Conversation at the Lincoln" will consist of:

- Historic footage of the Lincoln prior to its renovations;
- Inspiring remarks from Harry Belafonte who imagines what future artists the theater might bring forth;
- An interview I conducted with Mercer Ellington, Duke Ellington's son who remembers the Lincoln when it was the Jewell of U street.

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- And the next phase of work focuses on a unique group of senior citizens in D.C. who have a direct, personal connection to the Lincoln Theatre of yesteryear, who will be interviewed by a select group of distinguished emerging D.C. artists of today, who have earned a national reputation for their artistic genius. Therein is the "Conversation"

These artists include:

Christylez Bacon-A grammy nominated beatbox artist

Holly Bass- the extraordinarily talented choreographer and performance artist

Demont Peekaso Pinder, a muralist whose work includes that of onstage muralist with Raheem Devaughn

Aniekan Udofia, whose building sized murals can be seen all over DC, including the recent unveiling of the new Marvin Gaye Mural around the corner from the Howard.

Farafina Kan, who, drum, teach, perform, tour and bring community together and history forward

Bomani "I'm not a rapper" Armah A performer and spoken word artist who manages among many other community-focused projects- the open mic poetry session at Bus Boys & Poets

These artists will come together with D.C seniors in a taped conversation that focuses on the question:

"What was the historic impact of the Lincoln Theater and how did it serve to define a sense of community, identity and place and how do we envision the future of The Lincoln Theatre on the revitalized U street of today?"

The funding that the DC Commission on the Arts & Humanities provides directly to artists and through the Humanities Council to artists, allows organizations and artists like myself to celebrate our history and to remember and become deeply influenced by the legacies of those who have come before us.

And I keep getting reminded over and over again – that the arts:
save lives,
they build community,
and they strengthen the economy.

Testimony of Todd Clark
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The arts engage us in making community manifest and the connections between us real. The arts allow us to connect, study, and reflect on the history and culture of our communities in ways that are powerful, memorable and transformative.

The arts stimulate, create and give form to healthy community dialogue, and meaningful engagement. They are the backbone upon which commerce, business and productivity can take shape and grow. The arts create jobs and provide jobs. They are the reason a city grows and becomes sustainable. They are the lure and the anchor. They are the reason and the cause. They are what causes a city to succeed.

The arts serve this vital, unique powerful, and necessary function in our lives every day.

They instill a sense of wonder and connectivity between all of us. They offer accessible insight and engage us in their beauty...mystery...and hope.

The arts define who we are: they show us exactly who we were and what we are becoming and they help us to ask questions and see our strengths and challenges.

They literally bring strangers together in ways that make our neighborhoods safer and better connected.

The arts are the heart and core of meaningful community connection. They provide a sense of place and enrich our sense of humanity.

They connect us across age, race, ethnicity, socio-economic status and place of origin. A city is nothing without the arts.

Testimony of Todd Clark
Fiscal Year 2016 Budget Oversight Hearing
April 29, 2015

It is through the arts that each generation passes the values and spirit of who we are as a community ---to the next ..

I wholeheartedly support the DC Commission on the Arts & Humanities' efforts, and their support for the Humanities Council.

Invest deeply in the arts-- for the sake of all of the residents of Washington DC. I invite the members of the council and to anyone hearing my voice right now:

Attend or participate in the arts.....it is a gift that you can give yourself --and an experience that will help make the community you live in be more meaningful and your life more deeply enriched.

I will be happy to answer any questions you might have.
Thank you. Todd Clark

**Testimony of
Ted Gong, Executive Director
1882 Project Foundation
To the Committee on Finance and Revenue
Wednesday, April 29th, 2015**

Good morning, Chairman Evans and members of the DC Council. Thank you for this opportunity to speak in support of the work being carried out by the DC Commission on the Arts & Humanities. My name is Ted Gong and I am the Executive Director of the 1882 Project Foundation and the President of the Chinese American Citizens Alliance DC. HumanitiesDC provided us a "Who's a Washingtonian? Grant" which is funded in-part by the DC Commission on the Arts & Humanities.

We are producing a film documentary on the history of DC Chinatown based on oral histories gathered under our DC Chinatown Oral History Project. We intend that the oral histories be organized into episodes, each on an issue or turnkey topic affecting Chinatown's development from the 1900's to today. The first episode, made possible by the HumanitiesDC grant, is entitled *April 1968: Through Chinatown Eyes*. It records memories of the street violence after the killing of Civil Rights Leader Martin Luther King Junior in 1968 and deals with Chinatown Washingtonians caught between the black and white struggle.

From the film viewing, we held an inter-community discussion. We are now working to combine the recorded discussion and film segment into material with a teacher's guide on race relationships for DC and area schools.

The funding that the DC Commission on the Arts & Humanities' provides to HumanitiesDC allows organizations like mine to relate the history and culture of our communities. This funding is invaluable. Without it, we would have difficulty undertaking programs and projects such as the DC Chinatown Oral History Project and our monthly Talk Story Events. These projects record history for their inherent value. They foster community pride. They create activities that contribute to maintaining Chinatown as a unique cultural destination. That in turn contributes to keeping Chinatown commercially viable and to creating opportunities for thousands of daily visitors seeking to learn about the history of Chinatowns in the United States and of Chinese Americans.

I wholeheartedly support the efforts of the DC Commission on the Arts & Humanities and HumanitiesDC. These two entities invest deeply in all the residents of Washington DC. You, too, will be enriched by attending the programs they support.

For us, we will continue our monthly “Talk Story Events” for the community as shown in the attached list. In the coming months, we want to establish a youth team to record the events and develop an archiving capability.

I will be happy to answer any questions you might have. Thank you.

A listing of Talk Story Events – We gather together to tell stories because the life of our community lies in the power of *our* stories remembered and shared.

2015

- Chinatowns in Transitions: Comparative Views
- Lion Dance: Its History in DC, or Finding the Inner Lion

2014

- DC Chinatown: Fresh Perspectives
- Uncommon Courage: Breakout at Chosin
- Chinese to America: 1943-1965
- Stories My Mother Told when Dad Wasn’t Around: About Angel Island, Searching for Lola and Surgermen
- Shattering the Secret Identities of Yellow Peril: Telling Asian American Stories in Comics
- Chinatown Today (at Smithsonian Folk Life Festival)
- In Celebration of Chinese Railroad Workers (linked with DOI induction of RR Workers on Hall of Honor)
- Chinese in Hollywood
- A Chinatown View from the Burma Restaurant
- The First Chinese American: The Remarkable Life of Wong Chin Foo
- Traditional Chinese Burial Practices and Beliefs and Range 99 at the Congressional Cemetery
- Tyrus Wong: Brushstrokes in Hollywood

2013

- The Lucky Ones: From Chinese to Chinese American
- From Congress to Classroom: Teaching about the Chinese Exclusion Laws
- The Mau’s: A Hakka’s Journey Through Her Family Roots
- Detained! No Certificate of Residence
- Climbing Gold Mountain: Stories of Chinese Pioneers (at OCA National Conference)
- Voices from the Cane Fields
- DC Chinatown: From There to Here
- My Asian America: Stories Behind the Images
- Selling Piglets and Other Ways to the United States
- Three Tough Chinamen: Lives and Activities of the Moy Brothers
- Read To Me! Discovering Asian Pacific American Voices

2012

- Forbidden Citizens: Chinese Exclusion and the U.S. Congress
- Finding Kukan: Life and Film by Li Ling-Ai
- CYC: 73 Years of DC's Chinese Youth Club
- A Mississippi Chinese: Growing Up in The South Under the Shadow of Jim Crow
- From The Sacramento Delta To The Chosin Reservoir
- The Concept of Chinatown
- DC Chinatown Documentary Project
- Finding Jake Lee: The Paintings at Kan's
- Piloted to Service: Memoirs of Rebecca Chan Chung
- The History of Chinese in America That School Books Left Out

2011

- From the Civil War to World War II: Chinese Americans in the U.S. Military
- Songs of My Family and Pacific Northwest Heritage Tours



Amy Dudas, DC Alliance of Youth Advocates
Testimony to the Committee on Finance and Revenue
Budget Hearing: Washington Metropolitan Area Transit Authority
April 29, 2015

Good afternoon Chairman Evans, fellow Councilmembers and committee staff. My name is Amy Dudas and I am here today on behalf of the DC Alliance of Youth Advocates, a coalition of over 130 youth-serving organizations operating here in the District of Columbia to provide our feedback and recommendations on the FY16 budget for the Washington Metropolitan Area Transit Authority (WMATA), specifically on the Kids Ride Free Program. Providing DC students free access to public transportation, and with this budget, extending to rails, is a progressive and elegant policy solution to what has been, for many young people, a true barrier educational success.

Considering the large number of District youth enrolled in out-of-boundary schools, students are currently spending up to an hour and a half navigating across the city each way, using the Metrobus to attend classes at high schools like Wilson or School Without Walls. According to analysis provided by DDOT, between FY12 and FY14, "Rail ridership fell by 41%, whereas bus ridership more than doubled. This tells us that not only are more school children using busses over other modes of transportation, but also more switched from rail (where parents pay part of the cost) to bus (where the ride is fully subsidized under the current iteration of Kids Ride Free)"¹. This demonstrates the financial pressure felt by parents and youth in getting to school, as they overwhelmingly choose more time-consuming travel options to avoid paying more for transportation.

Granting access to free Metrorail transportation for these youth will significantly reduce the time and financial pressures that can be compounded causes of disconnection. Along with our members and Raise DC's Disconnected Youth Change Network, we applaud Mayor Bowser's dedication to removing this barrier, and the focus of this committee, WMATA, and DDOT in working so diligently to launch, implement and expand this important program.

Beyond this exciting and much-needed expansion of Kids Ride Free, I am here today to recommend that Council extend the program's scope to all students participating in an OSSE recognized LEA site. This will expand the program to include those young people (aged 22 through age 24) who have disconnected from traditional educational programs and have reconnected to GED or alternative credentialing (STAY) programs. According to OSSE analysis of data collected within the Statewide Longitudinal Education Data System (SLED), the number of youth aged 22-24 enrolled in DC schools (LEAs) in 2015 is 721.

The demand for reduced transportation costs for this vulnerable but highly motivated population of youth is clear. In 2013, DCAYA executed an in-depth study of disconnected and recently reconnected youth here in the District.² Interviewing nearly 500 youth aged 16-24, we captured

¹ Testimony of Yesim Yilmaz, "Joint Roundtable on Kids Ride Free Program", December 12, 2013.

² DC Alliance of Youth Advocates. (2013) "Connecting Youth to Opportunity in the District of Columbia" Online at: http://www.dc-aya.org/sites/default/files/content/Connecting%20Youth%20to%20Opportunity_Final%20Report.pdf

significant insight into the realities of disconnection here in the District. What we found is heartening: the vast majority of students who have disconnected actively want to reconnect. These young people reach a level of maturity and come to understand that success in the workforce is predicated on a high school diploma and post secondary education. Yet, one of the most cited barriers these youth face in completing their credential was the prohibitive cost of transportation. Over 33% of our respondents reported spending over \$30 a week or \$120 a month on transportation. Based on reported income data; this suggests youth are spending between 15-30% of their monthly income on transportation alone. Notably, of the students spending this much on transportation, 47% came from Wards 5, 7, and 8.

As currently designed we can assume that the Kids Ride Free Program does remove this barrier for a subset of the population: those 21 and younger who reconnect to an alternative education program and/or those with an IEP who are able to remain in school until their 22nd birthday. Yet this is just one facet of the reconnected youth population. Many young people seeking to reconnect are overage and under-credited to the point that enrollment in a traditional alternative program will not provide them with enough time to earn a diploma; others face very real pressure to work while pursuing an education and simply need a more flexible educational program. These are the youth who find best-fit options for educational reengagement in STAY or intensive GED programs. However, due to the designation of their educational program and their age, the 721 students aged 22-24 in these programs are unable to access the transportation supports afforded to their younger classmates.³

The loss of economic productivity and social costs associated with disconnected youth are profound. The roughly 8,300 currently disconnected students⁴ here in DC cost taxpayers (in lost earnings) roughly \$13,900 or a total of \$115,000,000 annually. When you add in the per-student annual social cost (subsidized health care, income assistance, higher rates of criminal justice involvement) of \$37,450 associated with disconnection that's an additional \$311,000,000 a year.⁵ An additional investment of would remove a major barrier to successful reconnection and reap significant economic and social rewards for years to come.

DCAYA greatly appreciates the efforts of WMATA, this committee, Committee on Transportation and the Environment, and DDOT in moving this complex, yet immensely valuable program forward, and we look forward to the outcomes of its successful expansion. Please know DCAYA is happy to assist in any way possible. I am happy to answer any questions and thank you again for your time.

Contact Information

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³ 89% of our respondents were aged 18-24; 56% were aged 20-24. The majority of our respondents indicated a desire to re-enroll in a GED or alternative credentialing/job training program vs. traditional high school.

⁴ American Community Survey, 2013.

⁵ Belfield, Levin, & Rosen (2012). The Economic Value of Opportunity Youth. Civic Enterprises. Online at:

http://www.civicenterprises.net/MediaLibrary/Docs/econ_value_opportunity_youth.pdf.

Parable of Widow and [Unjust] Judge

Then Jesus told his disciples a parable to teach them that they should always pray and never become discouraged. "In a certain town there was a judge who neither feared God nor respected man. And there was a widow in that same town who kept coming to him and pleading for her rights, saying, 'Help me against my opponent!' For a long time the judge refused to act, but at last he said to himself, 'Even though I don't fear God or respect man, yet because of all the trouble this widow is giving me, I will see to it that she gets her rights. If I don't, she will keep on coming and finally wear me out!'"

And the LORD continued, "Listen to what that corrupt judge said. Now, will God not judge in favor of His Own people who cry to Him day and night for help? Will He be slow to help them? I tell you, He will judge in their favor and do it quickly. But will the Son of Man find faith on earth when He comes.

Luke 18:1-8 (TEV)

It Is The Veteran

It is the Veteran, not the preacher, Who has given us freedom of religion.
It is the Veteran, not the reporter, Who has given us freedom of the press.
It is the Veteran, not the poet, Who has given us freedom of speech.
It is the Veteran, not the campus organizer, Who has given us freedom to assemble.
It is the Veteran, not the lawyer, Who has given us the right to a fair trial.
It is the Veteran, not the politician, Who has given us the right to vote.
It is the Veteran, Who salutes the Flag, Who serves under the Flag!

God Bless America & Our Troops.



Wednesday, April 29, 2015

Committee on Finance and Revenue
Public Budget Oversight Hearing
John A. Wilson Building
Council Room 412
1350 Pennsylvania Ave., NW
Washington, DC 20004

Good morning, Chairman Evans and Councilmembers. Thank you for the opportunity to testify today. My name is Christie Walser, and I'm the Executive Director of Project Create.

Project Create is a community-based nonprofit that promotes positive youth development through accessible arts education for children, youth and families experiencing homelessness and poverty in Washington, D.C. For more than twenty years, Project Create has worked in partnership with social service organizations that offer emergency, transitional, and long-term housing to homeless youth and families, as well as with in- and after-school programs in underserved District neighborhoods. Just last month, Project Create opened an art studio at 2028 Martin Luther King Jr. Avenue SE in Anacostia for children, youth and families in Ward 8.

This morning you have heard, and will hear, about the wide-ranging and substantial impacts of the arts and the creative economy on our city and its residents. Here are some more great reasons to support robust arts funding in Washington, D.C.:

Let's do it for the new generation of D.C. citizens who must be nurtured and encouraged in order to sustain forward progress in the District. Let's do it to prepare the District's youth so that they can forge creative new paths and write a new history of Washington, D.C. Let's do it because we agree that education, particularly in the arts, will play a vital role in preparing students' creative capacities so they can move into a new high-tech world, into a new economy, and prepare for the future.

President Obama may have said it best in a recent State of the Union address, "None of us can predict with certainty what the next big industry will be or where the new jobs will come from...What we can do -- what America does better than anyone else -- is spark the creativity and imagination of our people. But if we want to win the future then we also have to win the race to educate our kids." Creativity is a tool, a "21st Century Skill," that we can use to address changing economic, social, technological, and environmental challenges. Supporting and increasing funding for arts education and creative youth development programs is an investment in the future, and future residents, of Washington, D.C.

Since 2012, Project Create has received funding from the DC Commission on Arts and Humanities. Last year, our organization received \$77,000 through Grants in Aid, Arts Education, and East of the River grants. With such support from the D.C. government through the D.C. Commission on Arts and Humanities, Project Create has expanded our



Project Create

Create art. Create opportunity. Create community.

reach and can provide more free classes to more children and youth in the District. Project Create has been able to hire more local teaching artists to serve as valuable mentors to the next generation of D.C. artists, entrepreneurs and innovators.

I urge you to continue or increase the city's commitment to the arts by supporting arts organizations, artists, and arts education through strong funding for the D.C. Commission on the Arts and Humanities.

Thank you for your time and attention.

Christie Walser, Executive Director
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Testimony to the Committee on Revenue and Finance
Councilmember Jack Evans, Chairman
Presented by Jennifer Cover Payne,
President, CultureCapital
April 29, 2015

Thank you, Councilmember Evans and members of the Revenue and Finance Committee for the opportunity to testify for funding for the DC Commission on the Arts and the Humanities. We are requesting that the funding for the Commission is not less than the funds received in fiscal year 2015 and that .25% of the sales tax is designated to arts funding. Also please consider a two year funding cycle to make planning possible.

I am Jennifer Cover Payne, President of CultureCapital, an organization which has, over a period of 37 years, provided infrastructure support and promoted the work of arts organizations and cultural institutions through CultureCapital.com, TICKETPLACE, Business Volunteers for Arts, Arts Job Bank and the coordination of the Arts Economic Impact Study. We receive a partnership grant in 2015 from the Commission in the amount of \$50,000.00 and will be applying for the same in 2016.

Though the economy is changing for the better, for the most part, arts organizations continue to struggle. Funding is less. The private sector, philanthropists, and individual donors all seem to be waiting and watching to see what the government will do. The District Government's investment in the arts through the Arts Commission serves as a catalyst to attract funding from businesses and foundations. Sustainable funding provides the resources to transform the arts community. Nonprofit arts in DC is a \$1.1 billion industry built on the dedicated backs of employees, many of whom work long hours for low wages and minimal benefits.

Some of the biggest beneficiaries of the arts are dreamless children in DC, living in neighborhoods so dangerous that they cannot play outside. The arts provide safe havens where skilled, compassionate, and determined artists and arts administrators help the children develop and achieve goals that they never knew existed.

The Government's investment in the DC Commission on the Arts & Humanities has, over the years, served as a conduit for the arts to change and impact communities where once dreamless children become educated, responsible adults who pay it forward by giving back to their community. They graduate from high school; some go to college and often return to their communities become employed and are tax paying citizens. There is no greater investment than empowering lives to transform hopelessness to hope. Many DC Streets once populated by the unsavory and void of healthy life are now energetic, exciting, vibrant destinations where art and retail abound attracting visitors world-wide. The government invested heavily in the building of permanent arts venues.

All arts organizations face challenges of sustainability: small and midsize organizations, as well as, huge institutions. Each, regardless of size and need, is a critical component to serving the diverse constituents of the District of Columbia. We ask that you help to sustain them through the funds awarded to the DCCAH.

**COMMITTEE ON FINANCE AND REVENUE
BUDGET OVERSIGHT REVIEW HEARING FOR FISCAL YEARS 2015 and 2016
Wednesday, April 29, 2015**

**Lissa Rosenthal-Yoffe
Executive Director, DC Arts and Humanities Education Collaborative**

Hello, I am Lissa Rosenthal-Yoffe, Executive Director of the DC Arts and Humanities Education Collaborative, a partner of the DC Commission on the Arts and Humanities. The DC Collaborative has had a partnership with the DC Commission since the DC Collaborative's inception sixteen years ago. We exist because of the Commission; we leverage our support with community stakeholders because of the vital and continued funding we receive from the Commission. Through our partnership, this year we received \$100,000 from the Commission.

Thanks to this partnership, the DC Arts and Humanities Education Collaborative works with more than 90 organizations in Washington, DC, from the Kennedy Center to Step Afrika! to the National Gallery of Art, to provide transportation and tickets -- equitable access -- to our nation's premiere cultural venues for DC students.

With recent memory of Spring Break and Cherry Blossom Festival season, we are reminded that each year millions of students travel from across the globe to visit DC's museums and theaters. Yet, so very few of our very own DC students get to visit these venues or have access to their education programs. For the past 16 years, the DC Collaborative works with DC public and public charter schools to provide field-trips to museums and performances. We would really appreciate your support. Last year, more than 20,000 students from all 8 Wards of the District were able to visit our member institutions. We want to ensure that all students, approximately 80,000 can have such an opportunity and would really appreciate your help.

Our collective impact provides equitable access to quality arts and humanities education for all DC public and public charter school students. As you know, the arts are paramount to our city's economic development and preserving our rich history. DC arts and culture nonprofit organizations are resilient and innovative members of the creative economy. They employ tens of thousands of Washingtonians, purchase goods and services from within the community, and market and promote our region. DC-area nonprofit arts and culture organizations pump more than a billion and a half dollars into our economy. Most significantly, the true role, the true value of the arts and humanities cannot be fully felt by our city, if we do not start at the beginning of the pipeline by providing arts and humanities education early on and throughout a student's education. Together, we develop our future creators, innovators and leaders.

The DC Commission has played a significant role in ensuring that arts education opportunities are available to all DC public and public charter school students across the District. Of the hundreds of Commission funded-grantees, a significant portion of support went to arts and humanities education programs offered by many of the DC Collaborative's members. The Commission dispersed critically needed funding to these organizations enabling them to build on programming and provide access to

the highest quality learning experiences for tens of thousands of public and public charter school students.

When the Commission, our state and local arts agency, is not appropriately funded they cannot, in turn, fund us at the levels necessary to maintain our work and it is at the risk of the DC youth, particularly those at-risk, who benefit the most from arts and humanities learning that the DC Collaborative provides thanks to the Commission.

The DC Commission is long-standing partner of ours, since our inception in 1998 and they also are our largest funder – We have received \$100,000 from the Commission for this year. The DC Commission aides and ensures us in our mission to make high-quality arts and humanities experiences a reality – made equitable and accessible for DC public and public charter school students -- which goes a long way to closing the achievement gap. The DC Commission needs the funding to make this occur.

The DC Commission on the Arts and Humanities has ensured that arts education opportunities are available to all DC youth regardless of location, socio-economic status and race. As a nation, we know that the arts and humanities work. When the Commission is not appropriately funded they cannot, in turn, fund us at the levels necessary to maintain our work and it is at the risk of the DC youth who benefit the most from arts learning. Simply put – we are cheating our children out of advancement, enrichment and creativity.

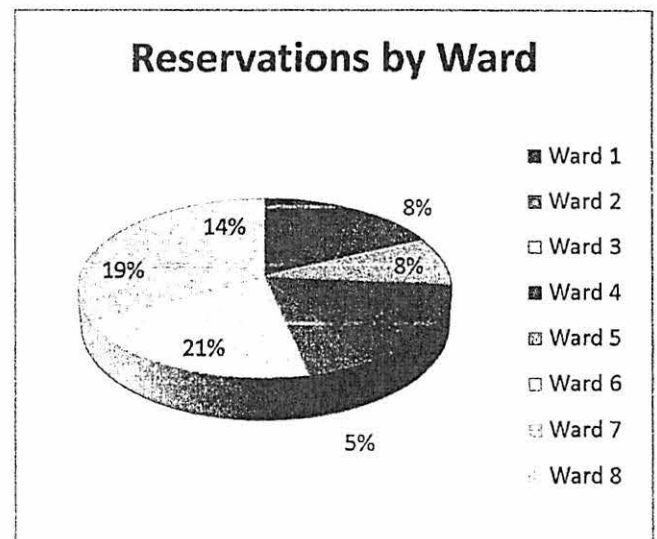
I believe that all kids should have access to quality arts education opportunities - whether this be dance, music, theatre, technological or visual arts. I ask each of you to ponder where our society would be today without innovators, without architects, designers, artists and musicians? The building we sit in today, homes we reside in, clothes we wear all were the creation of a budding youth artist. As our nation's capital we should be nurturing more Duke Ellingtons, Langston Hughes, Frank Lloyd Wrights and Ansel Adams. Moreover arts are increasingly considered central to school turn-around and improvement and to the creative skills needed to succeed in any field today.

It is through arts learning that our country and our city can cultivate the fundamental building blocks for our nation's future innovation. The Commission - our partner and our funder – aides us in our mission to make high-quality arts experiences a reality. They need the funding to make this occur. We urge you to help fulfill the social, economic and creative potential of our young people and our city by supporting the DC Commission with increased funding.

Thank you.

DC Arts and Humanities Collaborative's Individual Student Fieldtrips by Ward during the 2013-14 School Year:

Ward	Individual Student Fieldtrips	Percentage
Ward 1	2066	10.29%
Ward 2	1558	7.76%
Ward 3	1664	8.29%
Ward 4	3066	15.27%
Ward 5	1002	4.99%
Ward 6	4144	20.64%
Ward 7	3821	19.03%
Ward 8	2760	13.74%
TOTAL	20,081	



**Testimony of
Monica Scott, Board member of
HumanitiesDC
To the Committee on Finance and Revenue
Wednesday, April 29th, 2015**

Good morning Chairman Evans and members of the DC Council. My name is Monica Scott and I am a board member of Humanities DC. I'd like to thank you for giving me this opportunity to speak today.

