

➤ **GOVERNMENT OF THE DISTRICT OF COLUMBIA**

➤ **OFFICE OF THE CHIEF FINANCIAL OFFICER**

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Fitzroy Lee
Acting Chief Financial Officer

February 24, 2022

The Honorable Kenyan R. McDuffie
Chairman
Committee on Business and Economic Development
Council of the District of Columbia
The John A. Wilson Building
Office of the Chief Financial Officer
1350 Pennsylvania Avenue, NW, Suite 506
Washington, DC 20004

Dear Chairman McDuffie:

This is in response to your February 3, 2022, regarding questions for the upcoming public oversight hearing on the FY 2021 and FY 2022 performance of the Office of the Chief Financial Officer scheduled for Thursday, March 3. Responses to the questions posed in your letter are attached for your review.

If you require additional information, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Fitzroy Lee". The signature is written in a cursive, flowing style.

Fitzroy Lee

Attachments

Racial Equity

1. In the context of the OCFO and its mission, please describe three areas, programs, or initiatives where you see the most opportunity to address racial inequity.

RESPONSE

Business Relationships

The OCFO works with its major banking partner, Wells Fargo Bank, N.A., with the implementation of the Bank's Where We Live (WWL) initiative. Over a five-year period, Wells Fargo is committed to making \$1.6 billion in community investments in the District through WWL with the goal of closing the economic inequality gap and creating racial equity by addressing key areas of need for low-income residents including financial literacy, homeownership, and small business development. Several WWL programs leverage and/or expand resources across various District agencies including within Department of Insurance, Security and Banking (DISB), Deputy Mayor for Planning and Economic Development (DMPED), and Department of Housing and Community Development (DHCD). A description of several programs receiving financial support from the WWL initiative follows.

DC Opportunity Accounts Match Savings Program: Wells Fargo's investment supported Capital Area Asset Builders and was the catalyst for establishing the Opportunity Fund in collaboration with DISB – The District of Columbia has partnered with CAAB to provide IDAs to low- and moderate-income Washingtonians. For every dollar CAAB raises from private philanthropy for the DC Opportunity Funds program, the Department of Insurance, Security and Banking (DISB) will match up to \$450,000. The fund will provide low-income families the opportunity to establish savings accounts and receive a four to one match with potential savings balances up to \$7,500.

Savings can be used toward one of eight pre-approved purposes including education expenses, job training, home purchase, home improvement, health care, and/or business start-up costs. Wells Fargo's multi-year support helped to launch and grow the program which primarily benefits residents in wards 7 and 8. In a deep expansion of the program, it has now been included in the Mayor's 2022 budget

Rebuilding Together DC: Wells Fargo provided funding to Rebuilding Together DC with the mission of preserving homeownership for elderly residents in wards 7 and 8 by providing critical home repairs so that residents can stay safely and affordably housed in the District while also building and sustaining wealth for low-income residents and their families and addresses the disparities between black and white homeowners. By providing the repairs needed for homes to remain safe, healthy, and viable, we help our clients preserve their most valuable (and sometimes sole) asset – their homes. The repairs and upgrades Rebuilding Together makes builds equity and improves financial security.

Coalition for Nonprofit Housing and Economic Development (CNHED) DC Anchor Program: Wells Fargo's support helped establish the DC Community Anchor Partnership (DCAP), a

collaboration of prominent anchor institutions committed to leveraging their operations to advance equitable economic development in the District of Columbia. One DCAP initiative brings together a network of DC health systems and universities dedicated to using their procurement power to increase market opportunities for minority-owned businesses in the District. Anchor members include Georgetown University, Children's National Health System, Sibley Memorial Hospital (Johns Hopkins Medicine), and BridgePoint Healthcare, with Kaiser Permanente and the University of the District of Columbia being onboarded as newest members. DCAP is co-convened with the Deputy Mayor for Planning and Economic Development (DMPED) and in collaboration with government and community partners such as Washington Area Community Investment (Wacif) and Latino Economic Development Center (LEDC).

Enterprise Faith-Based Developers Initiative: Through Wells Fargo's Where We Live Program, Enterprise Community Partners (Enterprise) was awarded a \$1 million grant to support the organization's Faith-Based Development Initiative (FBDI) in Washington, D.C. FBDI's goal is to create affordable housing and multi-use community facilities for low-to moderate income families by working with houses of worship to leverage their underutilized land. The grant from Wells Fargo leverages nearly \$800,000 in reprogrammed capital from the DHCD.

Minority Depository Institution investments. Wells Fargo provided \$4.5 million to support the mergers of Industrial Bank and City First Bank, both District based institutions, creating the largest Black-owned bank in the country.

Tax Administration

As we know, the COVID pandemic has had significant impact on the health and economic well-being of many in our community. To offer support and assist taxpayers in achieving compliance in their tax obligations, OTR continues to make payment plans more flexible for taxpayers, including extending the terms of automated payment plans and reducing the penalties on payment plans for taxpayers facing hardships. Taxpayers have the ability to set up self-service installment agreements using new and flexible terms on the [MyTaxDC.gov](https://mytaxdc.gov) portal. OTR expanded its self-service portal parameters up to a 4-year term and up to a maximum liability of \$100,000. This relief effort will help individuals and businesses stay tax compliant by offering more time to pay and lowering monthly payment terms. Our goal is to increase options and opportunities for taxpayers to stay compliant by increasing flexibility to those economically impacted.

Translated Documents

OTR continues to translate notices on our website into Spanish. OTR will continue to translate important information into other languages as well. OTR has been working in partnership with the Mayor's Office of Latino Affairs in order