I am a native Washingtonian as was my mother. My mom was born in Brookland, and she and I are graduates of Trinity College right here in DC, and I currently live in Ward 3. I love this city!

In 2016 we will be celebrating the 225th Anniversary of the Founding of DC. Our city is growing, its demographics are shifting, and economic development is booming - and because of these rapid changes, we run the risk of losing historical memory.

In order to preserve our heritage, we need to increase the amount of money set aside for the humanities. Sometimes it's difficult to distinguish the humanities from the arts, but remember it is the humanities that allow us to understand and appreciate the arts.

Humanities DC is the primary conduit through which the DC Commission on the Arts and Humanities provides humanities grants – local dollars for local humanities. Before the economic turndown in 2009, we received \$300,000 from the District. In 2009, that funding was cut almost in half and has yet to be restored. As a result, in FY 13, we had to turn down more than one half of grants requested, and approximately two thirds of grants requested in FY 14.

As the DCCAH's funding increases, so should the humanities' portion of those funds, and we are requesting \$500,000. With this funding we will be able to enhance many of our programs – including, but not limited to:

Increasing the number, and dollar amounts given, through our Major and Small grants program.

We will be able to train more of our young residents in critical thinking and leadership through our Soul of the City program. This is one of our most popular and most competitive programs, and the President's Committee on the Arts and Humanities recently selected this program as an award finalist.

We will also be able to support additional grants for our DC Community Heritage Project - including projects aimed at celebrating our 225th Anniversary. In addition, all work is stored in our DC Digital Museum, which is online and available year-round, and will be available to historians well in to the future.

We hope that you will help us strengthen these vital programs that reach Washingtonians in all 8 wards of our city. Humanities DC, more than any other organization in the city, unleashes the innate desire we have to understand the city in depth, which can improve the quality of life in every neighborhood and will promote a healthy co-existence within our very diverse city.

**Testimony of
Dr. Bevadine Z. Terrell, Director of Children's Education
Programs, Anacostia Community Outreach Center
To the Committee on Finance and Revenue
Wednesday, April 29th, 2015**

Good morning, Chairman Evans and members of the DC Council. Thank you for this opportunity to speak in support of the work being carried out by the DC Commission on the Arts & Humanities. My name is Dr. Bevadine Z. Terrell and I am the Director of Children's Education Programs of the Anacostia Community Outreach Center. I am also a resident of Ward 8. My organization was the recipient of a grant from the DC Community Heritage Project with HumanitiesDC, which is funded in-part by the DC Commission on the Arts & Humanities.

My organization was the recipient of 2 DC Community Heritage Project grants. One in 2013 "The Langston Terrace Dwellings Oral/Video History Project" and in 2014 "The Langston Terrace Dwelling Oral/Video Hilltop Schools Campus History Project". The participants involved in these projects were young people ages 7 – 13 who attended The Anacostia Community Outreach Center Langston Dwelling Summer Camp Program 2013 and 2014. Also, the summer staff ages 14 -20 comprised of college students and Summer Youth Employment Program workers, participated. Many of the summer campers and employees are residents of The Historic Langston Terrace Dwellings. The two project grants were used to give the young people an opportunity to study the history of The Langston Terrace Dwellings and The Hilltop Schools Campus. They also met and talked to former residents and students who shared firsthand stories and information with them. The young people had the opportunity to interview, photograph, video, research, learn and witness the history of their home/community. One of the original residents of Langston Terrace Dwellings, Mrs. Eloise Greenfield a famous children's book and biography author and poet visited the camp and talked about moving to Langston on her ninth birthday in 1938. She also shared tidbits about her life at Langston and entertained numerous

questions from the campers. She also walked the campers to her former home in Langston. A highlight of the Hilltop Campus schools project was a trip to The Charles Sumner School Museum and Archives and talking with Mr. Ken Stuckey, resident historian and former student of Browne Junior High in the late 60's who shared stories of his junior high school years. Many of the campers had never heard of or visited the The Charles Sumner School Museum and Archives. Also, another resident of Langston, Dr. Takeesa Presson, a dentist who attended Browne Junior High School in the 80's talked about her life at Langston and how Browne Junior High changed her life.

The funding that the DC Commission on the Arts & Humanities provides to HumanitiesDC allows organizations like mine to relate the history and culture of our communities. This funding gave the young people an opportunity to witness living history and share it with parents, friends and other residents. Before our project began many of the young people did not know the historical importance of Langston and the Hilltop Campus Schools. As taken from a quote from ,Dr. John Henrik Clarke talks, he talked about history telling people not only where they are but more importantly, what they must be. It is critical that our young people utilize history and what they have learned as a guide, as a springboard, as a catalyst to create their own history.

I wholeheartedly support the DC Commission on the Arts & Humanities' efforts, and their support for HumanitiesDC. These two entities continue to invest deeply in all of the residents of Washington DC. I also invite you to attend or participate in the events and programs that they provide to our community. Your soul will be enriched by the experiences they offer. I will be happy to answer any questions you might have.

Thank you.



**Testimony given By Bethany Rubin Henderson, Executive Director, DC SCORES
April 29, 2015**

My name is Bethany Rubin Henderson. I am the Executive Director of DC SCORES, a 21-year-old nonprofit working to remediate the many very real impacts of a life of poverty on a child. DC SCORES provides year-round, team-based expanded learning opportunities – delivered through free afterschool programs and summer camps – to over 1,500 3rd through 8th graders at 40-50 DC public and public charter schools in neighborhoods throughout the District characterized by entrenched poverty. Our diverse participants are half boys and half girls. They are 56% African-American, 40% Hispanic, 2% Asian, and 2% white or other ethnicities. Approximately 80% receive free or reduced lunch. We are one of the largest nonprofit youth development organizations in the District and have worked with more than 8,000 students since our founding in 1994.

DC SCORES is a grateful recipient of grants from the DC Commission on the Arts and Humanities. I am here to speak in support of their work funding out-of-school time arts learning for youth and the important role DCCAH plays in increasing equity in access to arts education.

A core element of DC SCORES program is arts instruction. We teach young children the medium of poetry and spoken word – both as an art form and as a creative outlet. Our curriculum focuses on giving children the tools – and opportunity – to write and perform original works of poetry. This fall, DC SCORES students received an extra 150 minutes of arts education each week, collectively wrote 14,710 original poems, and performed over 100 of those poems on stage before large, standing-room only crowds.

Quality arts education not only increases kids' interest in lifelong engagement in the arts, it also has been proven to benefit kids' decision-making, problem-solving and critical thinking skills, inventiveness, and cultural awareness. (See, e.g. *Arts Education Matters: We Know, We Measured It*, Education Week 12/3/14; *10 Lessons the Arts Teach*, National Art Education Association, www.arteducators.org; *The importance of Art in Child Development*, PBS Parents, www.pbs.org/parents/education/music-arts). Many studies suggest arts education, including extracurricular arts education like DC SCORES provides, also correlates with improved academic performance and reduced drop-out rates. Quality arts education is particularly important for the population we work with – a population with very limited access to arts altogether.

Many of the children we serve are dealing with hard issues – things like parents leaving or absent altogether, violence-wracked streets or homes, peer pressure, racism, homelessness, bullying, being primary caretakers for younger siblings, going hungry. For these kids, poetry is not just an art form, not just an escape, but a touchstone to their deepest selves. For kids who can't often find safe space, or a break from rote memorization, or quiet among chaos, poetry becomes that place. It becomes their medium to translate feelings into constructive expression, for safely processing their experiences, for discovering that their voices matter.

DC SCORES exists because our kids don't have consistent access to other creative outlets. For many of our students, DC SCORES provides their only chance to creatively express themselves in a safe, nurturing, supportive environment; their only opportunity to perform on stage; their only opportunity to have their voices heard. For many of their parents and families, our annual Poetry Slam! – at which every single one of our students performs original poetry on stage – provides a rare opportunity to come to a school to celebrate their students' hard work; a rare chance to publicly cheer on their students' creative endeavors.

DCCAH grants have helped make it possible for us to employ and train arts instructors – many of whom are teachers by day and bring that training back to their classrooms. DCCAH grants have helped make it possible for us to bring in teaching artists to work with our students – the only opportunity many of our students will have to work with a professional artist. DCCAH grants have helped make it possible for us to give all of our students the chance to take the stage as part of a Poetry Slam!

Perhaps the most profound way I can share the impact of DCCAH's support is through the words of an 11 year old named Xavier:

I excel at every test I've taken
I pass never fail.
My parents are saving money for college not bail.
I want to thank DC SCORES for giving me a platform to display my art form.
I am a poet.
Professional Orator
Experienced Technician
On a mission to be persistent
To be a man of distinction and to never give up.
Failure is a possibility but not for me because I will rise to the top.
Like the songs say let my words play
I am only eleven I've got a world to save

Xavier C., age 11 (2014)

On behalf of all the children and families we serve, thank you for this opportunity to share the importance of arts education, and thank you for your service to our community!



capitol hill
arts workshop

545 7th Street, SE
Washington, DC
20003

202-547-6839
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www.chaw.org



Capitol Hill Arts Workshop Testimony on Behalf of the DC Commission on the Arts & Humanities

Presented by Hannah Jacobson, Director of Marketing & Strategy

April 29, 2015

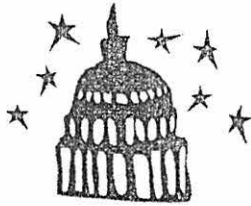
Good morning and thank you to Chairman Evans for having us here today. My name is Hannah Jacobson, and I am the Director of Marketing & Strategy at the Capitol Hill Arts Workshop (CHAW), a community-based nonprofit based in the Eastern Market neighborhood. I have been here before to talk about how the DC Commission on the Arts & Humanities (DCCAH) helps us achieve our mission of building community through the arts, and today I'd like to specifically emphasize some of the ways it does so behind the scenes.

We all know and appreciate how much DCCAH does in the city, from funding mural projects to public art, theatres to drum circles, and artists of every stripe. What we don't talk about so much is how DCCAH supports the **financial** backbone of all of these organizations—the less shiny, but ultimately extremely important, side of operating arts organizations. At CHAW, we are dealing with the unique challenges presented by our wonderful, but very old, building. A renovated school, the space has required many updates over the years, everything from new lights so that we can better showcase the art hanging in our gallery space and focus lights on models during figure drawing, to capital purchases such as new heating/air conditioning systems and vans to transport youth to CHAW after school, to black box theatre updates so that actors and theatre companies are safe and have more modern technology to present their professional productions.

How did we accomplish these updates? CHAW has been the recipient of DCCAH grants totaling \$112,178 in 2014 and \$70,229 in 2015. DCCAH funding plays a major part in CHAW's financial structure by providing programming, operations, and cultural facilities grants. These grants are crucial for arts organizations like CHAW to sustain and improve their programming, operations, and facilities while making it possible to plan sustainably and responsibly for the future. That DCCAH offers funding for general operations is of enormous significance, since many funders do not. This is why we are here today to ask you to continue to fund DCCAH at the mayor's proposed level of \$16,880,000.

CHAW prides itself on paying every single teaching artist who is a part of our faculty; we currently employ 40-50 part-time artists annually at a

Building Community Through the Arts



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cost of \$300,000. CHAW's total annual budget for administrative staff is \$400,000. These artists and staff members largely live and work in the District, spend money here, and want to be employed here to take part in the exciting cultural nexus that is our city. At CHAW, we are committed to providing a fair salary for our teaching artists and staff, including DC unemployment taxes totaling \$10,000 annually. We are equally dedicated to maintaining a building that is conducive to producing excellent art and sustaining an atmosphere that encourages innovation and impact. Without DCCAH funding, we would struggle—not only to pay these artists the living wage we want to provide, but also to maintain a building that is incredibly challenging. Without DCCAH funding, we would simply have to cut staffing, including teaching artists, from our organization. These consequences are real, they are direct, and they stem from the importance of DCCAH funding. DCCAH funding means that we can continue to be a place that supports artists and supports the DC community both artistically and financially.

CHAW has always been deeply rooted within its community, and DCCAH funding has allowed us to continue to grow and adapt to its changing needs—and the needs of artists who want to teach, want to live here, and want to enrich the lives of children and adults who live in this city—our city. Please do not underestimate the importance of these workers, of our business, of the deep economic benefits that stem from arts organizations in the city. When the arts are nourished, we all flourish, and DCCAH is the backbone of arts funding. We at CHAW are firmly in favor of maintaining the full budget for DCCAH—for our children, our adults, our artists, our community. We are also in favor of growing the DCCAH budget responsibly over time so that our city's arts organization and artists can thrive and create.

Please continue to fund DCCAH at the highest possible level. This will support DCCAH and its work in bringing fundamental support to the arts community. And both the arts organizations AND city residents will thank you for this wise decision.

Thank you for your time, and I am happy to answer any questions.

Building Community Through the Arts

**Testimony of
David Suls, Director of Planning & Economic Development
Golden Triangle Business Improvement District**

**Before the Committee on Finance and Revenue
Budget Oversight Hearing
April 29, 2015**

Good morning Councilmember Evans and members of the Committee. My name is David Suls, and I am the Director of Planning & Economic Development at the Golden Triangle Business Improvement District. Thank you for the opportunity to testify today.

By way of background, the BID was established by DC Code to create an enhanced environment that retains and attracts businesses. The BID provides cleaning, hospitality, and safety services to 43 blocks of the city's central business district. In addition to that, the BID develops capital projects for the city's public space including the parks, sidewalks, streets and medians. These projects create the more comfortable, more interesting, and more beautiful spaces that increase the quality of life in the District and attract businesses within growth sectors such as the creative economy.

Public art is a critical element of improving our neighborhood, and the Commission on the Arts and Humanities has supported the BID with technical expertise and funding on a number of projects over the past eight years. We have been able to leverage the DCCAH funding with a matching budget from the BID to develop some great installations of which we should all be proud.

We are currently partnering with the Commission with a matching-funds project that is transforming two parks along Pennsylvania Avenue between 18th and 21st Streets with sustainable LED light art and a beautiful fountain. Prior to this we completed with the assistance of the Commission "Golden Lights," a light art display along four blocks of Connecticut Avenue that subtly changes color and tempo over the evening and through the seasons.

The partnership between DCCAH and the BID has yielded two other notable art projects: "Pulse," outside Farragut North Metro and "Connect" outside Farragut West. These two projects light the path for people entering these two traveled Metro stations and "bookend" the popular Farragut Square Park.

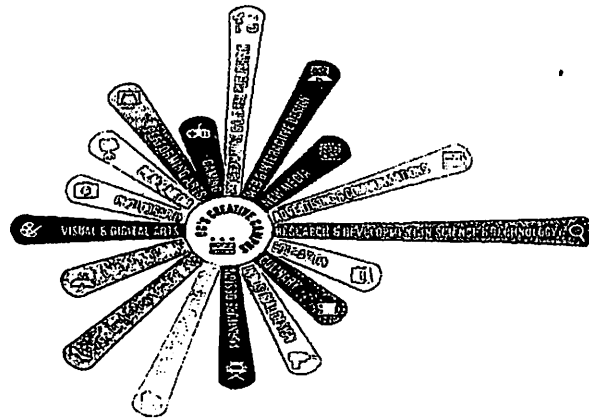
Public art is not a luxury, nor is it expendable – it is a vital part of our city's fabric. It defines a sense of place, it is an effective tool for economic development, and it improves the quality of life for residents, workers, and visitors alike. The BID wrote its own Strategic Art Plan to guide the development of public art, its effectiveness and extensiveness, for the tens of thousands of people who spend time in the Golden Triangle each day. It is essential that -- as the city grows and changes -- established areas such as

the Golden Triangle integrate public art to meet the increased demand for the inspiring and vibrant places that people choose to live and work.

The Golden Triangle BID takes great pride in the role we play in creating an environment that retains and attracts business in the nation's capital. The BID works hard to enhance the public space and we have found the DCCAH staff to be efficient, effective and passionate about this common goal.

Again, thank you for the opportunity to testify today.

Creative Economy in DC



Creativity Is The New Economy – The Fast Facts:

The Creative Economy:

"Businesses and organizations in which creative content is central to both the cultural and economic values of what they produce. These include businesses, individuals, and organizations involved in all stages of the creative process-conception, production and initial presentation of the product."

Definition for the creative economy from the DMPED Strategy report...

The Creative Economy:

"The Creative Economy is generally described as economic activity that leverages creativity, innovation and knowledge to drive growth. In a Creative Economy, organizations are agile, continually offering new value to customers through innovations in products and delivery methods."

The Ask: (Can send full proposal if interested and legislation from other jurisdictions)

1. Arts and Entertainment District designation (MD has 22 Arts & Entertainment Districts- i.e. Station North in Baltimore, MD)
2. Creative/Entertainment Campus- IdeaPlex DC
3. Creative/Artist- Design Housing
4. Tax Abatement for creative public- private partnerships. Starting at \$100,000 or 10 % of investment for 5 to 10 years annually. Business Privilege incentive to jump start corporate and international investments



Arts Action DC speaks for the creative economy sector that makes Washington D.C. vibrant and full of culture: theater, dance, visual art, written and spoken word, music, fashion, film, and festivals. We commit our individual voices to form a coalition that will establish a comprehensive, intelligent, and progressive strategy that collectively demands sustainable full-funding and the integration of the arts and creative economy as a vital element in the creation of an economic development and cultural uprising plan for the District of Columbia.

The nation's capital is one of the most intellectually vibrant cities in the world and features world-class cultural organizations, active neighborhood centers and a growing creative economy. **The cities that will grow and prosper in the next decade are those that value, teach, nurture, and attract creative talent.** People of talent more and more want to stay or are drawn to live in those cities where talent is honored, where the quality of life excels and where there is a growing recognition of a creative environment. For D.C. to become a truly world class city, it must plan now to create, enhance and sustain a thriving artistic and creative ecosystem.

To support this vision, we propose the following near-term actions:

1. **Appoint an Arts "Czar" (Chief Creative Officer),** a cabinet level position to oversee arts, cultural and creative economy initiatives. This position also would facilitate coordination between City agencies to integrate arts, arts education, public art, space access, festival permitting, and licensing for creatives and creative organizations.
2. **Implement the "Dedicated funding for the Commission on Arts and Humanities Amendment Act of 2013"** which will provide direct revenues of approximately **\$22 million as base funding** for City support of artists and non-profit arts organizations. This money will provide a stable base of economic support to sustain and grow DC's creative economy. Mayor Bowser voiced support for dedicating funding during the campaign.
3. **Rededicate 1% of the City capital budget** to capital public arts projects (**about \$5 million annually** restricted to public art projects). Legislation exists. It just needs to be followed.
4. **Initiate a comprehensive, community-wide cultural plan for the District of Columbia.** The cultural planning process assesses the current community culture and creates an implementation plan to achieve a community's vision. Cultural plans act as mirrors for a community—they are, ideally, a reflection of the community's culture that they serve. **Cultural planners are increasingly considering the role of culture in resolving broader community issues.** The most successful cultural plans address the needs and desires of the community throughout the planning process, from the initial stages to the implementation of cultural programming and development. Two foundations to date have indicated willingness to join City support for cultural planning.

Courtney Snowden
DC-825



Investing in Our Neighborhoods Strengthens DC's Creative Economy

The Proposed FY16 budget recognizes the need for neighborhood sustainability by committing funding for the Commission on Fashion Arts & Events.

Government of the District of Columbia Commission on Fashion Arts & Events (CFAE)

Overview of Mission, Goals, and Purpose

a 22 Board & Commissioner
under DMPED in the Economic
Dev. Cluster

Commission Chair: Christine Brooks-Cropper-External Affairs and Budget/Finance

Commissioners: Janice Rankins- Fashion Education, Alida Sanchez- Vice Chair/ Retail/ Incubators, Michelle Shableski- Secretary/Marketing/PR/Events/Fundraising, Mariessa Terrell- Marketing/PR/Events/Fundraising, Marcus Williams-Treasurer/Marketing/PR/Events/Fundraising, 2 Vacant Commissioners

Our Mission: The Commission on Fashion Arts and Events is organized for the purpose of promoting the fashion and beauty industry as a viable economic resource in the Nation's Capital. Commissioners provide recommendations and advise the local government on initiatives that support the cultivation and growth of the industry.

Our Vision: To develop a group of fashion and beauty leaders who can support the development of the creative economy and position Washington, DC as a competitive market for the fashion and beauty industry.

Our Goal: CFAE will position Washington, DC as an emerging market for the fashion and beauty industry through effective stakeholder engagements, strong partnerships and steady economic vitality. CFAE to date has facilitated a strategic plan and conducted outreach and presented Proclamations to fashion and social policy initiatives in the community. Red Pump Day- use of fashion to bring awareness to HIV.

Our Objectives:

- Engage and educate the fashion community on the benefits, opportunities, and talent in the DC market
- Assist with business growth as a means of growing the larger DC fashion industry
- Get government support and backing for the CFAE mission and vision
- Enlighten stakeholders on the growing fashion and beauty industry, the various professional components, and the impact it has on economic development and arts education

Our Strategies: The strategies are to increase the presence and appreciation of fashion in Washington, DC and to provide places and spaces for designers and unique fashion retailers to live, create, and sell. Through programs in the areas of a fashion incubator, fashion corridor (streetscape program which can be Center City- designate and brand as the Fashion District), marketing and promotions through special events and publications, economic development, and community service, efforts are aimed at promoting the city's unique fashion retailers and independent fashion design talent and ensuring DC's position as a consumer friendly fashion destination to include:

- Attract retail businesses to open up fashion and beauty businesses- retail recruitment
- Marketing tool that can be used to advertise DC as a city in touch with commercial needs of its residents and will therefore attract new businesses to the District
- Fashion and Beauty events national and international markets
- School-aged children initiatives- Career Technical Skills to implement a school-based program in the areas of fashion design, merchandising and hair and make-up
 - Create scholarships for youth
 - Internships to pursue careers in Fashion and Beauty
- Recommendations on fashion retail development projects throughout the City/Fashion Retail Corridor (centralized shopping destination featuring local, national and international fashion designers and boutiques- Center City project. Retail Committee to make recommendations on other retail project with DMPED and WDCEP and create an Emerging Designers or DC Designer Co-Op or Pop-up at Center City or the vacant retail spaces at the Convention Center or other major retail development project i.e. The Wharf, Golden Triangle, Walter Reed, St. Elizabeth, Skyland, Buzzard Point etc.
- Create partnerships between the fashion and economic development community collaborate closely with DHCD, DSLBD, DMPED, MPTD, Arts Commission and each other to amplify every dollar to support small business in DC
- Public-Private tax abatement or incentive of \$100,000 for fashion incubators created for 5-10 years to encourage corporate and international investments.

Check our Website at: <http://dmped.dc.gov/page/supporting-arts>

Budget Request of DMPED is vital for Commission on Fashion Arts and Events (CFAE) to supporting start-ups, expansion and improvement of creative small businesses in the District. There were 7,500 creative enterprises in the District in 2011, according to the U.S. Census Bureau's County Business Pattern 2011 survey. The largest number of establishments was in Culinary Arts, followed by Professional Services which fashion fall under then Information & Technology which Motion Picture and Music fall under. The trends currently are digital media that MPTD can capitalize on and the Start-up Culture which is exploding in United States and Internationally a new era in business development. The Creative Economy Strategy published in 2014 by DMPED stated, "Start-ups are in fashion because they create a path to business opportunity and economic independence. Once a refuge for a few individuals seeking opportunity during challenging economic periods, the ranks of entrepreneurs are now leaving steady jobs to start businesses." Millennials are also driving the growing rates of the creative class which currently makes up 35% of the District's population. Grant recipients can start to provide individual creative entrepreneurs with business planning, micro-loan packaging for artist

and creative businesses, entrepreneurial assistance, and legal assistance for business attraction, business retention, and collective business support activities including the formation of business alliances, business corridor promotion, mass marketing, volume discount efforts, and collective space management. Currently, the only creative small business technical assistance provider is the DC Fashion Foundation through the Neighborhood Based Activities (Code: 3010) of the Department of Housing & Community Development but more programs need to exist in DC's Economic Development agencies to serve the growing businesses that are popping up in the creative space.

DC Council and Mayor Bowser have emphasized the key role of small businesses in our economy and this applies to the creative economy small businesses.

Designate \$200,000 in the FY2016 budget for Commission on Fashion Arts and Events (CFAE) in line items of DMPED budget (Code: 2020, 2030 and 4020) for community outreach, economic development financing for start-up businesses and creative maker space and business development and disposition activity for the citywide fashion initiatives. This is necessary for the mandate (See attachment A & B) and CFAE have an account with CFO to have control of the budget not General Fund for operation and events.

The funds requested will be used for advertising and marketing at \$100,000 to include TV, radio and print to get the global and national message out to Shop in DC and that we are a competitive market place when it comes to retail to drive tourist to shop at Center City and Georgetown to end retail leakage and \$100,000 for fashion incubators to continue to grow the design industry to create jobs and small businesses in the emerging commercial corridors of Washington, DC like H Street NE and Anacostia Gateway.

Suggested Committee Inquiry - Arts Commission

1 message

Ronald Dixon <RDixon@dixongroup.com>

Tue, Apr 28, 2015 at 9:49 PM

To: "Evans, Jack (COUNCIL)" <JACKEVANS@dccouncil.us>

Cc: "rwerter@dccouncil.us" <rwerter@dccouncil.us>, "sgrant@dccouncil.us" <sgrant@dccouncil.us>, "esilverman@dccouncil.us" <esilverman@dccouncil.us>, "aweisbald@dccouncil.us" <aweisbald@dccouncil.us>, "krichards@dccouncil.us" <krichards@dccouncil.us>, "dgrosso@dccouncil.us" <dgrosso@dccouncil.us>, "Robinson, Anne (Council)" <aarobinson@dccouncil.us>, "Calhoun, Dionne (Council)" <DCalhoun@dccouncil.us>, "McDuffie, Kenyan (Council)" <kmcduffie@dccouncil.us>, "Mobley, Levonna (Council)" <JMobley@dccouncil.us>, "tmeah@dccouncil.us" <tmeah@dccouncil.us>, "Dougherty, Laisha (Council)" <LDougherty@dccouncil.us>, "vorange@dccouncil.us" <vorange@dccouncil.us>, james brown <jbrown@dccouncil.us>, "Webster, Elizabeth (Council)" <EWebster@dccouncil.us>, "Geraldo, Manuel (Council)" <mgeraldo@dccouncil.us>, Christine Brooks-Cropper <christinebc@dcfashionfoundation.org>

Chairman Evans, I just learned that the hearing for the Arts Commission is scheduled for tomorrow. I want to suggest that the Committee seek the views of the Commission on the criteria and strategy used to fund arts and creative (innovative) applications. My concern is around the continued funding pattern of the Commission. Over the past few years I've heard complaints from many creatives who are on the professional services side of the Creative Economy and they all say the same thing; that the Commission only provide financial support to the traditional non-profit performing and fine arts community. I now have firsthand experience with being rejected by the Commission for proposing a program aimed at advancing the creative economy.

Leveraging our 'edutainment' platform, we (Communitar and Studio202DC) proposed an interactive (arts education) lecture series to inspire, empower, encourage, and prepare creatives in the Arts and Creative Technologies (ACT) that are transforming the creative industries. Never before have visionary thinkers, master teachers, technology gurus, thought leaders and creative professionals been brought together (in person and online) in DC to engage in meaningful dialogue and to explore how electronics and creative technologies are driving seismic changes in art, design, media, entertainment, and every other sector of the creative economy.

As expected our proposal was rejected by the Commission. To validate our concept we self-funded one of the proposed events on 4/18 @ the historic Howard Theatre where we attracted more than 550+ audio professionals. At this event more than \$30,000 in scholarships and prizes were given away along with (4) FULL home audio recording studios.

After reading the 3/6 testimony of the new Commissioner Chair Kay Kendall, I honestly thought the Commission was in a place of transition and working towards developing a more collaborative approach to embracing the creative economy.

Table 1. Industries in arts cluster.

NAICS code	Industry
453920	Art dealers
512110	Motion picture and video production
512191	Teleproduction and other postproduction services
512199	Other motion picture and video industries
512210	Record production
512220	Integrated record production/distribution
512230	Music publishers
512240	Sound recording studios
541310	Architectural services
541320	Landscape architectural services
541410	Interior design services
541420	Industrial design services
541430	Graphic design services
541490	Other specialized design services
541922	Commercial photography
611610	Fine arts schools
711110	Theater companies and dinner theaters
711120	Dance companies
711130	Musical groups and artists
711190	Other performing arts companies
711510	Independent artists, writers, and performers
712110	Museums

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- What their plan is for the Commission coming into the 21 Century and embracing and funding other sectors of the arts cluster.
- Of the Innovate Grant Awards made, what was the number of awards made to non-performing and fine art organizations?
- Does the Commission have any plans to create an allocation for grant funding that is reflective of the

The bottom line is that either the arts commission needs to change its funding behavior or new streams of monies need to be made available so we can resource and empower other sectors of the creative economy.

Thanks in advance for your time. I'm reachable anytime @ 202-528-7920.

Ronald Dixon, CMP

Creative Director

@Studio202DC

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District of Columbia Committee on Finance & Revenue
Fiscal Year 2016 Budget Oversight Hearing
April 29, 2015

Good morning Chairman Evans and Council Members on the Finance & Revenue Committee. My name is Michael L. Benjamin, 1916 Spruce Dr. NW and a long time resident of Ward 4. I am here to speak on behalf of the Office of Partnerships and Grant Services. I am also the Treasurer of the Board of Directors of Hillcrest Children & Family Center, a behavioral health organization serving the residents of the District of Columbia that was started by Dolley Madison and that will be celebrating our 200th anniversary on October 15, 2015.

As a volunteer in the Office of Partnerships and Grant Services, there are three significant functions that I would like to summarize and highlight for the Committee with regard to the roles and responsibilities of the office: Its ability to identify and utilize key resources in the District; identify and disseminate important funding and resource information to District governmental agencies and nonprofit organizations; and conduct training sessions that improve programmatic outcomes for District agencies and nonprofit organizations

I have been volunteering in OPGS with the functional title of Collaboration Manager since August 4, 2014 serving about 20 hours per week. In that capacity, my first project was to identify and secure the speakers for the plenary session entitled **"Developing Public/Private Investments in our Boys and Young Men of Color"** for the Mayor's 14th Annual Public Private Partnership Conference on September 8, 2014. This session addressed the District of Columbia's strategy in implementing President Barack Obama's My Brother's Keeper Initiative – which in the District has morphed into the DC Public Schools' Empowering Males of Color Initiative. What I saw in convening and moderating this session was the drawing power of OPGS to identify key resources that were addressing issues of concern within the District. For example, we were able to secure the following speakers for that session:

Leon Andrews – National League of Cities
Bomani Johnson - DC Children & Youth Investment Trust
Lori Kaplan - Latin American Youth Center
George Garrow - Concerned Black Men National
Michael Smith - White House

With regard to disseminating important funding and resource information, the weekly **Funding Alert** goes out to 8,856 individuals every Monday morning! The **Funding Alert** is an electronic bulletin produced by the OPGS (Ms. Pat Henry) that highlights competitive grant opportunities and related resource announcements for eligible community, faith-based, and 501 (c) (3) nonprofits organizations, as well as District government agencies. The grant funding announcements generally come from District, federal, and foundation grant making entities. The Funding Alert provides information about the Grant Information Resource Center (GIRC) and District Grants Clearinghouse. The bulletin also has a link to the

District Office of Contracting and Procurement (OCP)'s solicitation opportunities. As the Treasurer of Hillcrest, this service is truly useful in indentifying key funding opportunities. I call it OPGS's **One Stop Shop!**

Lastly, OPGS provides high level training sessions to nonprofit organizations and District agencies. The most recent training was the **Doing Business with District Government Agencies**. On April 21, 2015, OPGS provided a forum comprised of DC Government agencies to discuss their existing and future funding opportunities for 2015. The panels discussed what they look for in their review of proposals and the key elements after receiving the grant awards that speak to the potential for renewal or reapplying for future funding. The forum was held at the Charles Sumner School Museum and Archives. The following agencies participated; Child and Family Services Agency, DC Commission on Arts and Humanities, Department of the Environment, Department of Parks and Recreation, Department of Health, Office of Victim Services/Justice Grants Administration, Office of the State Superintendent of Education, Department of Small Local Business Development and the Office of Contracting and Procurement. I moderated one of the panels and found the information extremely valuable and timely.

As a governmental unit that has a very small staff, this office under the leadership of Mr. Lafayette Barnes is providing an extremely valuable service not only to District nonprofit organizations but also to its sister District agencies.

Mr. Chairman, thank you for allowing me to testify on behalf of the Office of Partnerships and Grant Services. I enthusiastically recommend that the Committee support the Office of Partnerships and Grant Services since without a doubt the OPGS provides a much needed and exceedingly valuable service and resource for District agencies and organizations.

Michael L. Benjamin
1916 Spruce drive NW
Washington, DC 20012
202/722-1817; mbenjamin02@gmail.com

Testimony of
Rachel Grossman, Ring Leader
Dog & Pony DC
Wednesday April 29, 2015

Good morning. Thank you for this opportunity to speak in support of the work being carried out by the DC Commission on the Arts & Humanities. My name is Rachel Grossman and I am the Ring Leader for Organizational Advancement of Dog & Pony DC. I am also a Ward 4 resident. Dog & Pony DC just received a second Major Grant from the Humanities Council of Washington, DC, which is funded in-part by the DC Commission on the Arts & Humanities.

Dog & Pony DC is an ensemble-based devised theatre company—meaning we create and produce shows as a collective. Dog & Pony DC's work is guided by our principle of "audience integration"—the intentional interweaving of the audience into the narrative or experiential arc of shows. Meaning: our performances are highly participatory and interactive. Our newest show, which is called *Squares*, is an exploration of systems of privilege and coded language in the context of playground games. The creation of the show and the performances of it involve DC audiences in intimate conversations about identity, inclusion, equity, and access. With *Squares*, we wanted to leverage the "privilege" we have as artists to create forums for intercultural conversation about our changing city.

In 2011, according to every news outlet, "Chocolate City" was "Vanilla-ing": Washington, DC's black population slipped below 50% for the first time since the city's formation. Across the city condo complexes pop-up almost overnight, instantly transforming blocks, neighborhoods, and then communities. Their marketing campaigns highlight the benefits of owning urban property—commodifying multicultural living—yet price-points draw a line as to who can afford to live there. Last year DC had the ninth-largest rent hike in the country, and over the last decade the cost of purchasing a single family home in some neighborhoods increased nearly 300%. Our city wrestles with the effects of gentrification as it continues to sharply segregate communities, and no performing artists seek to address this head on.

It's integral that these conversations happen with the people who also happen to be both the District's fastest newest residents and **Dog & Pony DC's typical audience member**: younger, socially networked, non-traditional theatre going members of the Millennial generation.

The Humanities Council funded the final public devising stage and premiere run of *Squares*, and a contiguous "confronting privilege" dialogue series.

The funding that the DC Commission on the Arts & Humanities provides to the Humanities Council allows organizations like Dog & Pony DC to openly examine and wrestle with issues critical to the future of District residents through art and playfulness rather than didacticism.

Dog & Pony DC is a District-based company and, from our first show, we've been dedicated to creating and premiering our work in DC. We exclusively employ local artists, scholars, and experts—60% of whom are District residents. 30% of our general audience self-identify as DC residents.

We live in a time, a culture, and a city that significantly lacks intercultural communication, collaboration, and understanding. There is an amazing range of arts experiences here in DC that draw members of some different communities but do not unite us, engage us, provide us public, communal forums for deeper conversation.

But this is precisely what **Humanities Council supported programming** does: **connects people. It connects people in the most high impact way—through learning.**

Humanities Council funding is vital, to Dog & Pony DC and to me personally, because it allows diverse groups to share common experiences, broaden their perspectives, grow their understanding of the world, their place in it, and our relationship (our responsibility) to one another. It allows us to safely, and excitedly, challenge ourselves to question, learn, and grow. It encourages us to do that together, and live in person.

This inquiry, this discourse makes us a stronger “ensemble” of District residents. Of citizens. An exemplar of democracy. (Appropriate for our nation’s capital, no?)

And on a totally personal note: my husband and I are 16-year District residents, 12-year homeowners. We are both working artists and our life here is made possible by the DC Commission on the Arts & Humanities and the Humanities Council of Washington, DC.

I wholeheartedly support the DC Commission on the Arts & Humanities’ efforts, and their support for the Humanities Council.

In closing, I would like to invite you to engage in the programs that the Humanities Council and the DC Commission provide to our community.

Thank you.

Office of Finance and Revenue

Fiscal Year 2016 Budget Oversight Hearing

Written Testimony of Rachel Aronson, Resource Generation DC Chapter

Dear Committee Members,

My name is Rachel Aronson, and I am a DC resident and member of Resource Generation (RG). RG is a national network of young people with wealth and class privilege who organize for a more equitable distribution of land, wealth, and power. As a young person with class privilege, I am submitting written testimony to support progressive taxation policies to adequately fund human services across the city, and these funds should come from those who can afford to pay.

I only recently moved to Washington, DC, but in my short time here I have already witnessed the vibrancy and diversity in the city. My neighbors in the Columbia Heights street where I live are parents with young children, older people who have lived in their houses for decades, and young people, like myself, pursuing an education and careers. My neighbors deeply care about this street; I often witness or join in with those picking up litter from the street, replacing trash cans, helping others with groceries or heavy packages. This neighborhood is warm, and it is unique. I want it to stay that way.

The major threat to this neighborhood is skyrocketing rent prices and housing costs. Income inequality is increasing as homelessness and a shortage of affordable housing becomes a crisis. DC is becoming unlivable for many of the people who have called the city home for decades. More and more high income earners are moving to the city, but the benefits of that additional wealth is not being shared by all. A progressive taxation system would help mend the income inequality gap.

I am a young person whose class privilege afforded me a college degree without any student debt. In the next decade or so, I hope to go on to a variety of jobs that will pay me enough to continue living in the District. And I hope that the city becomes one that I am proud to live in; diverse, accessible, and invested in all of its citizens. The Mayor and the Council made investments in the housing and homelessness crisis, but unfortunately these investments are not adequate to make the city affordable for all. We need increased investments in housing and homelessness services funded through a progressive taxation system. **As a young person with class privilege, I strongly urge the Council to increase taxes on wealthy DC residents, including the estate tax, top income brackets, and other similar measures, to fund housing and human services. Those people, like me, who can afford to pay more should do so to contribute to DC's future.**

I appreciate the Council's work in this area before and will continue to support any movement towards a progressive taxation system. As you consider implementing progressive taxation, know that I, and the rest of Resource Generation's members, young people with wealth and class privilege, are prepared to pay more to invest in the future of our communities.

Sincerely,

Rachel Aronson



**Testimony of
Jack Requa
Interim General Manager
And Chief Executive Officer
Washington Metropolitan Area Transit Authority**

**FY 2016 Budget Oversight Hearing
Of
Washington Metropolitan Area Transit Authority**

**Before the
Committee on Finance and Revenue
Council of the District of Columbia**

The Honorable Jack Evans, Chairman

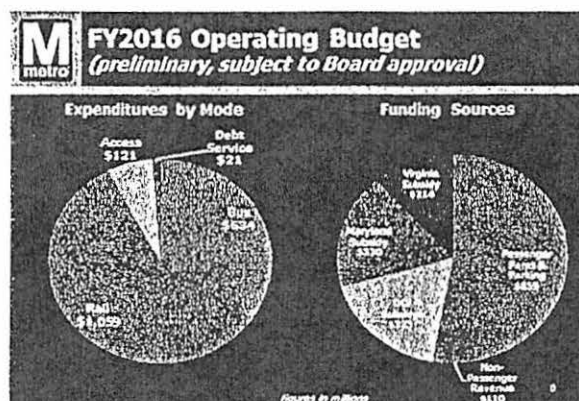
**Wednesday, April 29, 2015, 10:00am
John A Wilson Building
Washington, DC**

Good Morning Chairman Evans and members of the Committee on Finance and Revenue. I am Jack Requa, Interim General Manager and CEO of the Washington Metropolitan Area Transit Authority (WMATA), commonly referred to as Metro. I appreciate the opportunity to appear before you to provide a brief overview of Metro's proposed Fiscal Year 2016 budget. Seated with me is Blair Fishburn, Metro's Deputy Chief Financial Officer.

I want to thank you and the Council for your continued support of Metro. The District of Columbia has been a leader in supporting Metro's financial needs in support of a safe and reliable ride for our customers.

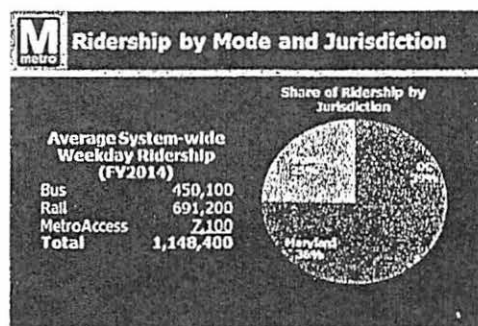
OPERATING BUDGET

Before providing an overview of WMATA's proposed Fiscal Year 2016 budget, I'd like to take a minute to explain Metro's operating budget and where we get the revenue to keep our trains, buses and paratransit service running every day. The fares paid by Metro riders cover just over half the cost of operating the system. As illustrated by the following chart, Metro receives some additional funding for operations from advertising, joint development and other sources; the remainder comes from the District of Columbia and our other supporting state and local governments.



The proposed operating budget for Fiscal Year 2016 is approximately \$1.8 billion, an increase of less than four percent over the previous year. The proposed budget allocates resources specifically to continuing the ongoing process of financial reform, safety-critical and customer care initiatives.

As you know, Mr. Chairman, in response to feedback from customers, Metro's Board of Directors made the decision earlier in the budget process to forego any fare increases or service reductions as part of this year's budget.



While Metrobus ridership is up, and additional revenue is coming in from other sources, declining Metrorail ridership presents a challenge for the proposed FY16 budget. The decline in Metrorail ridership is the result of many factors, including a change in federal tax policy that is making driving to work and parking more affordable than riding transit for some of our customers.

In order to balance the budget without fare hikes or service reductions, Metro has cut costs and the local governments in DC, Maryland and Virginia have pledged to provide the additional funding needed. We are also considering a few smaller changes that we have brought to the public for their feedback since December, including:

- Increasing the daily parking fee at Minnesota Avenue from \$3.60 to \$4.60, which will bring the parking fee at the station to parity with the other Metro parking facilities in the District, and also extending the weekday hours of collection by one hour in both the morning and evening at all

Metro parking facilities. These actions will generate approximately \$500,000 in additional revenue.

To tighten the budget further, management has identified over \$10 million in administrative cost saving actions, including the elimination of 50 non-safety sensitive positions; reductions in consultant services and travel; reductions in materials and supplies, including printing and subscriptions; and opportunities for lower fuel and propulsion usage. Metro is also deferring (but not eliminating) investments in bus Priority Corridor Networks and State of Good Operations (PCN/SOGO), as well as expansion of bus vehicle and rail station cleanliness efforts.

Financial Reform

Among the top priorities of the FY2016 budget is the continuation of our financial reform efforts. WMATA now has a strong, experienced financial management team in place led by a new Chief Financial Officer, Deputy Chief Financial Officer, Treasurer, and Comptroller. The investments in 2016 will bring continuous improvement in controls and compliance for WMATA. To ensure that the organization complies with the new financial management controls, processes and procedures, a new Internal Control and Compliance office has been established. Accordingly, this office has initiated Financial Management Oversight (FMO) Corrective Action Plan (CAP) self-assessment reviews in the areas of budget controls, cash and grants management, federal financial reporting and procurement and job order contracts. The office work plan includes a total of 18 scheduled reviews through June 30, 2015.

Mr. Chairman, I also want to update you on WMATA's overall financial status and the status of WMATA's Corrective Action Plan (CAP) responses to the Federal Transit Administration's (FTA) Financial

Management Oversight (FMO). Several notable actions have occurred that impact WMATA's overall financial status:

- WMATA's FFY2014 PRIIA grant application for \$148.5 million was awarded by the Federal Transit Administration on April 9th. Since January, we have been awarded PRIIA and formula grants with a total value of \$749 million.
- WMATA committed to address the 65 Corrective Action Plan (CAP) items in response to the FTA's FMO findings and advisory comments. To date, documentation has been submitted for 62 of 65 CAPs. The outstanding CAPs deal with reconciliation and revision of federal grants, which require complex and meticulous work to ensure accuracy – the due date for completing and submitting those CAP's has been extended to June 30, 2015, and WMATA will meet those submission deadlines.

WMATA's financial condition is stable and improving, as we continue to work closely with the Federal Transit Administration to overhaul our grants management program. We have made significant progress over the last six months and federal reimbursements to WMATA have accelerated.

WMATA LIABILITIES FOR PENSIONS AND BENEFITS

Pensions

WMATA has five separate pension plans for its represented and non-represented employees. While WMATA's annual pension expense has grown in recent years, total required pension contributions are projected to decline after FY16 due to negotiated cost sharing with Local 689 and Local 922. Combined, the total actuarial accrued liability for the five plans is \$4.2 billion, with \$1.1 billion currently unfunded.

Other Post-Employment Benefits (OPEB)

WMATA's annual Other Post-Employment Benefits (OPEB) expenses and outstanding liabilities reflect costs for retiree medical, prescription drugs, and life insurance. WMATA is obligated to provide these benefits to non-represented, Fraternal Order of Police (FOP) and L689 retirees as well as other represented retirees hired on or before January 2010 and January 2012.

Only Local 922's collective bargaining agreement requires, WMATA to make fixed pay-as-you-go contributions to its Employer Health Trust.

In FY14, WMATA's Board adopted a strategy to pre-fund OPEB expenses over time through an irrevocable trust. The Board's original goal established a 10-year funding commitment starting with \$5 million the first year, with an additional \$5 million each succeeding year for 10 years. In FY15, WMATA created the irrevocable trust for OPEB with an initial deposit of \$4 million. The FY16 proposed budget includes \$11 million for OPEB (\$1 million of which represents a "make-up" contribution for the first year shortfall).

Safety

Let me now turn to Safety. As you know, safety continues to be Metro's number one priority, both for our customers and own employees. Over the last four years, to date, Metro has closed 25 National Transportation Safety Board (NTSB) recommendations. We are now actively working on seven, including three recent recommendations issued immediately following the Yellow line incident in January.

With respect to that incident, as the NTSB continues its review, we are not waiting to take action. Metro has identified and begun to implement 14 early safety actions such as the installation of new signage on

the outside of railcars to identify emergency doors and releases for first responders; giving independent authority to train operators to operate the air intake system; and creating an enhanced schedule for full-scale emergency drills.

As you know, last week we announced the most recent four actions that we are taking:

- Initiating a multiyear maintenance program to replace or rehabilitate all 88,044 lights in Metro tunnels beginning next month;
- Creating a dedicated maintenance crew to continuously clear tunnel passage ways of debris, equipment or other potential obstructions across Metro's 100 miles of tunnel segments
- Beginning this summer, review protocols of the alarms in the Rail Operations Control Center (ROCC) with the goal of separating critical alarms from non-critical notifications; and
- Establishing a quality audit process for ventilation system testing to ensure compliance with established maintenance and testing practices.

The NTSB issued three early recommendations to Metro and the entire industry, concerning training and inspection of tunnel ventilation systems. In line with those recommendations, Metro has already conducted a thorough test of our subway tunnel ventilation system and provided familiarization training for all 39 controllers at our Rail Operations Control Center. We are now in the process of developing additional protocols and training associated with the use of tunnel fans that are responsive to the NTSB recommendations.

In FY2016, we will continue to work on closing the remaining five NTSB recommendations, notably the replacement of the 1000 series cars. The first 7000 series train debuted April 14 on the Blue Line, and as more cars come on board we'll begin to retire the oldest railcars.

Implementation of wayside worker warning will also be prioritized, which will provide another level of protection for employees inspecting and maintaining the right-of-way. As part of the broader Fatigue Risk Management initiative, Metro will manage employee fatigue through compliance with the new Hours of Service Policy. Compliance with the new policy has already improved as a result of changes to scheduling practices and hiring in key areas. The FY2016 budget contemplates targeted additional positions for Track and Structures (TRST) to further improve compliance.

CAPITAL BUDGET

Just as we tightened up our operating budget, we have spent time developing a capital budget that is a realistic investment plan that continues our state of good repair rebuilding program, safety improvements including the critical radio project, and provides for the initial funding needed for the proposed 8 car train service.

This investment plan will also help us address safety recommendations from the National Transportation Safety Board, including the replacement of track circuits, power cables and train control software system.

Also responsive to the NTSB recommendation of replacing our 1000 series cars, Metro has ordered 528 of the new railcars, enough to replace all 1000- and 4000-series cars and expand the size of the Metro fleet by 128 cars to support the Silver Line. We are currently working with jurisdictions and the FTA to determine the best and highest use of an additional 220 new rail cars and the funding for the traction power that will be needed to support those cars.

Our capital plan also includes the replacement of buses and MetroAccess vehicles, and rehabilitation of our rail yards and bus facilities. In our stations, customers will see major improvements at 12 Metrorail stations and enhancements at another 12 stations in the next Fiscal Year. We are planning to replace 14 escalators, and repair another 37 escalators and 12 elevators to "like new" condition. In the District, we are replacing escalators at Woodley Park, Georgia Avenue-Petworth, Columbia Heights, Mt. Vernon Square, Van Ness, Deanwood and Brookland. We are also rehabilitating elevators at seven stations in the District.

The capital program is funded through investments from the federal government, state and local governments, and other sources. In support of the FY16 budget we will be submitting our federal grant applications authorized under the Moving Ahead for Progress in the 21st Century Act (or MAT-21), the current federal surface transportation funding bill, as well as the Passenger Rail Investment and Improvement Act, or PRIIA.

Again, I want to thank you for the opportunity to be here today and for your ongoing support of Metro. I would be pleased to answer your questions.

TESTIMONY OF DANIEL W. LUCAS, INSPECTOR GENERAL

**BEFORE THE
COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE ON FINANCE AND REVENUE**

FISCAL YEAR 2016 BUDGET REVIEW

APRIL 29, 2015

GOOD MORNING CHAIRMAN EVANS AND MEMBERS OF THE COMMITTEE. I AM DANIEL W. LUCAS, INSPECTOR GENERAL FOR THE DISTRICT OF COLUMBIA. I AM PLEASED TO TESTIFY TODAY CONCERNING THE PROPOSED FISCAL YEAR (FY) 2016 BUDGET REQUEST FOR THE OFFICE OF THE INSPECTOR GENERAL (OIG). WITH ME TODAY TO ASSIST IN THE PRESENTATION ARE MS. BLANCHE BRUCE, DEPUTY INSPECTOR GENERAL; MS. MARIE HART, CHIEF OF STAFF; AND MS. RANEE PHILLIPS, AGENCY FISCAL OFFICER.

AGENCY MISSION

THE MISSION OF THE OFFICE OF THE INSPECTOR GENERAL IS TO CONDUCT INDEPENDENT AUDITS, INVESTIGATIONS, AND INSPECTIONS, IN ORDER TO DETECT AND PREVENT CORRUPTION, FRAUD, WASTE, ABUSE, AND MISMANAGEMENT; AND, TO HELP THE DISTRICT OF COLUMBIA GOVERNMENT IMPROVE ITS PROGRAMS AND OPERATIONS BY PROMOTING ECONOMY, EFFICIENCY, AND EFFECTIVENESS.

BUDGET OVERVIEW

THE OIG'S PROPOSED FY 2016 GROSS BUDGET IS \$17.2 MILLION, WHICH REPRESENTS A 1.7 PERCENT INCREASE OVER ITS FY 2015 APPROVED GROSS BUDGET OF \$16.9 MILLION. THIS 1.7 PERCENT INCREASE IS ATTRIBUTABLE TO THE COST OF LIVING ADJUSTMENTS (COLAS) THAT WERE APPROVED AS PART OF THE DISTRICT'S COMPENSATION AGREEMENT IMPLEMENTED IN FY 2015.

THE GROSS BUDGET AMOUNT OF \$17.2 MILLION IS COMPRISED OF \$14.6 MILLION IN LOCAL FUNDS AND \$2.6 MILLION IN FEDERAL GRANT FUNDS. THE FEDERAL GRANT FUNDS SUPPORT 17 FTEs, OR 75 PERCENT OF THE COSTS ASSOCIATED WITH THE OPERATION OF THE MEDICAID FRAUD CONTROL UNIT (MFCU) WITHIN THE OIG. THE LOCAL BUDGET SUPPORTS 95 FTEs, AS WELL AS THE COST OF CONTRACTING FOR THE AUDIT OF THE DISTRICT'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR).

ALLOCATION OF FUNDS

THE OIG IS A PERFORMANCE-BASED BUDGET AGENCY THAT ALLOCATES FUNDING FOR THREE SPECIFIC PROGRAMS: (1) THE ACCOUNTABILITY, CONTROL, AND COMPLIANCE PROGRAM; (2) THE LAW ENFORCEMENT PROGRAM; AND (3) THE AGENCY MANAGEMENT PROGRAM. I WILL DISCUSS EACH OF THESE PROGRAM BUDGETS IN DETAIL.

- **THE ACCOUNTABILITY, CONTROL, AND COMPLIANCE PROGRAM:**
PROVIDES AUDITS AND INSPECTIONS OF THE DISTRICT GOVERNMENT THAT

FOCUS ON MITIGATING RISKS THAT POSE THE MOST SERIOUS CHALLENGES TO DISTRICT AGENCIES AND OTHER STAKEHOLDERS.

THIS PROGRAM WILL HAVE A FUNDED BUDGET OF \$8.275 MILLION, AN INCREASE OF \$40 THOUSAND OVER ITS FY 2015 APPROVED BUDGET. THE INCREASE OF \$40 THOUSAND IS IN PERSONAL SERVICES TO COVER INCREASES IN COLA.

THIS PROGRAM'S BUDGET SUPPORTS 45 FTES AND FUNDING OF \$3.1 MILLION FOR THE CAFR.

- **THE LAW ENFORCEMENT PROGRAM:** CONDUCTS CRIMINAL AND ADMINISTRATIVE INVESTIGATIONS INTO ALLEGATIONS OF CORRUPTION, WASTE, FRAUD, ABUSE, AND MISMANAGEMENT RELATING TO THE PROGRAMS AND OPERATIONS OF DISTRICT GOVERNMENT.

THIS PROGRAM WILL HAVE A FUNDED GROSS BUDGET OF \$6.57 MILLION. THIS BUDGET IS COMPRISED OF \$3.95 MILLION IN LOCAL FUNDS, WHICH IS AN INCREASE OF \$138 THOUSAND OVER THE FY 2015 APPROVED LOCAL FUNDS BUDGET. THE \$138 THOUSAND INCREASE IS IN PERSONAL SERVICES TO SUPPORT COLAS.

THIS PROGRAM ALSO INCLUDES \$2.62 MILLION IN FEDERAL GRANT FUNDS TO SUPPORT THE MFCU, OR 75 PERCENT OF THE TOTAL COST NEEDED TO OPERATE THE MFCU. FEDERAL FUNDS WERE INCREASED BY \$48 THOUSAND

OVER THE MFCU's FY 2015 APPROVED BUDGET. THIS INCREASE INCLUDED \$8 THOUSAND IN PERSONAL SERVICES TO SUPPORT COLAs.

THIS PROGRAM'S GROSS BUDGET SUPPORTS 50.5 FTEs.

- **THE AGENCY MANAGEMENT PROGRAM:** PROVIDES ADMINISTRATIVE SUPPORT AND THE REQUIRED TOOLS TO ACHIEVE OPERATIONAL AND PROGRAMMATIC RESULTS. THIS PROGRAM IS STANDARD FOR ALL AGENCIES USING PERFORMANCE-BASED BUDGETING.

IT HAS A FUNDED BUDGET OF \$2.37 MILLION, WHICH IS AN INCREASE OF \$69 THOUSAND OVER THE FY 2015 APPROVED BUDGET. THE INCREASE OF \$69 THOUSAND IN PERSONAL SERVICES COVERS THE COLAs WITH-IN GRADE INCREASES, AND FRINGE BENEFIT ADJUSTMENTS.

THIS PROGRAM'S BUDGET SUPPORTS 17 FTEs.

ONGOING FY 15 INITIATIVES

NOW THAT I HAVE DISCUSSED THE NEXT YEAR'S FY BUDGET, I WOULD LIKE TO DISCUSS THE OIG'S PROGRESS ON ITS FY 15 INITIATIVES AND THEIR BEARING ON THE FY 16 AND FUTURE YEAR BUDGETS.

AS YOU KNOW, SINCE BECOMING THE INSPECTOR GENERAL 5 MONTHS AGO, I HAVE UNDERTAKEN AN AGGRESSIVE APPROACH TO INCREASING THE VALUE THE OIG PROVIDES TO THE DISTRICT.

AS DISCUSSED IN MY FY 14 PERFORMANCE HEARING, MY SENSE IS THE OIG DOES NOT HAVE ENOUGH RESOURCES TO ACCOMPLISH ITS MISSION. AS A RESULT, I AM UNDERTAKING SEVERAL INITIATIVES THAT ARE DESIGNED TO IMPROVE INTERNAL EFFICIENCIES AND TO IDENTIFY WHAT ADDITIONAL RESOURCES MAY BE REQUIRED IN THE FUTURE. THESE INITIATIVES INCLUDE AN INTERNAL EVALUATION OF THE OIG'S OPERATIONAL AND ADMINISTRATIVE SUPPORT DIVISIONS, AN ASSESSMENT OF THE OIG'S FACILITY, THE CREATION OF A NEW DIVISION WITHIN THE OIG, AND THE CREATION AND IMPLEMENTATION OF A 5-YEAR STRATEGIC PLAN. I WILL NOW PROVIDE YOU A BRIEF OVERVIEW OF THESE ONGOING INITIATIVES.

OIG INTERNAL EVALUATION

IN THE SPIRIT OF CONTINUOUS IMPROVEMENT, I AM CAREFULLY EXAMINING OIG OPERATIONS. BY THE END OF FY 2015, EACH OF THE FOUR OIG OPERATIONAL DIVISIONS (AUDIT, INSPECTIONS AND EVALUATIONS, INVESTIGATIONS, AND THE MFCU) AND THE ADMINISTRATIVE SUPPORT DIVISION WILL HAVE UNDERGONE AN INTERNAL EVALUATION. THESE EVALUATIONS ARE DESIGNED TO HELP DETERMINE WHETHER THE OIG CAN MEET ITS STATUTORY REQUIREMENTS USING THE CURRENT APPORTIONED RESOURCES, OR IF ADDITIONAL RESOURCES ARE NEEDED. THESE EVALUATIONS WILL ALSO HELP IDENTIFY OPPORTUNITIES TO INCREASE THE QUALITY AND TIMELINESS OF EACH DIVISION'S PRODUCTS, THUS IMPROVING THE OVERALL EFFECTIVENESS AND EFFICIENCY OF THE OIG.

FACILITY EVALUATION

WE HAVE BEEN WORKING WITH THE DEPARTMENT OF GENERAL SERVICES TO EVALUATE ALL OPTIONS FOR OUR FACILITY. THE CURRENT SPACE DOES NOT SUPPORT THE OIG'S QUASI-LAW ENFORCEMENT MISSION. SPECIFICALLY, THE OIG'S ARMORY REQUIRES REPROGRAMMING TO ENSURE SAFE WEAPON STORAGE AND TO PROTECT AGAINST AN ACCIDENTAL WEAPON DISCHARGE. THE FACILITY DOES NOT PROVIDE ADEQUATE SPACE TO STORE EVIDENCE SECURELY. FINALLY, INTERVIEW SPACES NEED APPROPRIATE SAFETY IMPROVEMENTS IN ORDER TO PROTECT INVESTIGATORS AND OTHER OIG STAFF. THE OIG WILL PRESENT ITS WAY FORWARD WITH FACILITIES – EITHER IN REPROGRAMMING OR RELOCATING – GOING INTO THE FY 17 BUDGET SEASON.

NEW DIVISION

THE OIG IS BUILDING AND STAFFING AN ENTIRELY NEW DIVISION. THIS DIVISION'S PORTFOLIO OF SERVICES INCLUDES CONDUCTING AND EVALUATING HOLISTIC RISK AS IT RELATES TO CORRUPTION, MISMANAGEMENT, WASTE, FRAUD, AND ABUSE WITHIN THE DISTRICT; CONDUCTING DATA MINING AND PREDICTIVE ANALYTICS; PERFORMING PROACTIVE ACQUISITION FRAUD RISK ASSESSMENTS; AND PROVIDING CONSULTING-TYPE SERVICES TO HELP AGENCIES MAXIMIZE EFFICIENCIES AND EFFECTIVENESS. TO ESTABLISH INITIAL OPERATIONAL CAPABILITY, I HAVE BORROWED FTEs FROM OTHER OIG DIVISIONS. HOWEVER, LONG-TERM SUSTAINABILITY WILL REQUIRE ADDITIONAL FTEs. THIS DIVISION WILL HELP THE OIG BETTER ALLOCATE ITS FINITE RESOURCES TO ADDRESS THE BIGGEST RISKS TO THE DISTRICT.

RECOMMENDATION FOLLOW-UP

THE OIG HAS BEGUN IMPLEMENTING A MORE DELIBERATE SYSTEM TO TRACK AND ENSURE AGENCIES CARRY OUT RECOMMENDATIONS RESULTING FROM OIG AUDITS, INSPECTIONS, AND INVESTIGATIONS. INITIAL SUCCESS FOR THIS INITIATIVE IS SEEN IN THE CAFR YELLOW BOOK REMEDIATION FOLLOW-UP TASKFORCE. IN THIS EFFORT, THE OIG HAS PARTNERED WITH THE OFFICE OF THE CITY ADMINISTRATOR (OCA) AND THE OFFICE OF THE CHIEF FINANCIAL OFFICER (OCFO) TO TRACK AGENCY REMEDIATION EFFORTS RELATED TO THE SIGNIFICANT DEFICIENCIES IDENTIFIED IN THE FY 2014 CAFR. THE OCA IS LEADING THE EFFORT TO REFOCUS AGENCIES' ATTENTION TO RECOMMENDATION IMPLEMENTATION. THE OCFO IS TRACKING AGENCY REMEDIATION PLANS AND EVALUATING EFFORTS. THE OIG WILL INDEPENDENTLY AND OBJECTIVELY ASSESS INDIVIDUAL AGENCY REMEDIATION EFFORTS AND REPORT TO THE COUNCIL AND THE MAYOR ON THE STATUS OF REMEDIATION EFFORTS.

GOING FORWARD, THE OIG WILL WORK WITH THIS TASKFORCE TO HELP TRACK THE IMPLEMENTATION OF NON-CAFR RECOMMENDATIONS. THIS PARTNERSHIP SHOWS GREAT LEADERSHIP BY BOTH THE OCA AND THE OCFO TO AFFECT POSITIVE CHANGE WITHIN THE DISTRICT.

IN ADDITION TO THE EXTERNAL PARTNERSHIPS, THE OIG HAS REVAMPED ITS OWN FOLLOW-UP PROCESS. PREVIOUSLY, THE OIG FOLLOWED UP ON RECOMMENDATIONS TRIENNIALLY. I HAVE DIRECTED THAT FOLLOW-UP ACTIVITIES BE CONDUCTED ON A QUARTERLY BASIS. THIS WILL ALLOW DISTRICT LEADERS TO IMPLEMENT CHANGES MORE QUICKLY, WHICH WILL RESULT IN INCREASED EFFICIENCY AND EFFECTIVENESS OF DISTRICT OPERATIONS.

OIG 5-YEAR STRATEGIC PLAN

LASTLY, THE OIG HAS MAPPED OUT ITS PATH FOR THE NEXT 5 YEARS. FOLLOWING AN INTERNAL ORGANIZATIONAL ASSESSMENT, I CONVENED A STRATEGIC PLANNING OFFSITE MEETING WITH THE OIG EXECUTIVE STAFF. BY THE END OF THIS OFFSITE, EXECUTIVE STAFF REACHED A CONSENSUS ON THE VISION, MISSION, STRATEGIC GOALS, AND GUIDING PRINCIPLES FOR THE OIG. THE OIG IS CURRENTLY WORKING ON THE NEXT PHASE OF THE STRATEGIC PLANNING PROCESS BY TURNING THIS PLAN INTO ACTION. FOR THE REMAINDER OF THIS FISCAL YEAR, OIG STAFF MEMBERS WILL PARTICIPATE IN VARIOUS WORKING GROUPS TO ACCOMPLISH BOTH SHORT- AND LONG-TERM OBJECTIVES. THESE OBJECTIVES WILL DICTATE FUTURE BUDGET PLANNING AND RESOURCE ALLOCATION FOR THE OIG.

THE CULMINATION OF THESE EFFORTS WILL HELP THE OIG ATTAIN ITS VISION OF BEING A WORLD-CLASS OFFICE OF INSPECTOR GENERAL THAT IS CUSTOMER-FOCUSED, AND SETS THE STANDARD FOR OVERSIGHT EXCELLENCE.

LOOKING TO FY 16 AND BEYOND

ALL OF THE INITIATIVES I JUST DISCUSSED WILL PLAY A PIVOTAL ROLE IN WHAT RESOURCES THE OIG WILL REQUIRE IN FY 2016 AND BEYOND. TO SPURN INITIAL SUCCESS, I'VE TAKEN RESOURCES AND FTEs OUT OF OTHER OIG DIVISIONS. WHILE THIS ENSURES PROGRESS IN THE SHORT-TERM, THERE IS A LONG-TERM ADVERSE EFFECT. EVEN AFTER EFFICIENCIES ARE REALIZED THROUGH OUR OWN EVALUATIONS, I ANTICIPATE THE NEED FOR ADDITIONAL RESOURCES TO STABILIZE OPERATIONS THROUGHOUT THE ENTIRE OIG. INVARIABLY WITH MY PROACTIVE APPROACH TO RISK IDENTIFICATION, THERE WILL BE TIMES WHERE DEMAND OF OIG SERVICES OUTPACES WHAT MY ORGANIZATION CAN SUPPLY, IN THESE INSTANCES I WILL BE QUICKLY LOOKING TO ENGAGE SURGE CAPACITY IN THE FORM OF CONTRACT EXPERT SERVICES TO SUPPORT THE OIG IN MEETING ITS STATUTORY MISSION. I LOOK FORWARD TO DISCUSSING THE RESULTS FROM THESE INITIATIVES AND ANY RESOURCE GAPS IN FUTURE OVERSIGHT HEARINGS.

CONCLUSION

IN CONCLUSION, CHAIRMAN EVANS AND MEMBERS OF THE COMMITTEE, I AM EXTREMELY EXCITED FOR THE DIRECTION WE ARE MOVING TOWARDS IN FY 2016 AND BEYOND. THE OIG WILL CONTINUALLY SEEK OPPORTUNITIES TO ENHANCE THE VALUE IT PROVIDES TO THE DISTRICT, AND WE WILL CONTINUALLY ENHANCE OUR PRACTICES TO ENSURE WE IDENTIFY AND MITIGATE RISKS THAT POSE THE MOST SERIOUS CHALLENGES TO DISTRICT AGENCIES AND STAKEHOLDERS.

THIS CONCLUDES MY TESTIMONY, AND I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Testimony of Lafayette A. Barnes
Director, Office of Partnerships and Grant Services
Before the
Council of the District of Columbia Committee on Finance and Revenue
Councilmember Ward 2 Jack Evans, Chair
April 29, 2015

Good Day, Chairman Evans and members of the Committee on Finance and Revenue. I am Lafayette A. Barnes, Director of the Office of Partnerships and Grant Service (OPGS) in the Executive Office of the Mayor. On behalf of the Executive Office of Mayor Bowser and her Administration, I would like to present my testimony on the Proposed FY16 Budget for the Mayor's Office of Partnerships and Grant Services (OPGS).

I would like to recognize Pat Henry the Deputy Director of OPGS and Brenda Roy the Agency Fiscal Officer for the Executive Office of the Mayor who are here for today's FY 2016 Budget Hearing. Although Pat and Brenda will not present a written testimony, they are available to answer questions that you might have during today's hearing.

OPGS' FY16 proposed budget supports the Mayor's budget entitled, Pathways to the Middle Class, and priorities through its mission to enhance the capacity of District government agencies, community, faith-based, and nonprofit organizations, to identify, apply, and secure competitive grant and related resources. In addition, OPGS directs the District government's donations management and solicitation process, and facilitates the development of collaborative relationships among local government agencies and nonprofit service providers.

The Mayor's FY2016 budget proposes \$339,827 in total operating funds for OPGS' personnel and non- personnel services to support its mission and core services. The Mayor's FY2016

budget proposal allocates \$329,827 to support three FTEs salaries and fringe benefits and \$10,000 to pay for supplies, materials and other services and charges during this fiscal period. Please note that approximately \$6,000 of OPGS' non personnel services funding supports the purchase of grant development and related services for the fiscal year. The Mayor's FY2016 proposed budget for OPGS reflects a reduction of \$19,369.83 in the fringe benefits allocation compared to the total amount of \$72,959.81 in FY15. This change results from the District agency-wide technical adjustment that lowered the fringe benefits rate.

Nevertheless, the Mayor's FY16 budget proposal will enable OPGS staff to continue to produce its Weekly Funding Alert, provide capacity building technical assistance and training to District agencies and local nonprofits, operate the Grants Information Resource Center, and direct the District's agency-wide donation solicitation and management process. During the first two quarters of FY15, the Office of Partnerships and Grant Services authorized the acceptance of \$5.9M in total donation receipts to government agencies subject to the Mayor's authority, including \$1.5M to the DC Public School System from the DC Public Education Fund.

To date, the Office of Partnerships and Grant Services does not have any FTE vacancies, intra-district funds, federal grants, or contracts to report for FY15 or FY16. However, OPGS does plan to pursue all potential opportunities for competitive grants, donations, and intra-district funds to augment support for its grant development and nonprofit capacity building services in FY16.

In closing, Chairman Evans let me state that OPGS remains steadfast in its commitment to support Mayor Bowser's Fiscal Year 2016 Proposed Budget as well as our mission – to enhance the capacity of District government and nonprofit organizations to obtain and effectively

manage diverse competitive grant and related resources. I would like to invite District government agencies and nonprofit grant officials to see OPGS' website www.opgs.dc.gov, subscribe to the Weekly Funding Alert, and visit the Grant Information Resource Center. In addition, the Office of Partnerships and Grant Services will host its 15th Annual Public Private Partnership Conference at the World Bank's Preston Auditorium on September 2, 2015 and thus OPGS would like the government and nonprofit community to please save the date.

Chairman Evans, this concludes my written testimony. Pat Henry, Brenda Roy, and I are available to respond to question that the Committee and you may have at this time. Thank you for the opportunity to participate in today's FY16 Budget hearing.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DC COMMISSION ON THE ARTS AND HUMANITIES



Fiscal Year 2016 Budget Oversight Hearing

Testimony of
LISA RICHARDS TONEY
Interim Director

Before the

Committee on Finance and Revenue
Council of the District of Columbia

Wednesday, April 29, 2015
Room 412
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004



GOOD MORNING CHAIRMAN EVANS, MEMBERS OF THE COMMITTEE ON FINANCE AND REVENUE AND RESIDENTS OF THE DISTRICT OF COLUMBIA. I AM LISA RICHARDS TONEY, INTERIM DIRECTOR OF THE DC COMMISSION ON THE ARTS AND HUMANITIES. I AM PLEASED TO TESTIFY BEFORE YOU TODAY ON MAYOR BROWER'S FISCAL YEAR 2016 BUDGET, ENTITLED "PATHWAYS TO THE MIDDLE CLASS". AS YOU KNOW, EACH AGENCY PLAYS A CRITICAL PART IN ENSURING THAT DISTRICT RESIDENTS IN ALL 8 WARDS HAVE THE EDUCATION, ECONOMIC OPPORTUNITY, PUBLIC SAFETY, NEIGHBORHOODS, ENVIRONMENT, AND INFRASTRUCTURE THEY NEED TO REACH THE MIDDLE CLASS. MAYOR BROWER'S FISCAL YEAR 2016 BUDGET SUBMISSION WILL ENSURE THAT OUR AGENCY AND THE ENTIRE GOVERNMENT HAVE THE NECESSARY STAFF AND RESOURCES TO HELP MEET THESE AMBITIOUS GOALS.

THIS BUDGET IS THE PRODUCT OF AN UNPRECEDENTED AMOUNT OF OUTREACH. THE MAYOR HELD THREE BUDGET ENGAGEMENT FORUMS THAT WERE ATTENDED BY HUNDREDS OF RESIDENTS. I UNDERSTAND THAT THE MAYOR AND HER BUDGET STAFF ALSO MET WITH COUNCILMEMBERS, THEIR STAFF AND NUMEROUS COMMUNITY GROUPS AS PART OF THE DEVELOPMENT OF THIS BUDGET. ALL OF THIS WORK GAVE US A MUCH BETTER BUDGET AND WE AT THE DC COMMISSION ON THE ARTS AND HUMANITIES WILL CONTINUE THAT KIND OF OUTREACH, TRANSPARENCY, AND ACCOUNTABILITY—INCLUDING THESE HEARINGS LED BY THE COUNCIL—TO FINE TUNE AND IMPLEMENT THE FISCAL YEAR 2016 BUDGET.

LET ME NOW BRIEFLY DESCRIBE MY PLANS FOR THE COMMISSION IN THE COMING FISCAL YEAR.



THE PROPOSED FY16 BUDGET FOR THE DC COMMISSION ON THE ARTS AND HUMANITIES IS JUST OVER \$16.5 MILLION, WHICH REPRESENTS A THREE PERCENT INCREASE OVER THE APPROVED FY15 BUDGET. THE FY16 PROPOSED BUDGET INCLUDES:

- 19 FTES (12 FUNDED THROUGH THE LOCAL BUDGET AND 7 THROUGH FEDERAL FUNDS);
- \$5 MILLION FOR PUBLIC ART PROJECTS;
- \$1 MILLION IN FEDERAL PAYMENT FUNDING;
- AN ESTIMATED \$684,000 OF FEDERAL FUNDS FROM THE NATIONAL ENDOWMENT FOR THE ARTS; AND
- \$500,000 IN OTHER TYPES OF REVENUE.

THE PROPOSED BUDGET WILL PROVIDE FUNDING OF APPROXIMATELY \$11.6 MILLION FOR LOCAL GRANT PROGRAMS, WHICH REPRESENTS 70 PERCENT OF THE DC COMMISSION ON THE ARTS AND HUMANITIES' OVERALL BUDGET. IN FY15, THE COMMISSION AWARDED 361 GRANTS, TOTALING \$10.1 MILLION ACROSS ALL 8 WARDS.

THE DC COMMISSION ON THE ARTS AND HUMANITIES WILL LAUNCH THE ACTIONABLE STRATEGIES OF ITS STRATEGIC PLAN, BEGINNING IN FY16. THE PLAN IS COMPREHENSIVE AND COMMUNITY-WIDE IN THAT IT IS A STAKEHOLDER PLAN THAT INVITED BROAD-BASED PARTICIPATION. APPROXIMATELY 60 INDIVIDUAL INTERVIEWS WERE CONDUCTED WITH ELECTED OFFICIALS, PARTNER AGENCIES, ARTS AND HUMANITIES COMMUNITY STAKEHOLDERS, DEVELOPERS, COMMISSIONERS, STAFF, AND THE PHILANTHROPIC COMMUNITY. IN ADDITION, 13 FOCUS GROUPS –



WHERE 228 INDIVIDUALS WERE INVITED – TOOK PLACE IN SESSIONS SPANNING FIVE DAYS. OF THOSE INVITED, APPROXIMATELY 160 INDIVIDUALS PARTICIPATED FROM ALL 8 WARDS. THE COMMUNITY WILL ALSO HAVE THE OPPORTUNITY TO JOIN TOWN-HALL CONVENINGS LATER THIS SUMMER TO VET THE STRATEGIES BEFORE THE STRATEGIC PLAN'S FINAL DRAFTING AND THE ULTIMATE FINAL RATIFICATION BY THE FULL COMMISSION BEFORE THE END OF FY15.

I AM PLEASED TO SHARE THAT THE DC COMMISSION ON THE ARTS AND HUMANITIES HAS RECENTLY COMPLETED THE FIRST ITERATION OF THE AGENCY'S NEWLY CREATED GEOSPATIAL, WEB-BASED, INTERACTIVE MAPPING PROGRAM. THE AGENCY IS UTILIZING THE COMPREHENSIVE ENVIRONMENTAL SURVEY OF ARTS RESOURCES OR CESAR INTERNALLY. THE TOOL WILL BE PRESENTED TO THE PUBLIC IN MAY IN COORDINATION WITH MAYOR BOWSER'S INNOMAYTION INITIATIVE. THE INFORMATION GLEANED FROM CESAR WILL PROVIDE A CLEAR WAY FORWARD FOR THE DC COMMISSION ON THE ARTS AND HUMANITIES. CESAR WILL DELIVER A COMPREHENSIVE VIEW OF ARTS, CULTURE AND HERITAGE RESOURCES ACROSS THE DISTRICT. FROM THIS, THE COMMISSION CAN BEGIN TO FULLY ANALYZE THE HISTORICAL USES OF ITS INVESTMENTS ACROSS THE CITY. THIS INSIGHT CAN BE USED TO INFORM THE FUTURE POLICY AGENDA OF THE AGENCY AS WE IMPLEMENT DATA-DRIVEN DECISION MAKING.

AS MAYOR BOWSER RECENTLY TESTIFIED BEFORE THE COUNCIL, EACH AGENCY PLAYS A CRITICAL PART IN ENSURING THAT DISTRICT RESIDENTS HAVE A PATHWAY TO THE MIDDLE CLASS. CESAR IS ALREADY POINTING US TOWARDS A KEY NEED FOR INFRASTRUCTURE AS A PATHWAY FOR THE CREATIVE COMMUNITY TO REACH THE

MIDDLE CLASS. INITIAL FINDINGS ILLUSTRATE THE NEED FOR AFFORDABLE ARTIST HOUSING AND LIVE/WORK SPACE. THOUGH I HAVE ONLY BEEN IN MY CURRENT CAPACITY FOR EXACTLY ONE MONTH, AS INTERIM DIRECTOR, I HAVE BEGUN TO BUILD ACTIVE COLLATIONS WITH SISTER AGENCIES WITHIN THE DMPED CLUSTER TO TACKLE THE ISSUE OF AFFORDABLE ARTIST HOUSING AND LIVE/WORK SPACE.

YOU WILL RECALL MY PRIOR REFERENCE TO THE AGENCY'S STRATEGIC PLAN; ONE OF THE SALIENT CALLS FROM OUR STAKEHOLDERS HAS BEEN LEADERSHIP BEYOND GRANT-MAKING. WE HAVE HEARD THE CALL LOUD AND CLEAR. TO THAT END THE AGENCY IS REFRESHING ITS RELATIONSHIPS WITH KEY COMMUNITY PARTNERS; RESHAPING ITS LEADERSHIP ROLE IN ARTS EDUCATION; AND REFINING ITS ALLIANCE TO THE CREATIVE ECONOMY.

THE RESOURCES ALLOCATED TO THE AGENCY IN THE MAYOR'S PROPOSED FISCAL YEAR 2016 BUDGET WILL BE CRITICAL IN ACHIEVING OUR MISSION AND HELPING TO GROW AND PRESERVE THE MIDDLE CLASS. THE COUNCIL AND THIS COMMITTEE, LED BY YOU CHAIRMAN EVANS, HAVE BEEN KEY ALLIES IN THIS EFFORT AND I APPRECIATE YOUR CONTINUED SUPPORT TO ENSURE WE OPERATE EFFICIENTLY AND EFFECTIVELY.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY TODAY AND I LOOK FORWARD TO ANSWERING ANY QUESTIONS THE COMMITTEE MAY HAVE.



GOVERNMENT OF THE DISTRICT OF COLUMBIA
DC COMMISSION ON THE ARTS AND HUMANITIES



Fiscal Year 2016 Budget Oversight Hearing

Testimony of
KAY KENDALL
Chairman

Before the

Committee on Finance and Revenue
Council of the District of Columbia

Wednesday, April 29, 2015
Room 412
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004



GOOD MORNING CHAIRMAN JACK EVANS, MEMBERS OF THE COMMITTEE ON FINANCE AND REVENUE, AND OUR CONSTITUENTS. I AM KAY KENDALL, CHAIRMAN OF THE DC COMMISSION ON THE ARTS AND HUMANITIES. WITH ME TODAY IS LISA RICHARDS TONEY, INTERIM DIRECTOR OF THE COMMISSION – AND I WOULD LIKE TO SAY, FOR THE RECORD, THAT SHE IS DOING AN OUTSTANDING JOB LEADING THE AGENCY. I AM HONORED TO APPEAR BEFORE YOU TODAY IN SUPPORT OF MAYOR BOWSER’S PROPOSED FISCAL YEAR 2016 BUDGET FOR THE DC COMMISSION ON THE ARTS AND HUMANITIES.

I WOULD LIKE TO THANK THE MAYOR, CHAIRMAN EVANS, THE CITY COUNCIL AND THE COMMITTEE ON FINANCE AND REVENUE FOR YOUR SUPPORT. BY SUPPORTING THE COMMISSION, YOU ARE MAKING A POSITIVE IMPACT ON NEIGHBORHOOD REVITALIZATION, ECONOMIC DEVELOPMENT, AS WELL AS JOB TRAINING AND EDUCATION.

THE COMMISSION IS GUIDED BY A VERY STRONG VISION – TO BE THE LEADING VOICE FOR ARTS AND CULTURE IN THE CITY, THEREBY ELEVATING THE IMPACT OF THE ARTS AND HUMANITIES LOCALLY, NATIONALLY, AND INTERNATIONALLY. OUR MISSION IS TO PROVIDE GRANT FUNDS, PROGRAMS AND EDUCATIONAL ACTIVITIES THAT ENCOURAGE DIVERSE ARTISTIC EXPRESSIONS AND LEARNING OPPORTUNITIES, SO THAT ALL DISTRICT OF COLUMBIA RESIDENTS AND VISITORS CAN EXPERIENCE THE RICH CULTURE OF OUR CITY.

AS YOU KNOW, THE COMMISSIONERS THEMSELVES ARE ALL VOLUNTEERS. THEY GIVE TIRELESSLY OF THEIR TIME AND ENERGY TO ENSURE THE SUCCESS OF THE ARTS AND HUMANITIES IN WASHINGTON, DC, AND I APPLAUD THEM FOR THEIR DEDICATION.

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THE DISTRICT IS EXPERIENCING A FANTASTIC BOOM IN GROWTH AND DEVELOPMENT. AS WE CONTINUE TO GROW AS A CITY, IT IS IMPORTANT THAT WE PROVIDE FOR THE QUALITY OF LIFE FOR OUR RESIDENTS. THE ARTS AND HUMANITIES ARE A MAJOR PART OF IMPROVING OUR COLLECTIVE QUALITY OF LIFE. I AM PLEASED TO SHARE THAT THE AGENCY WILL LAUNCH ITS STRATEGIC PLAN, BEGINNING IN FY16. THE PLAN IS COMPREHENSIVE AND COMMUNITY-WIDE IN THAT IT IS A STAKEHOLDER PLAN THAT INVITED BROAD-BASED PARTICIPATION. THE COMMUNITY WILL ALSO HAVE THE OPPORTUNITY TO JOIN TOWN-HALL CONVENINGS LATER THIS SUMMER TO VET THE STRATEGIES BEFORE IT IS RATIFIED BY THE FULL COMMISSION AT THE END OF THE CURRENT FISCAL YEAR.

THROUGH OUR INVESTMENTS IN OUR LOCAL ARTISTS AND ARTS AND HUMANITIES ORGANIZATIONS, IN PUBLIC ART AND IN ARTS EDUCATION, WE ARE NOT ONLY ABLE TO STRENGTHEN OUR LOCAL CREATIVE ECONOMY, BUT ALSO BUILD A CULTURALLY RICH AND DIVERSE CITY THAT CONTINUES TO ATTRACT NATIONAL AND INTERNATIONAL VISITORS. ON THE SUBJECT OF PUBLIC ART, AS CHAIRMAN OF THE COMMISSION, I WOULD LIKE TO SEE THE "SUPPORT FOR ART IN PUBLIC PLACES ACT" ALSO KNOW AS THE "PERCENT FOR ARTS ACT" ENFORCED. 1% OF THE TOTAL AUTHORITY REQUESTED FOR THE CONSTRUCTION, RENOVATION, AND REPAIR OF PUBLIC FACILITIES SHOULD BE USED FOR PUBLIC ART. WE HAVE THE RESPONSIBILITY TO EXHIBIT, ATTRACT AND CULTIVATE OUR COUNTRY'S PREEMINENT ARTISTS. THIS REQUIRES INVESTING IN AN INDUSTRY THAT CONTINUALLY PRODUCES SIGNIFICANT RETURNS ON ITS INVESTMENT.

ON BEHALF OF THE COMMISSION, I THANK YOU FOR YOUR CONTINUED SUPPORT OF THE COMMISSION ON THE ARTS AND HUMANITIES.



PIZZAZZ
2504 10th Street, NE, NO. 403
Washington, DC 20018
202-832-2591

To: The Committee on Finance & Revenue

From: Judy A Smith, CEO, Pizzazz *J.A.S.*

Date: April 29, 2015

Re: Budget Oversight Hearing for the Office of Partnerships and Grant Services

This document is offered in support of the Office of Partnerships and Grant Services.

Pizzazz is a non-profit organization that educates and provides training to low or moderate-income District of Columbia residents using traditional and non-traditional approaches to improve the quality of their lives.

Since our incorporation in the District of Columbia in 2002, receiving our non-profit status in 2003 and beginning program operations in 2004, we were directed to the Office of Partnership and Grants Services. We took advantage of all the services they provided and we were able to begin to expand our operations and create some partnerships with other nonprofit organizations. In 2005 we participated in the Strengthening Partnership Initiative which helped us to build our organizational capacity.

I am truly grateful that the Office of Partnership and Grants Services exist they are the designated hub for all non-profit activities in the DC Metropolitan area. The Funding Alert which is produced by Pat Henry contains the most extensive listings of District, Federal and Corporate opens grants and is an absolute must for all District of Columbia nonprofits.

The workshops provided by Partnerships and Grants Services have had a tremendous effect on our organizational skills which have improved to increase productivity in grant writing, gathering needed technology and office materials which make to us more efficient so that we can better service our participants.

In expanding our efforts to maintain funding, the crowd funding workshop which we attended that was produced by Partnerships and Grants Services has proven to be excellent for us as we are now doing crowd funding and having some success at it!

The funding alert has been extremely helpful to us in gaining funding over the past 11 years. The funding alert has afforded us the opportunity to apply for and receive funding through the competitive process. This has allowed us to service a great number of youth and families. The impact of funding has resulted in an increased one-level up for youth receiving tutoring services and reduced childhood obesity with our targeted tween (youth 9-13 years old) population. While also providing Aids education to the Carver Terrace community which included testing and partnering with other community organizations to provide wrap around services

With dwelling access to funding and social program being cut the Office of Partnerships and Grants Services is a necessary component that provides an inestimable service to all District of Columbia non-profits so that we may survive.

Washington Philharmonic Youth Orchestra

P.O. Box 5601 Friendship Post Office, Washington, DC 20016

Testimony to the D.C. City Council Finance & Revenue Budget Oversight Hearing

Introduction

Thank you to the members of the DC City Council and their staffs, who have welcomed the Washington Philharmonic Youth Orchestra (WPYO) into their offices in recent weeks. We would also like to thank staff of the DC Commission on the Arts and Humanities for their informative workshops, earlier this month.

About the WPYO - History

In the mid-1950's, Mr. Lyn McLain was a music teacher in the DC Public Schools. He was inspired to create a youth orchestra for the Nation's Capital. He devised a program that provided music instruction to students, aged 6-18, from across the city. His work led to the formation of the DC Youth Orchestra Program, which he led for 47 years.

Mr. McLain and his friend, the late Walter Hawthorne, a long-time DCYOP supporter and parent, finished developing what has become the Washington Philharmonic Youth Orchestra, just before Hawthorne's death, in the summer of 2014.

Board of Directors

Two days after Hawthorne's funeral, McLain convened a group, that became the WPYO's board of directors. Today, the board consists of seven of McLain's former students: Linda Thomas (co-president), Vanessa Dixon-Briggs (co-president), Claudine Nash, Anna Granger, Robin Taylor-Jones, William Swann, Cheryl Crockett, and Lyn McLain himself (founder). All of McLain's former students have taught and/or performed music professionally as adults. Greta Elliot Meredith (treasurer) is a member of the board who also studied music as a child.

About the WPYO - Operational Model

Our first semester is planned to begin in Sept. 2015, when 64 children will start music lessons on violin, viola and cello. These children will have been identified as underserved by the DCPS, with no other opportunity to learn a musical instrument.

Sixty-four 5-year-old children will be sent to the WPYO, 8 selected from each of eight schools. Four WPYO teachers will instruct these students in four, weekly, Saturday classes. And each class will have four students.

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During our 2nd (Spring) semester, we will double in size. As 1st semester students return, we will welcome another sixty-four students. A third, new group of 64 students will enter the WPYO during our 3rd, summer semester, for a total of 192 students, during our first year.

This will be the blueprint for our first three years, after which, nearly 600 young musicians will have begun to receive a high quality musical education through the WPYO. At the beginning of our 4th year, wind, brass and percussion classes will begin, and the WPYO will be on its way to becoming a full youth symphony orchestra.

Connections with DCPS

During an initial board meeting, the WPYO decided we would work with the DCPS, to devise a fair method of choosing who would be most deserving of musical instruction through our program. We are in regular communication with the DCPS to keep them informed about our progress to date. They have already identified, and sent us a list of the schools, from which our first semester's students will be chosen.

These eight schools (with their respective wards) are: Bancroft (1), Beers (7), Bruce-Monroe (1), Cook (1), Kimball (7), Plummer (7), Powell (4) & Tubman (1).

Non-Competition

In addition to the Washington Philharmonic Youth Orchestra, our city still has the D.C. Youth Orchestra Program, which is in its 55th year, and was also founded by Mr. Lyn McLain. But, the WPYO targets, exclusively, a unique and specific group of children who are underserved and at-risk. They have no access to music instruction of any kind. This includes the DCYOP.

As the father of both orchestra programs, Lyn McLain has made sure that their coexistence will not jeopardize the continued viability of either. With more than 47,000 students enrolled in the DCPS, if the WPYO and the DCYOP were to become filled, beyond capacity, tens of thousands of students would remain outside the reach of these groups.

Nonprofit Status

In February of 2015, the WPYO received its Articles of Incorporation, and is now recognized as a nonprofit in the District of Columbia.

Budget (see graphic)

The WPYO's first year budget includes line items for instruction, instrument purchase, a printed curriculum with supplemental audio recordings, administrative expenses, recitals and concerts. Our first

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semester's budget is \$35,000.00; our 2nd semester's budget will be \$53,000.00. And the third semester will cost \$60,000.00 for a total of \$148,000.00 to complete our first year.

WPYO FIRST YEAR BUDGET		
ITEM	DESCRIPTION	COST
Fall Semester: September - December 2016		
Instruction	4 Teachers (2 violin, 1 viola & 1 cello) to teach 4 students per class in 4 weekly classes each	\$12,000.00
Musical Instruments	32 violins @ \$150 ea.; 16 violas @ \$200 ea.; & 16 cellos @ \$300 ea.	\$12,800.00
Books & Materials	Selected curriculum method & audio recording \$10.00/student for 64 students	\$640.00
Administrative staff & supplies	17.1% of program	\$6,000.00
Recital & Concert	Expenses & teacher wages for a mid-semester recital & end-of-semester-concert	\$3,000.00
Miscellaneous	(the unplanned, emergencies, instrument repair/replacement, etc.)	\$560.00
TOTAL	First year, first semester (64 students @ \$546.87 per student)	\$35,000.00
Spring Semester: January - June 2016		
Instruction	8 Teachers to double 1st semester requirements & accommodate new/returning students	\$24,000.00
Musical Instruments	32 violins @ \$150 ea.; 16 violas @ \$200 ea.; & 16 cellos @ \$300 ea.	\$12,800.00
Books & Materials	Selected curriculum method & audio recording \$10.00/student for 64 add'l students	\$640.00
Administrative staff & supplies	16.9% of program	\$9,000.00
Recital & Concert	Expenses & teacher wages for a mid-semester recital & end-of-semester-concert	\$6,000.00
Miscellaneous	(the unplanned, emergencies, instrument repair/replacement, etc.)	\$560.00
TOTAL	First year, second semester (128 students @ \$414.06 per student)	\$53,000.00
Summer Semester: June - August 2016		
Instruction	4 more Teachers accommodate new and returning students from prior semesters	\$28,800.00
Musical Instruments	32 violins @ \$150 ea.; 16 violas @ \$200 ea.; & 16 cellos @ \$300 ea.	\$12,800.00
Books & Materials	Selected curriculum method & audio recording \$10.00/student for 64 add'l students	\$640.00
Administrative staff & supplies	16.6% of program	\$10,000.00
Friday evening summer concerts	Expenses and wages for 12 teachers	\$7,000.00
Miscellaneous	(the unplanned, emergencies, instrument repair/replacement, etc.)	\$760.00
TOTAL	First year, third semester (192 students @ \$312.50 per student)	\$60,000.00
GRAND TOTAL	2015-2016 Full Year Employing 12 Teachers for 192 Students	\$148,000.00

Fundraising activity

In addition to seeking funding through DC Government by presenting our track record of success in forming a youth orchestra which transforms the lives of its students, we are in the process of obtaining fiscal sponsorship through a private campaign, to include online fundraising, letter writing, matching funds, e-mail outreach, social sharing, and more.

We are greatly aided in this endeavor given that the board of the Washington Philharmonic includes the tremendous talents of Mr. William Swann, a seasoned information technology professional. Mr. Swann is present on this panel.

Through our fundraising efforts, both public and private, and the historic track record of our founder, Mr. Lyn McLain, we expect the WPYO to take its place, in the world of nonprofits, as a significant contributor to the economy of the Nation's Capitol.

According to data obtained from the National Council of Non-Profits, the World Bank GDP data revealed that, in the United States, the nonprofits contributed close to \$900 billion to the economy in

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2012. This is equivalent to 5.4 percent of our nation's GDP. Nonprofit arts organizations have an economic impact, according to a study by Americans for the Arts, which observed that the nonprofit arts and culture industry generates \$135.2 billion in annual economic activity. Organizations spend \$61.1 billion on programs, with arts event audiences spending an additional \$74.1 billion.

Arts groups don't just encourage economic activity in local communities, they provide employment opportunities. In addition to the economic activity generated by nonprofits, nonprofits realize significant government budget savings, through their efficient service delivery.

Benefits of our work for D.C.'s Children

Playing a musical instrument improves students' cognitive function, integrating fine motor skill development with their sense of sight and hearing. Children become better able to self-regulate and manage emotions, reducing classroom behavior issues. Brain development accelerates, and the risk of future brain pathology, later in life (like dementia and Alzheimer's Disease) diminishes. These benefits lead to higher academic achievement and make teachers' jobs easier.

Studying a musical instrument prepares children to become self-sufficient productive adults who live longer, independent lives. Ultimately, children who participate in the WPYO may have a reduced risk of remaining at-risk.

How D.C. will benefit from our work

DC's standardized test score averages will see a boost, when more children study music. The WPYO will help lower the likelihood that the underserved children, who participate in the WPYO, will require future government financial assistance. Their chances of ending up in the criminal justice system, later in life, will also be reduced. And the city will have an orchestra, totally comprised of young, Washington children, who will represent our city and make us all proud.

Our Search for a Home and Funding

As a nonprofit start-up, in our first year of operation, we are ineligible to apply for funding through the D.C. Commission on the Arts & Humanities for the upcoming fiscal year. We are in the process of working with District officials to find a facility from which we will operate the Washington Philharmonic Youth Orchestra. Our efforts are on-going.

WPYO requests the following: First, funding through the Budget Support Act of 2016, understanding that funds cannot be earmarked and must be included in the budget of an entity such as DC Public Schools. Second, funding, or other resources, to provide transportation support for the young children who will commute to the Washington Philharmonic Youth Orchestra Program.

Thank you for the opportunity to testify.

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

SUBTITLE D. CREATIVE AND OPEN SPACE MODERNIZATION AMENDMENT

Sec. 2041. Short title.

This subtitle may be cited as the “Creative and Open Space Modernization Act of 2015”.

Sec. 2042. Section 47-811.03 of the District of Columbia Official Code is amended as follows:

(a) Subsection (a) is amended as follows:

(1) Paragraph (4) is amended to read as follows:

“(4) “Eligible building” means a non-residential or mixed-use building.”.

(2) A new paragraph (6A) is added to read as follows:

“(6A) “Lease commencement” means the date on which the tenant takes possession of the space or the occupancy date agreed to in the lease between the landlord and the Qualified High Technology Company, whichever occurs first.”.

(3) Paragraph (8) is amended to read as follows:

“(8) “Qualified High Technology Company” shall have the same meaning as set forth in § 47-1817.01(5).”.

(4) A new paragraph (8A) is added to read as follows:

“(8A) “Qualified tenant improvement” means an improvement to an interior portion of a building that is nonresidential real property if:

“(A) The improvement is made pursuant to a lease by the:

“(i) Lessee (or any sublessee) of such portion; or

“(ii) Lessor of such portion; and

“(B) The portion is to be occupied exclusively by the lessee (or any sublessee) of the portion.”.

(5) Paragraph (9) is amended to read as follows:

1 “(9) “Tenant” means a Qualified High Technology Company that executes a lease for at
 2 least 50,000 square feet of net rentable area of eligible premises within the District for a minimum term of
 3 12 years, under which it (or its subsidiaries or directly related entities) occupies and uses the eligible
 4 premises or will occupy and use the eligible premises on or after the lease commencement date. The term
 5 “tenant” includes subsidiaries and directly related entities.”.

6 (b) Subsection (b)(2) is amended as follows:

7 (1) The existing text is designated as subparagraph (A).

8 (2) The newly designated subparagraph (A) is amended by striking the period and
 9 inserting the phrase “or as provided in subparagraph (B) of this paragraph.” in its place.

10 (3) New subparagraphs (B) and (C) are added to read as follows:

11 “(B) The tenant may take up to 50% of the value of its total qualified tenant
 12 improvements package as tax abatement over 5 years. The total value of the tax abatement shall be
 13 calculated by adding the amount provided as a concession allowance or amortized loan to the tenant
 14 specifically for qualified tenant improvements to the amount of qualified tenant improvements funded by
 15 the tenant directly. The maximum amount of the abatement allowed under either paragraph (1) or (2) of
 16 this subsection shall be \$1 million per year over 5 years. In no event shall the tax abatement exceed the
 17 tax bill for any one year.

18 “(C) The Mayor shall devise a method for awarding the abatement so as to not exceed
 19 the annual abatement caps.”.

20 (c) New subsections (c), (d), (e), and (f) are added to read as follows:

21 “(c) Notwithstanding subsections (a) and (b) of this section, the total combined abatements,
 22 beginning in fiscal year 2017, shall not exceed:

23 “(1) The amount of \$3 million per fiscal year; or

24 “(2) The amount of \$15 million total over 5 years.”

25 “(d)(1) The tenant taking the abatement shall be required to provide a public benefit as
 26 determined by the Mayor.

“ (2) Following a determination that there is a public benefit, the Mayor shall certify each taxpayer and each eligible property to the Office of Tax and Revenue in accordance with subsection (f)(3) of this section.

“(e) The abatement shall not roll forward or back between tax years. The abatement shall be applied equally during each real property tax-billing installment, and one-half of the abatement shall be applied first during the latter of the half tax year of the lease commencement date or when the certification by the Mayor to the Office of Tax and Revenue is made. The Mayor shall also provide an annual certification list confirming properties eligible to receive the abatement.

“(f)(1) To be eligible for an abatement provided under subsection (b) of this section, on or after October 1, 2016, an applicant shall file with the Mayor, in a manner and form as the Mayor may prescribe, an application requesting certification of eligibility for the abatement.

“(2) An application requesting certification of the abatement shall provide:

“(A) The tax to which the requested certification will apply;

“(B) The specific taxpayer, including taxpayer identification number;

“(C) The eligible real property by square and lot, parcel, or reservation number;

“(D) The type or portion of the property that is eligible;

“(E) If determinable by the Mayor, the amount of the abatement to be allowed for each tax year or half tax year;

“(F) The amount expended on or the valued of the qualified tenant improvement on which the real property tax abatement is to be based;

“(G) The effective date of the entitlement to the abatement;

“(H) The date on which the entitlement is to terminate;

“(I) The public benefit; and

“(J) Any other information that the Mayor considers necessary or that the Office of Tax and Revenue may require to administer the abatement.

1 “(3) The Mayor shall review and certify the public benefit and certify to the Office of Tax
2 and Revenue the eligibility of an applicant by the applicant’s lease commencement date or within 45 days
3 after an application is received, whichever is later.

4 “(4) The Office of Tax and Revenue shall review and process a real property tax
5 abatement granted pursuant to this section within 10 business days of receipt of certification from the
6 Mayor.

7 “(5) If a certified Qualified High Technology Company becomes ineligible for an
8 abatement for which it has previously been certified during the lease term, the Mayor shall notify the
9 Office of Tax and Revenue. The notification shall provide:

10 “(A) The type of tax to which the certification applied;

11 “(B) The specific taxpayer, including taxpayer identification number;

12 “(C) The property by square and lot, parcel, or reservation number);

13 “(C) The type or portion of the property that was previously certified as eligible;

14 “(D) The date on which the taxpayer or property became ineligible; and

15 “(E) Any other information that the Mayor considers necessary or that the Office of Tax and Revenue
16 may require to rescind the abatement.”.

SUBTITLE C. SALES TAX AMENDMENT

Section 47-2002.07 is repealed.

~~Sec. 7021. Short title~~

~~This subtitle may be cited as the “Sales Tax Amendment Act of 2015”.~~

~~Sec. 7022. Title 47 of the District of Columbia Official Code is amended as follows:~~

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

~~———— (1) The lead-in text is amended by striking the phrase “October 1, 2013, the rate of such tax shall be 5.75%” and inserting the phrase “October 1, 2015, the rate of such tax shall be 6%” in its place.~~

~~———— (2) Paragraph (1) is amended by striking the figure “18%” and inserting the figure “22%” in its place.~~

~~———— (3) Paragraph (4A) is amended by striking the figure “5.75%” and inserting the figure “6%” in its place.~~

~~———— (b) Section 47-2202 is amended by striking the phrase “5.75%, except for the period beginning October 1, 2009, and ending September 30, 2012, the rate shall be 6%,” and inserting the figure “6%” in its place.~~

SUBTITLE D. MARRIED FILING SEPARATELY STANDARD DEDUCTION AMENDMENT

Sec. 7031. Short title

This subtitle may be cited as the “Married Filing Separately Standard Deduction Act of 2015”.

Sec. 7032. Section 47-1801.04(44)(A) of the District of Columbia Official Code is amended as follows:

(a) The lead-in language to subparagraph (A) is amended to read as follows:

“(A) In the case of a return filed by a single individual:”.

(b) Subparagraph (C)(ii)(III) is amended by striking the word “and”.

(c) A new subparagraph (C-i) is added to read as follows:

“(C-i) In the case of a return filed by a married person filing separately, one-half of the amount allowed in subparagraph (C) of this paragraph for a married person filing jointly; and”.

Sec. 7033 Applicability.

This subtitle shall be applicable for taxable years beginning after December 31, 2014.

SUBTITLE E. LOW INCOME CREDIT AMENDMENT

Sec. 7041. Short title

This subtitle may be cited as the “Low Income Credit Act of 2015”.

Sec. 7042. Section 47-1806.04(e) of the District of Columbia Official Code is amended as follows:

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

“(1)(A) If a return is filed for a full calendar year, the amount of the tax payable under this subchapter by a resident of the District with respect to the taxable year shall be reduced by a low income credit designed to make the District’s income threshold equal to the federal income tax threshold. For purposes of this subsection, the term “tax threshold” means the point at which a taxpayer begins to owe income tax after allowance of the standard deduction and all personal exemptions to which the taxpayer is entitled, but before application of any itemized deductions or credits. The credit shall be calculated in accordance with a table prescribed by the Chief Financial Officer.

“(B)(i) If a return is filed for a period of less than a full calendar year beginning after December 31, 2014, the income eligibility for the credit allowed under this subsection shall be determined by annualizing the income earned during the portion of the year the taxpayer was a District resident.

“(ii) If a part-year resident meets the annualized income and other requirements of this subsection, the part-year resident shall be entitled to the pro rata share of the credit allowed by the annualized income. The pro rata share shall be determined by multiplying the credit allowed, from the table prescribed by the Chief Financial Officer, for the annualized income by the

fraction consisting of the number of days the taxpayer was a District resident over 365 days (or, in the case of a leap year, 366 days).”.

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

“(2) The credit provided for in paragraph (1) of this subsection shall not be allowed to a resident:

“(A) Who has a federal tax liability determined in accordance with section 55 of the Internal Revenue Code of 1986;

“(B) Who has net federal adjusted gross income in excess of the minimum federal income tax filing requirements. For purposes of this subparagraph, “net federal adjusted gross income” is federal adjusted gross income less:

“(i) Taxable refunds, credits or offsets of state and local income tax;

“(ii) Tax-exempt municipal bond interest income; and

“(iii) Federal taxable amount of social security or tier 1 railroad retirement income; or

“(C) Who has elected to claim the earned income tax credit provided for in subsection (f) of this section.”.

Sec. 7043. Applicability.

This subtitle shall apply to taxable years beginning after December 31, 2014.

SUBTITLE F. VAPOR PRODUCT AMENDMENT

Sec. 7051. Short title

This subtitle may be cited as the “Vapor Product Act of 2015”.

Sec. 7052. Title 47 of the District of Columbia Official Code is amended as follows:

~~(a) Section 47-2001 is amended as follows:~~

~~(1) Subsection (e-1) is repealed.~~

~~(2) Subsection (h-3) is repealed.~~

(b) Section 47-2401 is amended as follows:

(1) Paragraph (5A) is amended to read as follows:

~~“(5A) The term “other tobacco product” means any product containing, made from, or derived from tobacco, other than a cigarette or premium cigar, that is intended or expected to be consumed. The term “other tobacco product” includes vapor products, as defined in paragraph (9A) of this section, but does not include any product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and that is being marketed and sold solely for such an approved purpose.”.~~

(2) A new paragraph (8A) is added to read as follows:

“(8A) The term “smokeless tobacco” means any finely cut, ground, or powdered tobacco that is not intended to be smoked or any leaf tobacco that is not intended to be smoked.”

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

~~“(9A) The term “vapor product” means:~~

~~——“(A) Any non-lighting, noncombustible product that employs a mechanical heating element, battery, or electronic circuit, regardless of shape or size, that can be used to produce aerosol from nicotine in a solution; or~~

~~——“(B) Any vapor cartridge or other container of nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device.”.~~

(c) Section 47-2402.01 is amended as follows:

“(b)(1) Notwithstanding Subsection (a), a minimum tax is levied on the sale or possession of smokeless tobacco in the district. A tax of \$1.71 per ounce and a proportionate tax at the same rate on all fractional parts of an ounce shall be imposed on the possession of smokeless tobacco as that term is defined § 47-2401(8A), or at the rate in Subsection (a), whichever is greater. All funds generated pursuant to this subparagraph shall be deposited in the Community Health Care Financing Fund, established by section 101(a) of the Community Access to Health Care Amendment Act of 2006, effective March 14, 2007 (D.C. Law 16-288; D.C. Official Code § 7-1931(a)).

"(2) On or before the 21st day of each calendar quarter, every person upon whom the tax is imposed under the provisions of this chapter, during the preceding calendar quarter, shall file a return with the Mayor. The return shall provide:

"(A) The total amount of product subject to the tax for the quarter for which the return is filed;

"(B) The amount of tax for which the person is liable; and

"(C) Any other information as the Mayor considers necessary for the computation and collection of the tax.

"(3) The Mayor may permit or require the returns to be made for other periods and upon other dates as he may specify.

"(4) The form of returns shall be prescribed by the Mayor and shall contain such information as the Mayor may consider necessary for the proper administration of this chapter."

Sec. 7054. Applicability date.

This act shall be applicable for taxable periods beginning on or after October 1, 2015.

SUBTITLE G. NOTICE OF PROPOSED AUDIT CHANGES REQUIREMENT

Sec. 7061. Short title.

This subtitle may be cited as the "Notice of Proposed Audit Changes Requirement Act of 2015". Sec. 7062. Chapter 43 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) Section 47-4303 is amended to read as follows:

"§ 47-4303. Suspension of running of period of limitation.

"The running of the period of limitation provided in §§ 47-4301 and 47-4302 on the making of assessments or collection shall be suspended:

"(1) Beginning on the day the Chief Financial Officer of the District of Columbia ("CFO") issues a notice of proposed audit changes, pursuant to § 47-4312, until the issuance of an assessment or the issuance of a final order by the Office of Administrative Hearings; and

1 “(2) During the period during which the CFO is prohibited from making the assessment or
2 from collecting due to a proceeding in court, plus:

3 “(A) For assessment, 60 days thereafter; and

4 “(B) For collection, 6 months thereafter.”.

5 (b) Section 47-4312 is amended by adding a new subsection (a-1) to read as follows:

6 “(a-1) Unless otherwise provided in this title, the CFO shall send a notice of proposed audit
7 changes to the person at least 30 days before the proposed assessment is sent.”.

B. RECOMMENDATIONS FOR NEW BUDGET SUPPORT ACT SUBTITLES

1. STANDARD DEDUCTION WITHHOLDING CLARIFICATION

Sec.XX. Short title.

This subtitle may be cited as the “Standard Deduction Withholding Clarification Act of 2015”.

Sec. 2. Section 47-1812.08(b) of the District of Columbia Official Code is amended by adding a new paragraph (1A) to read as follows:

“(1A) Notwithstanding which method of determination for withholding set forth in paragraph (1) of this subsection is used, no allowance for the standard deduction shall be permitted.”.

2. MARKET BASED SOURCING CLARIFICATION

Sec. XX. Short title.

This subtitle may be cited as the “Market-based Sourcing Clarification Amendment Act of 2015”.

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

(a) Section 47-1334 is amended to read as follows:

"§ 47-1334. Interest rate.

"(a) The rate of simple interest on all amounts due, owing, or paid for the taxes sold or bid off to the District under this chapter shall be 1.5% per month or portion thereof until paid, excluding surplus; provided, that interest on the amount sold at tax sale, excluding surplus, shall accrue at the applicable interest rate beginning the first day of the month following the tax sale. No interest shall accrue for surplus, expenses, or the reasonable value of improvements.

"(b) The purchaser shall receive simple interest of 1.5% per month or portion thereof on the amount paid for the real property, excluding surplus, beginning on the first day of the month immediately following when the real property was sold or the certificate of sale was assigned by the Mayor until the payment to the Mayor is made as required under § 47-1361(a), by another purchaser under § 47-1382(c), or by the trustee under § 47-1382.01(d)(2), and as provided in § 47-1354(b) for the period when such

1 other taxes were paid. The purchaser shall receive no interest for expenses or the reasonable value of
2 improvements.”.

3 (b) Section 47-1348 is amended as follows:

4 (1) Subsection (a)(10) is amended to read as follows:

5 “(10) A statement that the rate of simple interest, upon redemption, shall be 1.5% per
6 month or portion thereof on the amount paid for the real property, excluding surplus, beginning on the
7 first day of the month immediately following the date of the tax sale or the date when the certificate of
8 sale was assigned by the Mayor.”.

9 (2) Subsection (c) is amended by striking the phrase “On redemption, the purchaser will
10 be refunded the sums paid on account of the purchase price, together with interest thereon at the rate of
11 18% per annum from the date the real property was sold to the date of redemption; provided, that the
12 purchaser shall not receive interest on any surplus.” and inserting the phrase "Upon payment to the Mayor
13 as specified in § 47-1361(a) or, if payment to the Mayor is made by another purchaser under § 47-
14 1382(c), the purchaser shall be refunded the sums paid on account of the purchase price, together with
15 simple interest thereon at the rate of 1.5% per month or portion thereof on the amount paid for the real
16 property, excluding surplus, beginning on the first day of the month immediately following the date of the
17 tax sale or the date when the certificate of sale was assigned by the Mayor until the payment to the Mayor
18 is made as required under § 47-1361(a) or § 47-1382(c); provided, that the purchaser shall not receive
19 interest on any surplus." in its place.

20 (c) Section 47-1353(d) is amended to read as follows:

21 "(d) Upon payment to the Mayor as specified in § 47-1361(a) or if payment to the Mayor is made
22 by another purchaser as specified in § 47-1382(c), the purchaser shall be refunded the sums paid on
23 account of the purchase price, together with simple interest thereon at the rate of 1.5% per month or
24 portion thereof on the amount paid for the real property, excluding surplus, beginning on the first day of
25 the month immediately following the day of the tax sale to the purchaser or the date when the certificate

1 of sale was assigned by the Mayor until the payment to the Mayor is made as required under § 47-1361(a)
2 or § 47-1382(c); provided, that the purchaser shall not receive interest on any surplus."

3 (d) Section 47-1810.02(g)(3) is amended to read as follows:

4 "(3)(A) For the tax years beginning after December 31, 2014, sales, other than sales of
5 tangible personal property, are in the District if the taxpayer's market for the sales is in the District. The
6 taxpayer's market for sales is in the District:

7 "(i) In the case of sale, rental, lease, or license of real property, if and to
8 the extent the property is located in the District;

9 "(ii) In the case of rental, lease, or license of tangible personal property,
10 if and to the extent the property is located in the District;

11 "(iii) In the case of the sale of a service, if and to the extent the service is
12 delivered to a location in the District; and

13 "(iv) In the case of intangible property:

14 "(I) That is rented, leased, or licensed, if and to the extent the
15 property is used in the District; provided, that intangible property utilized in marketing a good or service
16 to a consumer is used in the District if that good or service is purchased by a consumer who is in the
17 District; and

18 "(II) That is sold, if and to the extent the property is used in the
19 District; provided, that:

20 "(aa) A contract right, government license, or similar
21 intangible property that authorizes the holder to conduct a business activity in a specific geographic area
22 is used in the District if the geographic area includes all or part of the District;

23 "(bb) Receipts from intangible property sales that are
24 contingent on the productivity, use, or disposition of the intangible property shall be treated as receipts
25 from the rental, lease, or licensing of such intangible property under sub-sub-subparagraph (I) of this sub-
26 subparagraph; and

"(cc) All other receipts from a sale of intangible property shall be excluded from the numerator and denominator of the sales factor.

"(B) If the state or states of assignment under subparagraph (A) of this paragraph cannot be determined, the state or states of assignment shall be reasonably approximated.

"(C) If the taxpayer is not taxable in a state in which a sale is assigned under subparagraph (A) or (B) of this paragraph, or if a state of assignment cannot be determined under subparagraph (A) of this paragraph or reasonably approximated under subparagraph (B) of this paragraph, the sale shall be excluded from the denominator of the sales factor.

"(D) The Chief Financial Officer may prescribe regulations as necessary or appropriate to carry out the purposes of this subsection.

"(E) This paragraph shall apply as of October 1, 2014.'.

3. SOUTHWEST BUSINESS IMPROVEMENT DISTRICT CLARIFICATION

Sec. XX. Short title.

This subtitle may be cited as the "Southwest Business Improvement District Clarification Amendment Act of 2015".

Sec. XX. Section 209(c) of the Business Improvement Districts Act of 1996, effective September 9, 2014 (D.C. Law 20-136; D.C. Official Code § 2-1215.60(c)), is amended as follows:

(a) Paragraph (1)(A)(iii) is amended by striking the phrase "other law;" and inserting the phrase "other law, but shall not include any property covered by paragraph (4) of this subsection;" in its place.

(b) A new paragraph (4) is added to read as follows:

"(4) Notwithstanding paragraph (1)(A)(iii) of this subsection, the total BID tax payable with respect to any property that is an integral part of a development larger than 5 acres and the owner of which is required to contribute to the maintenance and improvement of roadways and

sidewalks adjacent to the property or otherwise associated with the development in lieu of the District having that responsibility shall be reduced by 30% from that which would otherwise be payable with respect to such property, to reflect the reduced services provided by the Southwest BID with respect to the property.

4. UNIFIED ECONOMIC DEVELOPMENT REPORT CLARIFICATION

Sec. XX. Short title.

This subtitle may be cited as the "Unified Economic Development Clarification Act of 2015".

Sec. XX. Section 2253 of the Unified Economic Development Budget Transparency and Accountability Act of 2010, effective September 24, 2010 (D.C. Law 18-223; D.C. Official Code § 2-1208.02) is amended as follows:

(a) Subsection (a)(1) is amended by striking the phrase "Not more than 3 months after the end of each fiscal year" and inserting the phrase "On or before March 1" in its place.

Section (b) is amended by striking phrase "The Chief Financial Officer" and inserting the phrase "The Mayor" in its place.

5. CAPITAL ASSETS REPLACEMENT SCHEDULE DUE DATE

Sec. XX. Short title.

This subtitle may be cited as the "Replacement Schedule Due Date Act of 2015".

Section 47-308.04 of the District of Columbia Official Code is amended by striking the phrase "October 1, 2015." and inserting the phrase "February 1, 2016 and by February 1 of each year thereafter." in its place.

6. DISPOSITION OF DISTRICT LAND FOR AFFORDABLE HOUSING CLARIFICATION

Sec. XX. Short title.

1 This subtitle may be cited as the "Disposition of District Land for Affordable Housing
2 Clarification Amendment Act of 2015".

3 Sec. XX. Section 1 of An Act Authorizing the sale of certain real estate in the District of
4 Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C.
5 Official Code § 10-801), is amended as follows:

6 (a) Subsection (a-3)(4)(C)(i) is amended by striking the phrase "A review and analysis of
7 the financial condition of disposed land" and inserting the phrase "A financial analysis and
8 review of the proposed land disposition and development" in its place.

9 (b) Subsection (b)(5) is amended by striking the phrase "Chief Financial Officer" and
10 inserting the word "Mayor" in its place.

11 **7. COMMISSION ON THE ARTS AND HUMANITIES DEDICATED FUNDING**

12
13 Sec. xx. Short title.

14 This subtitle may be cited as the "Commission on Arts and Humanities Dedicated
15 Funding Amendment Act of 2015".

16 Sec. xx. The amount of 0.25% of the sales tax shall be dedicated to funding the
17 Commission on the Arts and Humanities.

18 Sec. xx. For fiscal year 2016, and the Fiscal Year 2016 Budget and Financial plan,
19 sales tax revenue in a revised revenue estimate of the Chief Financial Officer that exceeds the
20 annual sales tax revenue estimate from the February 2015 revenue estimate of the Chief
21 Financial Officer shall be dedicated to fund this subtitle.

22 Sec. xx. Section 6a of the Commission on the Arts and Humanities Act, effective
23 January 31, 1998 (D.C. Law 12-42; D.C. Official Code 39-205.01), is amended to read as
24 follows:

“(a) There is established the Arts and Humanities Enterprise Fund ("Fund") to be operated by the Commission.

“(b) There shall be deposited into the Fund:

“(1) Private donations, gifts, and grants;

“(2) Proceeds of the sale or loan of works of arts, prints, and promotional items;

and

“(3) All existing grant funds within the Commission.

“(c) The monies in the Fund shall not lapse into the unrestricted General Fund balance of the District or any other fund of the District.

“(d) By October 1st of each year, the Commission shall publish in the District of Columbia Register and in a report submitted to the Council, a specific accounting of how monies in the Fund were expended and any remaining balance. The accounting shall include the following:

“(1) The name of any donors or anonymous contributions;

“(2) The amounts of each contribution;

“(3) A description of any donated property; and

“(4) Identification of the programs or recreation centers where the funds have been expended.

“(e) Proceeds in the Fund may be expended for the administration, improvement, and maintenance of property and programs managed by the Commission.

“(f) Proceeds in the Fund may be invested in a prudent and reasonable manner consistent with applicable District government policies and procedures.”.

8. BUSINESS IMPROVEMENT DISTRICT TECHNICAL CLARIFICATION

Sec. XX. Short title.

This subtitle may be cited as the “Business Improvement District Technical Amendment Act of 2015”.

Sec. 2. The Business Improvement District Amendment Act of 1996, effective May 29, 1996 (D.C. Law L 11-134; D.C. Official Code § 2-1215.01 *et seq.*), is amended as follows:

(a) Section 3(24)(C) (D.C. Official Code § 2-1215.02 (24)(C)) is amended by striking the date “September 30, 2014” and inserting date “September 30, 2003” in its place.

(b) Section 16(g-1) (D.C. Official Code § 2-1215.15(g-1)) is amended as follows:

(1) Paragraph (2) is amended by striking the phrase “The BID tax resulting” and inserting the phrase “For periods beginning after September 30, 2003, the BID tax resulting” in its place.

(2) Paragraph (3) is repealed.

9. DISTRICT OF COLUMBIA DEPOSITORY EXPANSION

Sec. XX. Short title.

This subtitle may be cited as the “District of Columbia Depository Expansion Act of 2015”.

Sec. 2. Section 47-351.08) of the District of Columbia Official Code is amended as follows:

(a) Paragraph (3) is amended by striking the word “or” at the end.

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

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

“(5) Letters of credit issued by a Federal Home Loan Bank.”.

10. REAL PROPERTY ASSESSMENT APPOINTMENT CLARIFICATION

Sec. XX. Short title.

This subtitle may be cited as the “Real Property Assessment Appointment Clarification Act of 2015”.

Sec. XX. Section 47-825.02 of the District of Columbia Official Code is repealed.

11. ELECTRONIC PAYMENT REQUIREMENT

Sec. XX. Short title.

This subtitle may be cited as the “Electronic Payment Requirement Amendment Act of 2015”.

Sec. XX. The Grant Administration Act of 201, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 1-328.11 *et seq.*), is amended as follows:

(a) Section 1094 (D.C. Official Code § 1-328.13) is amended by adding a new subsection (d) to read as follows:

“(d) Notwithstanding any other provision of law and regardless of the award amount, a grantor shall award funds to a grantee solely by ~~direct deposit through an electronic means which will include, but is not limited to, direct deposit funds transfer~~ to a checking, savings, or other account designated by the grantee or to a prepaid debit card.”.

(b) Section 1096 (D.C. Official Code § 1-328.15) is amended by striking the phrase “to the grantor” and inserting the phrase “to the grantor and agree to receive all awarded funds in accordance with section 1094(d).”.

Sec. XX. Section 1120(a) of the Comprehensive merit Personnel Act of 1978, March 20, 1998 (D.C. Law 12-60; D.C. Official Code § 1-611.20(a)), is amended to read as follows:

“(a) Notwithstanding any other provision of law, the only method for the receipt of salary, wages, or any other compensation, and retirement payments by any District of Columbia employee or retiree, whether compensated by the District with District funds or federal funds,

shall be by ~~direct deposit through an electronic~~ means which will include, but is not limited to direct deposit funds transfer to a checking, savings, or other account designated by the employee or retiree or to a prepaid debit card; or”.

Sec. XX. Section 204 of the Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-352.04), is amended as follows:

(a) Subsection (b) is amended by adding a new paragraph (9A) to read as follows:

“(9A) To establish a direct deposit electronic payment system pursuant to subsection (c) of this section.”.

(b) A new subsection (c) is added to read as follows:

“(c) Notwithstanding any other provision of law, the only method for the receipt of a payment on any contract with the District, whether compensated by the District with District funds or federal funds, shall be solely made by electronic means which will include, but is not limited to, direct deposit through an electronic funds transfer to a checking, savings, or other account designated by the contractor or to a prepaid debit card.”.

12. FISCAL YEAR 2015 BUDGET CLARIFICATION.

Sec. XX. Short title.

This subtitle may be cited as the “Fiscal Year 2015 Budget Clarification Amendment Act of 2015”.

Sec. 2. (a) Section 47-362(f)(2) of the District of Columbia Official Code is amended by striking the phrase “to the Capital Fund as Paygo” and inserting the phrase “equally among the Local Streets Ward-Based Capital Projects. For the purposes of this paragraph, the term Local Streets Ward Based Capital Projects shall have the same meaning as provided in § 50-921.51(4)” in its place.

(b) Section 1203c(g)(2) of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, enacted on September 23, 2014 (D.C. Act 20-424; 61 DCR 9990), is amended to read as follows:

“(2) “Eligible employee” means a District government employee; provided, that the term “eligible employee” does not include:

“(A) A temporary employee appointed for less than 90 days; or

“(B) An intermittent employee.”.

(c) Section 28-3903(a)(17) is amended by striking the phrase “§ 28-3905” and inserting the phrase “the Department of Consumer and Regulatory Affairs Civil Infractions Act of 1985, effective October 5, 1985 (D.C. Law 6-42; D.C. Official Code § 2-1801.01 *et seq.*)” in its place.

(d) Section 4(l) of the Retail Incentive Act of 2004, effective September 8, 2004 (D.C. Law 15-185; D.C. Official Code § 2-1217.73(l)), is amended by striking the phrase “within the following area” and inserting the phrase “abutting the following line” in its place.

(e) Section 1103(f)(4)(A) of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-611.03(f)(4)(A)), is amended as follows:

(1) The existing text is designated as sub-subparagraph (i).

(2) A new sub-subparagraph (ii) is added read as follows:

“(ii) For Fiscal Year 2015, and except as provided in subparagraph (B) of this paragraph, no officer or member of the Fire and Emergency Medical Services Department who is authorized to receive overtime compensation under this subsection may earn overtime in excess of \$ 30,000 in a fiscal year.”.

(f) Section 1053 of the Fiscal Year 2015 Budget Support Act of 2014, effective February 26, 2015 (D.C. Law 20-155; 62 DCR 3601), is repealed.

(g) The Healthy Tots Act of 2014, effective February 26, 2015 (D.C. Law 20-155; 62 DCR 3601), is amended as follows:

(1) A new section 4073a is added to read as follows:

“Sec. 4073a. Child development facility requirements.

“(a) If 50 % or more children in a licensed child development facility are eligible to participate in the CACF Program, the facility shall participate in the program unless OSSE grants it an exemption pursuant to subsection (b) of this section.

“(b) To be eligible for an exemption, a child development facility must provide OSSE with a written statement describing why participation in the CACF Program constitutes a hardship. OSSE will determine whether good cause exists and provide notice to the child development facility that it is excused from participating in the CACF Program for one year from the date of the notice. To the extent possible, OSSE shall work with excused child development facilities to address barriers to participating in the CACF Program.”.

(2) Section 4074(a) is amended as follows:

(A) Paragraph (2) is amended by striking the word “and” at the end.

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

(C) A new paragraph (4) is added to read as follows:

“(4) Provide to the Mayor, the Council, and the Healthy Schools and Youth Commission, no later than June 30 of each year, a report listing the names and locations of licensed child development facilities with 50 % or more eligible children enrolled, whether the facility participates in the CACF Program, and whether and why the facility was excused from participation.”.

(h) Section 552(d-1) of the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4-101; D.C. Official Code § 4-205.52(d-1), is amended by striking the phrase “October 1, 2015” and inserting the phrase “October 1, 2014” in its place.

(i) The District of Columbia Public Space Rental Act, approved October 17, 1968 (82 Stat. 1156; D.C. Official Code § 10-1101.01 *et seq.*), is amended as follows:

(1) Section 202(b) (D.C. Official Code § 10-1102.02(b)) is amended to read as follows:

1 “(b) Notwithstanding the requirements of subsection (a) of this section, the District shall not charge
2 a fee to an organization for occupying public space to operate a farmers market; provided, that it participates
3 in the Supplemental Nutritional Assistance Program and the Women, Infants and Children Farmers
4 Market Nutrition Program.”.

5 (2) Section 303 (D.C. Official Code § 10-1103.02) is amended to read as follows:

6 "Sec. 303. (a)(1) The Chief Financial Officer shall assess and collect rent and charges from the
7 owner or owners of abutting property for any vault located in the public space abutting such property, unless
8 such vault has been removed, filled, sealed, or otherwise rendered unusable in a manner satisfactory to the
9 Mayor.

10 "(2) Bills and notices shall be deemed to be properly served when mailed via first class mail
11 to the abutting property owner's mailing address of record as maintained by the Chief Assessor of the Office
12 of Tax and Revenue.

13 "(b)(1) Notwithstanding section 104 of the Condominium Act of 1976, effective March 29, 1977
14 (D.C. Law 1-89; D.C. Official Code § 42-1901.04), or any other provision of law that imposes liability for
15 vault rent that is contrary to this subsection, vault rent shall be assessed against a responsible condominium
16 unit owners' association.

17 "(2) The responsible condominium unit owners' association shall be billed for vault rent as a
18 separate and distinct taxable entity with its own vault rent account, as designated by the Chief Financial
19 Officer, and, unless the context requires otherwise, for purposes of this title shall be deemed to be the owner
20 of the property abutting public space in which any vault is located.

21 "(3) A notice of proposed land assessment relating to the vault rent account shall be given to
22 the responsible condominium unit owners' association by March 1st before the beginning of the applicable
23 vault rent year. Only the land values of comparable multi-family residential properties shall only be used in
24 determining land values for vault rent purposes of residential condominiums.

25 "(4) The assessed value of the land derived for purposes of billing the vault rent may be
26 appealed as provided under D.C. Official Code § 47-825.01a(d), (e), and (g); except, that for the purposes of

1 this section any references in that section to an owner shall be deemed to be references to a responsible
 2 condominium unit owners' association.

3 "(5) The Chief Financial Officer may correct or change any land assessment relating to the
 4 vault rent account for which a responsible condominium unit owners' association is responsible as under the
 5 circumstances and subject to the conditions in D.C. Official Code § 47-825.01a(f); except, that the reference
 6 to:

7 "(A) Tax years shall be deemed to be a reference to vault rent years;

8 "(B) Owner shall be deemed to be a reference to a responsible condominium unit
 9 owners' association; and

10 "(C) The owner's address of record shall be deemed to be a reference to the
 11 responsible condominium unit owners' mailing address of record as maintained by the Chief Assessor of the
 12 Office of Tax and Revenue.

13 "(c) Where vault rent is assessed against any owner other than a responsible condominium owners'
 14 association, the Mayor may adjust any utilization factor or area of the vault level under the circumstances,
 15 subject to the conditions in D.C. Official Code § 47-825.01a(f); except, that the reference to tax years shall be
 16 deemed to be a reference to vault rent years .".

17 (j) Section 47-4304.01(3) of the District of Columbia Official Code is amended by striking the
 18 phrase "3-year period" and inserting the phrase "4-year period" in its place.

19 (k) The Retail Incentive Amendment Act of 2012, effective April 27, 2013 (D.C. Law 19-288; 60
 20 DCR 2325), is repealed.

21 (l) Section 701 of the Raising Expectations for Education Outcomes Omnibus Act of 2012, effective
 22 June 19, 2012 (D.C. Law 19-142; D.C. Official Code § 38-757.01), is repealed. :

23 (m) The Water and Sewer Authority Establishment and Department of Public Works Reorganization
 24 Act of 1996, effective April 18, 1996 (D.C. Law 11-111; D.C. Official Code § 34-2201.01 et seq.), is
 25 amended as follows:

26 "(a) Section 206g(d) is repealed.

1 “(b) Section 206h(e) is repealed.

2 (n) The Senior Citizen Real Property Tax Relief Act of 2013, effective May 28, 2014 (D.C. Law 20-
3 105; 61 DCR 5897), is repealed.

4 (o). Section 601(m) of the Board of Ethics and Government Accountability Establishment and
5 Comprehensive Ethics Reform Amendment Act of 2011, effective April 27, 2012 (D.C. Law 19-124; D.C.
6 Official Code § 1-1164.01(m)), is repealed.”.

7 (p) Section 47-181 of the District of Columbia Official Code is amended as follows:

8 (1) Subsection (b) is amended by striking the phrase “approved, any recurring revenues in a
9 quarterly revenue estimate” and inserting the phrase “approved by the District, any recurring revenues in a
10 February revenue estimate” in its place.

11 (2) Subsection (c)(7) is amended by striking the phrase “\$6,650 for Head of Household” and
12 inserting the phrase “\$6,500 for Head of Household” in its place.

13 (q) Section 47-1801.04(44) of the District of Columbia Official Code is amended to read as follows:

14 “(44) “Standard deduction” means:

15 “(A) In the case of a return filed by a single individual or married individual filing a
16 separate return:

17 “(i) For taxable years beginning before January 1, 2015, the amount of
18 \$4,000 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of
19 \$50, rounded to the next lowest multiple of \$50) for a single individual and one-half of the amount that may
20 be taken by a single individual for a married individual filing a separate return;

21 “(ii) For taxable years beginning after December 31, 2014, the highest of:

22 “(I) \$5,200 increased annually by the cost-of-living adjustment (if
23 the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50);

24 “(II) Subject to availability of funding and in accordance with § 47-
25 181, \$5,650 increased annually by the cost-of-living adjustment (if the adjustment does not result in a
26 multiple of \$50, rounded to the next lowest multiple of \$50); or

“(III) Subject to availability of funding and in accordance with § 47-181, the amount of the standard deduction as prescribed in section 63(c) of the Internal Revenue Code of 1986;

“(B) In the case of a return filed by a head of household:

“(i) For taxable years beginning before January 1, 2015, the amount of \$4,000 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50);

“(ii) For taxable years beginning after December 31, 2014, the highest of:

“(I) \$6,500 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50);

“(II) Subject to availability of funding and in accordance with § 47-181, \$7,800 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50); or

“(III) Subject to availability of funding and in accordance with § 47-181, the standard deduction as prescribed in section 63(c) of the Internal Revenue Code of 1986;

“(C) In the case of a return filed by married individuals filing a joint return, or a surviving spouse:

“(i) For taxable years beginning before January 1, 2015, the amount of \$4,000 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50);

“(ii) For taxable years beginning after December 31, 2014, the highest of:

“(I) \$8,350 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50);

“(II) Subject to availability of funding and in accordance with § 47-181, \$10,275 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50); or

"(III) The standard deduction as prescribed in section 63(c) of the Internal Revenue Code of 1986; and

"(D) In the case of an individual who is a resident, as defined in paragraph (42) of this section, for less than a full 12-month taxable year, the amounts specified in subparagraph (A), (B), or (C) of this paragraph prorated by the number of months that the individual was a resident."

(r) Section 47-1803.02(a)(2)(N) of the District of Columbia Official Code is amended to read as follows:

"(N)(i) Pension, military retired pay, or annuity income received from the District of Columbia or the federal government by persons who are 62 years of age or older by the end of the taxable year, except that the exclusion shall not exceed the lesser of \$3,000 or the actual amount of the pension, military retired pay, or annuity received during the taxable years; provided, that the pension, military retired pay, or annuity is otherwise subject to taxation under this chapter; provided further, that this subparagraph shall apply for taxable years beginning before January 1, 2015.

"(ii) Survivor benefits received from the District of Columbia or the federal government by persons who are 62 years of age or older by the end of the taxable year."

(s) Section 47-1806.02 of the District of Columbia Official Code is amended as follows:

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

"(c) There shall be allowed an additional exemption for a taxpayer who qualifies as a head of household; provided, that this subsection shall not apply for a tax year in which the deduction amount for personal exemptions under subsection (i) of this section is \$2,200 or more."

(2) Subsection (i)(2) is amended by striking the phrase "and subject to § 47-1806.04(e)".

(3) Subsection (h-1) is amended by striking the phrase "The amount" and inserting the phrase "For tax years beginning after December 31, 2014, the amount" in its place.

(t) Section 47-1806.04(f)(1)(B) of the District of Columbia Official Code is amended by striking the phrase "40% of the earned income tax credit allowed under section 32 of the Internal Revenue Code of 1986" and inserting the phrase "40% of the earned income tax credit allowed under section 32 of the

Internal Revenue Code of 1986; provided, that the credit shall not be allowed to a resident who has elected to claim the low income tax provided for in subsection (e) of this section” in its place.

(u) Section 47-2002 of the District of Columbia Official Code is amended as follows:

(1) Paragraph (5) is repealed.

(2) Paragraph (6) is repealed.

(v) Section 47-3701(14) is amended to read as follows:

“(14) “Zero bracket amount” means \$1 million or subject to available funding and in accordance with §47-181:

“(i) \$2 million; or

“(ii) \$5 million increased by an amount equal to \$5 million multiplied by the cost of living adjustment for the calendar year.”.

(w) Section 47-3702 of the District of Columbia Official Code is amended as follows:

(A) Subsection (a) is amended by striking the phrase “before January 1, 2015” and inserting the phrase “before January 1, 2016” in its place.

(B) Subsection (b) is amended by striking the phrase “before January 1, 2015” and inserting the phrase “before January 1, 2016” in its place.

(x) Section 47-3702(a-1)(1) is amended to read as follows:

“(1)The rate of tax shall be 16%; except that the portion of the taxable estate that does not exceed the current zero bracket amount shall be taxed at 0%, and if the taxable estate exceeds the zero bracket amount, the following tax rates shall be applied to the incremental values of the taxable estate above the zero bracket amount:

(A) The rate of tax on the taxable estate over \$1 million but not over \$1.5 million shall be 6.4%.

(B) The rate of tax on the taxable estate over \$1.5 million but not over \$2 million shall be 7.2%.

(C) The rate of tax on the taxable estate over \$2 million but not over \$2.5 million shall be 8%.

(D) The rate of tax on the taxable estate over \$2.5 million but not over \$3 million shall be 8.8%.

(E) The rate of tax on the taxable estate over \$3 million but not over \$3.5 million shall be 9.6%.

(F) The rate of tax on the taxable estate over \$3.5 million but not over \$4 million shall be 10.4%.

(G) The rate of tax on the taxable estate over \$4 million but not over \$5 million shall be 11.2%.

(H) The rate of tax on the taxable estate over \$5 million but not over \$6 million shall be 12%.

(I) The rate of tax on the taxable estate over \$6million but not over \$7 million shall be 12.8%.

(J) The rate of tax on the taxable estate over \$7 million but not over \$8 million shall be 13.6%.

(K) The rate of tax on the taxable estate over \$8 million but not over \$9 million shall be 14.4%.

(L) The rate of tax on the taxable estate over \$9 million but not over \$10 million shall be 15.2%.”.

(y) Title 47 of the District of Columbia Official Code is amended as follows:

(1) Section 47-845(c) is amended by striking the phrase “interest at the rate of 8% per annum” and inserting the phrase “simple interest at the rate of 1/2% per month or portion of a month until paid” in its place.

(2) Section 47-845.02 is amended as follows:

(A) Subsection (a)(2) is amended to read as follows:

“(2) “Household adjusted gross income” means the adjusted gross income of all persons residing in a household, as determined by each person's federal income tax year ending immediately before the beginning of the real property tax year during which application is made under subsection (e) of this section, excluding the adjusted gross income of any person who is a tenant by virtue of a written lease for fair market value.”.

(B) Subsection (c) is amended by striking the phrase “interest at the rate of 8% per annum” and inserting the phrase “simple interest at the rate of 1/2% per month or portion of a month until paid” in its place.

(C) Subsection (d) is amended by striking the phrase “and § 47-845” and inserting the phrase “, § 47-845, and § 47-845.03” in its place.

(D) Subsection (h) is amended by adding a new paragraph (5) to read as follows:

“(5)(A) If a filed application is properly completed and not disapproved, taxes deferred shall remain deferred and the taxes from prospective tax years shall continue to be deferred

notwithstanding household adjusted gross income applicable to prospective tax years that exceeds the threshold in subsection (a)(1)(B) of this section.

“(B) This paragraph shall not apply if the senior’s household no longer qualifies for the deferral for any other reason.”.

(3) Section 47-845.03 is amended as follows:

(A) Subsection (a)(2) is amended to read as follows:

“(2) ‘Household adjusted gross income’ means the adjusted gross income of all persons residing in a household, as determined by each person’s federal income tax year ending immediately before the beginning of the real property tax year during which application is made under subsection (f) of this section, excluding the adjusted gross income of any person who is a tenant by virtue of a written lease for fair market value.”.

(B) Subsection (c) is amended to read as follows:

“(c) Taxes deferred under this section shall bear simple interest at the rate of ½% per month or portion of a month until paid; provided, that if an individual owner is 75 years of age or older, has less than \$12,500 of household interest and dividend income, and has owned a residence in the District for at least the immediately preceding 25 years (including no more than 2 consecutive gaps of ownership where each gap shall not exceed 120 days), no interest shall bear for taxes deferred under this section.”.

(C) Subsection (d) is amended by striking the phrase “and § 47-845” and inserting the phrase “, §47-845, and § 47-845.02” in its place.

(D) Subsection (i) is amended by adding a new paragraph (5) to read as follows:

“(5) If a filed application is properly completed and not disapproved, taxes deferred shall remain deferred and the taxes from prospective tax years shall continue to be deferred notwithstanding household adjusted gross income applicable to prospective tax years that exceeds the threshold in subsection (a)(4)(D) of this section. This paragraph shall not apply where the senior’s household no longer qualifies for the deferral for any other reason.”.

1 (4) Section 47-1806.06 is amended as follows:

2 (A) Subsection (a) is amended as follows:

3 (i) Paragraph (2)(C) is amended by striking the phrase "for all claimants"
4 and inserting the phrase "for all claimants other than eligible senior claimants" in its place.

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

6 "(2A) For taxable years beginning after December 31, 2014, the percentage
7 required under paragraph (1) of this subsection to be determined for eligible senior claimants shall be
8 100% of property tax or of rent constituting property taxes accrued exceeding 3.0% of adjusted gross
9 income of the tax filing unit."

10 (B) Subsection (b) is amended by adding a new paragraph (9) to read as follows:

11 "(9) The term "eligible senior claimant" means a claimant who is 70 years or
12 older at any time during the tax year and whose adjusted gross income does not exceed \$60,000."

13 (C) Subsection (e)(1) is amended by striking the phrase "\$ 47-845" and inserting
14 the phrase ""§§ 47-845, 47-845.02 and 47-845.03" in its place.

15 (D) Subsection (r) is amended by striking the phrase "\$50,000 shall be" and
16 inserting the phrase "\$50,000 (\$60,000 for eligible senior claimants) shall be" in its place.

17 (5) Section 47-845.03 is amended by striking the phrase "at least 25 years" and inserting the
18 phrase "at least the immediately preceding 25 years" in its place.

19 (6) Chapter 13A is amended by striking the section designation

20 "47-1390. Office of Real Property Tax Sale Review."

21 (7) Section 47-1334(b) is amended by striking the phrase "1% per month" and inserting the
22 phrase "1.5% per month" in its place.

23 (8) Section 47-1341 is amended as follows:

24 (A) Subsection (a)(2) is amended to read as follows:

25 "(2) The notice required pursuant to paragraph (1) of this subsection shall
26 be in substantively the following form and may include a payment coupon or enclosed bill:

1 "THIS IS A NOTICE OF DELINQUENCY. FAILURE TO PAY TAXES IMMEDIATELY MAY
2 HAVE SERIOUS CONSEQUENCES WHICH MAY INCLUDE LOSS OF TITLE TO THE PROPERTY

3 "Subject Property: [Identify by taxation square, suffix, and lot number, or parcel and lot number, and
4 by premises address, the real property to be sold]

5 "TO AVOID TAX SALE YOU MUST PAY \$[Amount Subject to Sale] by May 31, 20__)

6 "The amount that you must pay to avoid the tax sale may be less than the total amount owed on the
7 real property account. This amount may include fees or fines due to other DC agencies that have been
8 certified to the Office of Tax and Revenue to be included in a tax sale pursuant to D.C. Code § 47-1340.

9 "According to the Mayor's tax roll, you own or may have an interest in the real property listed above.
10 Notice is given that unless you pay the amount stated above or fall within one of the limited exemptions from
11 the tax sale, the Office of Tax and Revenue may sell this real property at tax sale.

12 "If the property is sold at tax sale, the purchaser may have the right to file a lawsuit to foreclose on
13 the property. You must act now to avoid additional costs and significant expenses, as well as potential loss of
14 title to the property.

15 "Payment to the "DC Treasurer" may be made online at www.taxpayerservicecenter.com or at any
16 District branch of Wells Fargo Bank or mailed (with payment coupon from tax bill) to the Office of Tax and
17 Revenue, Real Property Tax Administration, PO Box 98095, Washington, DC 20090-8095 (please write your
18 square, suffix and lot numbers on the check). You should keep a copy of your proof of payment in case there
19 is a later dispute about the payment.

20 "If payment is not made before May 31, 20__, the amount listed on this notice may no longer be
21 accurate. In that case, you must contact the Office of Tax and Revenue at to obtain an updated
22 payoff amount.

23 "YOU MAY BE ELIGIBLE FOR ASSISTANCE, INCLUDING A HARDSHIP FORBEARANCE
24 OR FREE LEGAL SERVICES. PLEASE SEE THE NEXT PAGE FOR ADDITIONAL INFORMATION.

25 "Should you have additional questions, please call the Customer Service Center for the Office of Tax
26 and Revenue at (202) 727-4TAX (4829).

1 "RESOURCES FOR REAL PROPERTY TAXPAYERS
2 IN THE DISTRICT OF COLUMBIA

3 "Real Property Tax Ombudsman. Homeowners and other interested parties may be eligible for
4 assistance from the Real Property Tax Ombudsman. If you need assistance with a tax sale or related property
5 tax matters, contact the Real Property Tax Ombudsman at

6 "Classification Disputes. If your real property is classified as vacant or blighted and you believe this
7 classification is incorrect, contact the Vacant Building Enforcement Unit of the Department of Consumer and
8 Regulatory Affairs at for information on how to appeal the property classification.

9 "Hardship Forbearance. You may be eligible to defer, or postpone, payment of the past due amount.
10 For information on how to apply for this deferral, please contact the Office of Tax and Revenue at

11 "Senior Citizen and Low-Income Tax Relief. Senior citizens and low-income households may have
12 additional rights to defer property taxes. If think you may be eligible for this tax relief, please contact the
13 Office of Tax and Revenue at for more information.

14 "Tax Sale Resource Center. Resource Center attorneys provide legal information to taxpayers and
15 interested parties who do not have their own lawyers on Wednesday mornings from 10:00am to 12:00pm
16 when court is in session. The Resource Center is located in the Moultrie Courthouse at 500 Indiana Ave. NW.

17 "Additional Legal Services. Free and reduced-cost legal services may be available to low- and
18 moderate-income households. You can get a list of service providers from the Real Property Tax
19 Ombudsman (above).

20 "Housing Counseling Services. The U.S Department of Housing and Urban Development ("HUD")
21 sponsors housing counseling agencies throughout the country that can provide advice on buying a home,
22 renting, defaults, foreclosures, and credit issues. You can get a list of HUD-approved housing counseling
23 agencies from the Real Property Tax Ombudsman (above)."

24 (B) Subsection (b-1)(2) is amended to read as follows:

25 "(2) The notice required pursuant to paragraph (1) of this subsection shall be in substantively
26 the following form, and may include a payment coupon or enclosed bill:

1 "THIS IS A NOTICE OF DELINQUENCY. FAILURE TO PAY TAXES
2 IMMEDIATELY MAY HAVE SERIOUS CONSEQUENCES WHICH MAY INCLUDE LOSS OF TITLE
3 TO THE PROPERTY

4 "Subject Property: [Identify by taxation square, suffix, and lot number, or parcel and lot number, and
5 by premises address, the real property to be sold]

6 "TO AVOID TAX SALE YOU MUST PAY \$[Amount Subject to Sale] by [Last Business Day
7 before tax sale begins]

8 "The amount that you must pay to avoid the tax sale may be less than the total amount owed on the
9 real property account. This amount may include fees or fines due to other DC agencies that have been
10 certified to the Office of Tax and Revenue to be included in a tax sale pursuant to D.C. Code § 47-1340.

11 "According to the Mayor's tax roll, you own or may have an interest in the real property listed above.
12 Notice is given that unless you pay the amount stated above or fall within one of the limited exemptions from
13 the tax sale, the Office of Tax and Revenue may sell this real property at tax sale.

14 "If the property is sold at tax sale, the purchaser may have the right to file a lawsuit to foreclose on
15 the property. You must act now to avoid additional costs and significant expenses, as well as potential loss of
16 title to the property.

17 "Payment to the "DC Treasurer" may be made online at www.taxpayerservicecenter.com, at any
18 District branch of Wells Fargo Bank, or mailed (with payment coupon from tax bill) to the Office of Tax and
19 Revenue, Real Property Tax Administration, PO Box 98095, Washington, DC 20090-8095 (please write your
20 square, suffix and lot numbers on the check). You should keep a copy of your proof of payment in case there
21 is a later dispute about the payment.

22 "If payment is made less than 10 calendar days before [the last business day before tax sale], you
23 must provide a copy of the receipt directly to the Office of Tax and Revenue in order to ensure that your
24 property is removed from the tax sale.

• "You may FAX the receipt to (202) 478-5995; EMAIL the receipt to [email address]; or
HAND-DELIVER a copy of the paid receipt to a Tax Sale Unit representative in the Customer Service
Center located at 1101 4th Street, SW, Suite 270W, Washington, DC 20024.

• "Do not mail your paid receipt.

"YOU MAY BE ELIGIBLE FOR ASSISTANCE, INCLUDING A HARDSHIP FORBEARANCE
OR FREE LEGAL SERVICES. PLEASE SEE THE NEXT PAGE FOR ADDITIONAL INFORMATION.

"Should you have additional questions, please call the Customer Service Center for the Office of Tax
and Revenue at (202) 727-4TAX (4829).

"RESOURCES FOR REAL PROPERTY TAXPAYERS

IN THE DISTRICT OF COLUMBIA

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assistance from the Real Property Tax Ombudsman. If you need assistance with a tax sale or related property
tax matters, contact the Real Property Tax Ombudsman at

"Classification Disputes. If your real property is classified as vacant or blighted and you believe this
classification is incorrect, contact the Vacant Building Enforcement Unit of the Department of Consumer and
Regulatory Affairs at for information on how to appeal the property classification.

"Hardship Forbearance. You may be eligible to defer, or postpone, payment of the past due amount.
For information on how to apply for this deferral, please contact the Office of Tax and Revenue at

"Senior Citizen and Low-Income Tax Relief. Senior citizens and low-income households may have
additional rights to defer property taxes. If think you may be eligible for this tax relief, please contact the
Office of Tax and Revenue at for more information.

"Tax Sale Resource Center. Resource Center attorneys provide legal information to taxpayers and
interested parties who do not have their own lawyers on Wednesday mornings from 10:00am to 12:00pm
when court is in session. The Resource Center is located in the Moultrie Courthouse at 500 Indiana Ave. NW.

"Additional Legal Services. Free and reduced-cost legal services may be available to low- and moderate-income households. You can get a list of service providers from the Real Property Tax Ombudsman (above).

"Housing Counseling Services. The U.S Department of Housing and Urban Development ("HUD") sponsors housing counseling agencies throughout the country that can provide advice on buying a home, renting, defaults, foreclosures, and credit issues. You can get a list of HUD-approved housing counseling agencies from the Real Property Tax Ombudsman (above).".

(9) Section 47-1346(a)(5) is amended as follows:

(A) Subparagraph (A) is amended by striking the word "taxes" and inserting the phrase "in rem taxes" in its place.

(B) Subparagraph (B) is amended by striking the word "taxes" and inserting the phrase "in rem taxes" in its place.

(10) Section 47-1348 is amended as follows:

(A) Subsection (a)(10) is amended by striking the phrase "1% per month" and inserting the phrase "1.5% per month" in its place.

(B) Subsection (c) is amended by striking the phrase "1% per month" and inserting the phrase "1.5% per month" in its place.

(11) Section 47-1353(d) is amended by striking the phrase "1% per month" and inserting the phrase "1.5% per month" in its place.

(12) Section 47-1353.01(b) is amended to read as follows:

"(b) The notice required pursuant to subsection (a) of this section shall be in substantively the following form:

"[Date]

"ATTENTION: YOUR PROPERTY WAS SOLD AT TAX SALE

1 "Subject Property: [Identify by taxation square, suffix, and lot number, or parcel and lot number, and
2 by premises address]

3 "Tax Sale Date: [July __, 20__]

4 "If you do not pay all amounts due, the purchaser will have the right to file a lawsuit to foreclose on
5 the property and you may lose title.

6 "According to the Mayor's tax roll, you own or may have an interest in the real property listed above.
7 Please follow the below instructions to redeem your property from tax sale and prevent a foreclosure lawsuit.

8 • "To redeem your property from the tax sale, you must pay all taxes owed, as well as any
9 legal fees and expenses that may become due.

10 • "A tax bill is mailed to you during the month of August. You should pay the bill in full and
11 on time.

12 • "If you are receiving this notice after October 31, 20__, or if you have not already paid your
13 tax bill in full, you should contact the Office of Tax and Revenue ("OTR") at for a current tax bill
14 and up-to-date payoff amount.

15 • "After you have paid your taxes, you should call OTR to confirm that you have redeemed
16 your property. Keep a copy of your proof of payment in case there is a later dispute about the payment.

17 • "If you have not paid all taxes within four months after the Tax Sale Date stated above, an
18 additional \$381.50 may be added to reimburse the purchaser for some costs.

19 • "If you do not redeem the property within six months of the Tax Sale Date stated above, the
20 tax sale purchaser may file a lawsuit against you to obtain title to the property.

21 • "If the purchaser files a foreclosure lawsuit, you will be responsible for legal fees and
22 expenses that may total thousands of dollars. You may also lose title to the property.

23 • "For further information on how to redeem, please read our Real Property Owner's Guide to
24 the Tax Sale Redemption Process, available on our Web site at www.taxpayerservicecenter.com by clicking
25 on "Real Property." You may also request a copy by visiting or writing to our Customer Service Center at
26 1101 4th Street, SW, Suite 270W, Washington, DC 20024.

1 "YOU MAY BE ELIGIBLE FOR FREE LEGAL SERVICES OR OTHER ASSISTANCE. SEE
2 THE NEXT PAGE FOR MORE INFORMATION.

3 "Should you have additional questions, please call OTR's Customer Service Center at (202) 727-
4 4TAX (4829).

5 "RESOURCES FOR REAL PROPERTY TAXPAYERS
6 IN THE DISTRICT OF COLUMBIA

7 "Real Property Tax Ombudsman. Homeowners and other interested parties may be eligible for
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9 tax matters, contact the Real Property Tax Ombudsman at

10 "Classification Disputes. If your real property is classified as vacant or blighted and you believe this
11 classification is incorrect, contact the Vacant Building Enforcement Unit of the Department of Consumer and
12 Regulatory Affairs at for information on how to appeal the property classification.

13 "Hardship Forbearance. You may be eligible to defer, or postpone, payment of the past due amount.
14 For information on how to apply for this deferral, please contact the Office of Tax and Revenue at.... ..

15 "Senior Citizen and Low-Income Tax Relief. Senior citizens and low-income households may have
16 additional rights to defer property taxes. If think you may be eligible for this tax relief, please contact the
17 Office of Tax and Revenue at.... .. for more information.

18 "Tax Sale Resource Center. Resource Center attorneys provide legal information to taxpayers and
19 interested parties who do not have their own lawyers on Wednesday mornings from 10:00am to 12:00pm
20 when court is in session. The Resource Center is located in the Moultrie Courthouse at 500 Indiana Ave.,
21 NW.

22 "Additional Legal Services. Free and reduced-cost legal services may be available to low- and
23 moderate-income households. You can get a list of service providers from the Real Property Tax
24 Ombudsman (above).

25 "Housing Counseling Services. The U.S Department of Housing and Urban Development ("HUD")
26 sponsors housing counseling agencies throughout the country that can provide advice on buying a home,

renting, defaults, foreclosures, and credit issues. You can get a list of HUD-approved housing counseling agencies from the Real Property Tax Ombudsman (above). “.

(13) Section 47-1354(b) is amended by striking the phrase “the other purchaser” and inserting the phrase “such other purchaser” in its place.

(14) Section 47-1361(d)(1) is amended by striking the phrase “subsection (b-1)” and inserting the phrase “subsection (b-2)” in its place.

(15) Section 47-1377(a)(1)(A)(i) is amended by striking the word “amount” and inserting the word “cost” in its place.

(z) Section 15(f) of the Business Improvement Districts Act of 1996, effective May 29, 1996 (D.C. Law 11-34; D.C. Official Code § 2-1215.15(f)), is amended by striking the phrase “plus interest on the unpaid amount at the rate of 1 1/2%” and inserting the phrase “plus simple interest on the unpaid amount at the rate of 1.5%” in its place.

(aa) 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:

(1) Section 302(34) (D.C. Official Code § 42-1102(34)) is to read as follows:

“(34) Deeds to property transferred to a named beneficiary of a revocable transfer on death deed under the Uniform Real Property Transfer of Death Act of 2012, effective March 19, 2013 (D.C. Law 19-230; D.C. Official Code § 19-604.01 *et seq.*), by reason of the death of the grantor of the revocable transfer on death deed.”.

(2) Section 303(a-4) (D.C. Official Code § 42-1103(a-4)) is amended by striking the word “transferred” and inserting the phrase “transferred by deed of title” in its place.

(bb) The Fiscal Year 2015 Budget Support Act of 2014, enacted on September 23, 2014 (D.C. Act 20-424; 61 DCR 9990), is amended as follows:

(1) A new section 7173 is added to read as follows:

“Sec. 7173. Applicability.

1 “This subtitle shall be applicable for tax years beginning after December 31, 2014.”.

2 (2) A new section 7185 is added to read as follows:

3 “Sec. 7185. The grant program established by this subtitle shall be funded by the savings realized
4 from section 7184.”.

5 (3) Section 8032(a) is amended by striking the phrase “Regional Transportation
6 Improvement Program” and inserting the phrase “region’s Transportation Improvement Program” in its
7 place.

8 **13. PARK 7 AT MINNESOTA-BENNING TAX ABATEMENT**

9 Sec. XXX. Short title.

10 This subtitle may be cited as the “The Park 7 at Minnesota-Benning Tax Abatement Act of
11 2015”.

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

14 (a) The table of contents is amended by adding a new section designation 47-46__ to read as
15 follows:

16 “47-46__. The Park 7 at Minnesota-Benning; Lot 13 in Square 5052.”

17 (b) A new section 47-464 is added to read as follows:

18 “§ 47-46__. The Park 7 at Minnesota-Benning; Lot 13 in Square 5052.

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

20 “(1). “Affordable Units” means residential units affordable to households with
21 incomes not exceeding 60% of the median income of the Washington, D.C. metropolitan
22 statistical area, as determined annually by the United States Department of Housing and Urban
23 Development, or its successor agency.

24 “(2) “The Park 7 at Minnesota-Benning” means a mixed-use project consisting of
25 approximately 400,000 square feet of multi-family residential space, with 376 rental units and

accessory parking, of which up to 10% of the units are set aside for market-rate units, and 20,000 square feet of retail space and accessory parking located on the property described as Lot 13, Square 5052 comprising land located adjacent to the corner of Minnesota Avenue, N.E., and Benning Road, N.E., in Ward 7, next to the Minnesota Avenue Metro station, together with the improvements thereon.

“(b) Retroactive to the first day of the current tax year (tax year 2015), The Park 7 at Minnesota-Benning shall receive an annual real property tax abatement equal to the amount of the real property taxes actually assessed and imposed by Chapter 8 of this title that exceed the aggregate amount of \$200,000 each tax year commencing on the tax year commencing as described in subsection (b) immediately above and ending on the date that is the last day of the half tax year immediately following the earlier of:

“(1) The passage of 30 years; or

“(2) The date on which The Park 7 at Minnesota-Benning does not have at least 300 residential units set aside as Affordable Units.

“(c) For the purposes of § 47-831(b), the owner of The Park 7 at Minnesota-Benning shall have a duty to inform the Office of Tax and Revenue within 90 days after the date on which the project is no longer entitled to the exemption granted by subsection (b) of this section.

“(d) The exemptions provided by this section shall run with Lot 13, Square 5052, and shall apply to any subsequent owners or assignees or successors in interest of The Park 7 at Minnesota-Benning.”

14. 4427 HAYES STREET, N.E. REAL PROPERTY TAX ABATEMENT

Sec. xxxx. This subtitle may be cited as the “4427 Hayes Street, N.E., Real Property Tax Abatement Amendment Act of 2015”.

1 Sec. xxxx. Section 47-4649 of the District of Columbia Official Code is amended as
2 follows:

3 (a) Strike the phrase “tax years 2011, 2012, 2013, 2014, and 2015” and insert the phrase
4 “tax years 2011 through 2040” in its place.

5 (b) Strike the number “\$140,000” and insert the number “\$30,000 a year” in its place.

6 **15. RETAIL SERVICE STATION AMENDMENT**

7 Sec. xxx. This subtitle may be cited as the “Retail Service Station Amendment Act of 2015”

8 Sec.xxx. Section 47- 903(a-5) of the District of Columbia Official code is repealed.



DRAFT ONLY

Councilmember Vincent Orange

A PROPOSED AMENDMENT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DATE: May 13, 2015

Amendment offered by Councilmember Orange to repeal the additional 5% transfer tax on properties where a retail service station is located. The section is amended as follows:

Sec. ____ Section (a-5) of the Revised Statutes of the District of Columbia (D.C. Official Code § 47-903(a-5), is repealed.

Rationale: The proposed amendment will bring the current 6.45 percent transfer tax on gas station properties to conform with the District's 1.45 percent transfer tax on all commercial properties. Around July of 2009, Council inserted a subtitle in the FY 2010 Budget Support Act of 2009 to levy an extra 5% transfer tax on real property upon which is located a retail service station without a public hearing. This tax should be repealed for the following reasons:

- 1) This tax is unfair and discriminatory because it singles out commercial properties upon which there are retail service stations. All other transfers of commercial properties remain at 1.45%. Why single out retail service stations?
- 2) This 6.45% tax (5% plus 1.45%) is the highest real estate transfer tax in America. There was no public hearing on this 5% tax and the gas station property owners were never informed or given a chance to testify. Transfer taxes in our neighboring jurisdictions range from 0.5% in MD and 0.1 to 0.25% in VA. When compared to NYC's transfer tax of 2.65%, DC's 6.45% transfer tax is the highest in the nation and out of line with all other jurisdictions.
- 3) The retail service station industry has borne the burden of numerous surcharges, regulatory and permit fees. The impact of these taxes and fees on the purchase of petroleum products should not be ignored. They are one of the major contributors to high gasoline prices in the District.
- 4) Finally, this 6.45% transfer tax on gas-station properties is ill-conceived and serves no public purpose. And, it is discriminatory and punitive.

(E)

Councilmember Elissa Silverman

AN AMENDMENT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DATE: May 13, 2015

OFFERED BY: Councilmember Elissa Silverman

TO: "Fiscal Year 2016 Budget Request Act of 2015" (Bill 21-0157)

VERSION: Committee Report _____

Committee Print _____

The Committee report is amended by amending Budget Support Act Title VII, Subtitle C, Sales Tax Amendment, to read as follows:

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would increase the general sales tax from 5.75% to 6%, and would increase the parking tax rate on commercial lots from 18% to 22%. The Mayor's budget proposal briefing to the Council presentation acknowledges the sales tax increase would fund initiatives that will end homelessness in the District, and the parking tax rate increase would incentivize use of public transportation and help pay subsidy increase for WMATA. The sales tax rate of 5.75% was first initiated in 1995, and remained at 5.75% until 2010, where it increased to 6% to address the recession being experienced, with a commitment to return to the 5.75%, which it did in 2014. Tax Revision Commission (TRC) recommendations, many of which were adopted in the Fiscal Year 2015 Budget, included the expansion of the sales tax to include more services, which was adopted; and raising the sales tax to 6% as part of the entire revenue neutral package presented, which was not adopted. TRC recommendations, if adopted in their entirety would have been revenue neutral.

b. Committee Reasoning

The Committee recommends adoption of this proposed subtitle.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

Sec. 7021. Short title

This subtitle may be cited as the “Sales Tax Amendment Act of 2015”.

Sec. 7022. Title 47 of the District of Columbia Official Code is amended as follows:

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

(1) The lead-in text is amended by striking the phrase “October 1, 2013, the rate of such tax shall be 5.75%” and inserting the phrase “October 1, 2015, the rate of such tax shall be 6%” in its place.

(2) Paragraph (1) is amended by striking the figure “18%” and inserting the figure “22%” in its place.

(3) Paragraph (4A) is amended by striking the figure “5.75%” and inserting the figure “6%” in its place.

(b) Section 47-2202 is amended by striking the phrase “5.75%, except for the period beginning October 1, 2009, and ending September 30, 2012, the rate shall be 6%,” and inserting the figure “6%” in its place.

Rationale: The removal of the sales and parking tax provisions, without identifying replacement funds, places the committee report out of balance. Adding these provisions back in helps fund many other provisions in the budget, including ending chronic homelessness and ensuring continuing WMATA operations.

Fiscal Impact:

COUNCIL OF THE DISTRICT OF COLUMBIA
Office of the Budget Director

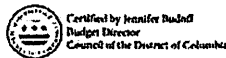


Jennifer Budoff
Budget Director

FISCAL IMPACT STATEMENT

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

FROM: Jennifer Budoff, Budget Director



DATE: May 13, 2015

SHORT TITLE: The Committee on Finance and Revenue Fiscal Year 2016 Budget Report

TYPE: Amendment

REQUESTING OFFICE: Councilmember Elissa Silverman

Conclusion

This amendment will not have an adverse impact on the District's budget and financial plan.

Background

Subtitle VII-C of the Fiscal Year 2016 Budget Support Act of 2015 (BSA), as introduced, helps balance the Mayor's proposed FY 2016 Budget and Financial Plan by increasing the sales tax from 5.75% to 6% and the parking tax from 18% to 22%.

The Committee on Finance and Revenue's draft report on the proposal recommends striking those tax increases and replacing them with a provision that would remove the existing dedication of parking taxes to WMATA. The committee's draft recommendation is unfunded; it would reduce FY16 revenues by \$32.1 million (and \$133.4 million through the four-year financial plan), without providing budget cuts or alternative revenues in that amount.

This amendment would strike the draft recommendation and replace it with language supporting the subtitle as introduced.

Analysis of Impact on Revenue

This amendment would restore the positive revenue impact of Subtitle VII-C as described in the fiscal impact statement issued by the Office of the Chief Financial Officer for the BSA on April 3, 2015.

Analysis of Impact on Spending

This amendment would strike the committee's draft recommendation that the dedication of parking taxes to the WMATA subsidy be repealed.

AN AMENDMENT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DATE: May 13, 2015

OFFERED BY: Councilmember Elissa Silverman

TO: "Fiscal Year 2016 Budget Request Act of 2015" (Bill 21-0157)

VERSION: **Committee Report** _____

Committee Print _____

The Committee report is amended by amending Budget Support Act Title II, Subtitle D, Creative and Open Space Modernization Amendment.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would provide real property tax abatements to attract and retain Qualified High Technology Companies (QHTCs) who sign a twelve year lease in the District for a minimum of 50,000 square feet of office space. This incentive would also assist in transforming vacant class B offices into functional creative and open spaces. In order to qualify, entities must meet the CBE and First Source requirement and provide public benefit to the District, which would be negotiated with the Deputy Mayor for Planning and Economic Development (DMPED) and may include attributes such as hiring or training targets, free or reduced priced software and services, or community space availability. This incentive links directly to Mayor Bowser's stated commitment to growing job opportunities for District residents and supporting DC based businesses, as well as supporting the entire tech ecosystem from startups to large technology businesses. This incentive focuses particularly on supporting medium size and growing technology companies, and also helps as an investment to update and modernize office spaces that would otherwise remain vacant.

The Mayor, through the Deputy Mayor for Planning and Economic Development would certify the abatement, and would notify the Office of Tax and Revenue the tenant qualifies and the amount of the abatement to be received. At the request of the Office of the Chief Financial Officer, language outlining pertinent information included in the Mayor's certification to OTR for the purposes of administering the abatement is recommended. The incentive would be offered as a grant program for Fiscal Year 2016 with the abatement program beginning in Fiscal Year 2017. The committee also included language requiring DMPED to annually certify all eligible abatement recipients.

b. Committee Reasoning

The Committee recommends rejection of this proposed subtitle. The Committee will instead work to create a new high tech incentive program targeted to small and medium-sized technology companies.

c. Section-by-Section Analysis

n/a

d. Legislative Recommendations for Committee of the Whole

~~Sec. 2041. Short title.~~

~~This subtitle may be cited as the "Creative and Open Space Modernization Act of 2015".~~

~~Sec. 2042. Section 47-811.03 of the District of Columbia Official Code is amended as follows:~~

~~(a) Subsection (a) is amended as follows:~~

~~(1) Paragraph (4) is amended to read as follows:~~

~~"(4) "Eligible building" means a non-residential or mixed-use building."~~

~~(2) A new paragraph (6A) is added to read as follows:~~

~~"(6A) "Lease commencement" means the date on which the tenant takes possession of the space or the occupancy date agreed to in the lease between the landlord and the Qualified High Technology Company, whichever occurs first."~~

~~(3) Paragraph (8) is amended to read as follows:~~

~~"(8) "Qualified High Technology Company" shall have the same meaning as set forth in § 47-1817.01(5)."~~

~~(4) A new paragraph (8A) is added to read as follows:~~

~~"(8A) "Qualified tenant improvement" means an improvement to an interior portion of a building that is nonresidential real property if:~~

~~_____“(A) The improvement is made pursuant to a lease by the:~~

~~_____“(i) Lessee (or any sublessee) of such portion; or~~

~~_____“(ii) Lessor of such portion; and~~

~~_____“(B) The portion is to be occupied exclusively by the lessee (or any sublessee) of the portion.”~~

~~_____“(5) Paragraph (9) is amended to read as follows:~~

~~_____“(9) “Tenant” means a Qualified High Technology Company that executes a lease for at least 50,000 square feet of net rentable area of eligible premises within the District for a minimum term of 12 years, under which it (or its subsidiaries or directly related entities) occupies and uses the eligible premises or will occupy and use the eligible premises on or after the lease commencement date. The term “tenant” includes subsidiaries and directly related entities.”~~

~~(b) Subsection (b)(2) is amended as follows:~~

~~_____“(1) The existing text is designated as subparagraph (A).~~

~~_____“(2) The newly designated subparagraph (A) is amended by striking the period and inserting the phrase “or as provided in subparagraph (B) of this paragraph.” in its place.~~

~~_____“(3) New subparagraphs (B) and (C) are added to read as follows:~~

~~_____“(B) The tenant may take up to 50% of the value of its total qualified tenant improvements package as tax abatement over 5 years. The total value of the tax abatement shall be calculated by adding the amount provided as a concession allowance or amortized loan to the tenant specifically for qualified tenant improvements to the amount of qualified tenant improvements funded by the tenant directly. The maximum amount of the abatement allowed~~

~~under either paragraph (1) or (2) of this subsection shall be \$1 million per year over 5 years. In no event shall the tax abatement exceed the tax bill for any one year.~~

~~“(C) The Mayor shall devise a method for awarding the abatement so as to not exceed the annual abatement caps.”.~~

~~(e) New subsections (c), (d), (e), and (f) are added to read as follows:~~

~~“(e) Notwithstanding subsections (a) and (b) of this section, the total combined abatements, beginning in fiscal year 2017, shall not exceed:~~

~~“(1) The amount of \$3 million per fiscal year; or~~

~~“(2) The amount of \$15 million total over 5 years.”~~

~~“(d)(1) The tenant taking the abatement shall be required to provide a public benefit as determined by the Mayor.~~

~~“(2) Following a determination that there is a public benefit, the Mayor shall certify each taxpayer and each eligible property to the Office of Tax and Revenue in accordance with subsection (f)(3) of this section.~~

~~“(e) The abatement shall not roll forward or back between tax years. The abatement shall be applied equally during each real property tax billing installment, and one half of the abatement shall be applied first during the latter of the half tax year of the lease commencement date or when the certification by the Mayor to the Office of Tax and Revenue is made. The Mayor shall also provide an annual certification list confirming properties eligible to receive the abatement.~~

~~“(f)(1) To be eligible for an abatement provided under subsection (b) of this section, on or after October 1, 2016, an applicant shall file with the Mayor, in a manner and form as the Mayor may prescribe, an application requesting certification of eligibility for the abatement.~~

~~“(2) An application requesting certification of the abatement shall provide:~~

~~“(A) The tax to which the requested certification will apply;~~

~~_____“(B) The specific taxpayer, including taxpayer identification number;~~

~~_____“(C) The eligible real property by square and lot, parcel, or reservation number;~~

~~“(D) The type or portion of the property that is eligible;~~

~~_____“(E) If determinable by the Mayor, the amount of the abatement to be allowed for each tax year or half tax year;~~

~~_____“(F) The amount expended on or the valued of the qualified tenant improvement on which the real property tax abatement is to be based;~~

~~“(G) The effective date of the entitlement to the abatement;~~

~~“(H) The date on which the entitlement is to terminate;~~

~~“(I) The public benefit; and~~

~~“(J) Any other information that the Mayor considers necessary or that the Office of Tax and Revenue may require to administer the abatement.~~

~~“(3) The Mayor shall review and certify the public benefit and certify to the Office of Tax and Revenue the eligibility of an applicant by the applicant’s lease commencement date or within 45 days after an application is received, whichever is later.~~

~~_____“(4) The Office of Tax and Revenue shall review and process a real property tax abatement granted pursuant to this section within 10 business days of receipt of certification from the Mayor.~~

~~“(5) If a certified Qualified High Technology Company becomes ineligible for an abatement for which it has previously been certified during the lease term, the Mayor shall notify the Office of Tax and Revenue. The notification shall provide:~~

~~“(A) The type of tax to which the certification applied;~~

~~“(B) The specific taxpayer, including taxpayer identification number;~~

~~“(C) The property by square and lot, parcel, or reservation number);~~

~~“(C) The type or portion of the property that was previously certified as eligible;~~

~~“(D) The date on which the taxpayer or property became ineligible; and~~

~~“(E) Any other information that the Mayor considers necessary or that the Office of Tax and Revenue may require to rescind the abatement.”.~~

Rationale: This provision provides unnecessary benefits to large corporations. The Council should instead be focusing scarce public funds more accurately on growing small and medium-sized tech businesses based in the District. These are the businesses that will grow to hire more District residents and stay in the District longer.

Fiscal Impact:

COUNCIL OF THE DISTRICT OF COLUMBIA
Office of the Budget Director

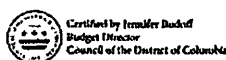


Jennifer Budoff
Budget Director

FISCAL IMPACT STATEMENT

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

FROM: Jennifer Budoff, Budget Director



DATE: May 13, 2015

SHORT TITLE: The Committee on Finance and Revenue Fiscal Year 2016 Budget Report

TYPE: Amendment

REQUESTING OFFICE: Councilmember Elissa Silverman

Conclusion

This amendment will not have an adverse impact on the District's budget and financial plan because there is no cost associated with implementing this amendment.

Background

The draft committee report recommends the adoption, with some amendments, of Subtitle II-D of the introduced Fiscal Year 2016 Budget Support Act of 2015 (BSA), the "Creative and Open Space Modernization Amendment Act of 2015." This subtitle would authorize the Mayor to provide discretionary property tax abatements to certain businesses beginning in Fiscal Year 2017.

This amendment would replace that recommendation; instead, the amendment would recommend that Subtitle II-D be stricken from the BSA.

Analysis of Impact on Revenue

By recommending the striking of Subtitle II-D from the BSA, this amendment would increase revenues by the amount of the cost attributed to this subtitle in the fiscal impact statement published by the Office of the Chief Financial Officer on April 3, 2014 for the BSA.

Specifically, the amendment would generate \$3 million per year or \$15 million over five years, beginning in FY 2017. The intent of the Mayor is to fund the subtitle by transferring funds from the Economic Development Special Account under the Deputy Mayor for Planning and Economic Development into the General Fund to make up for the abated taxes. Thus, repealing the subtitle would allow those amounts in that Account to be used for other purposes.

Analysis of Impact on Spending

This amendment will not affect spending.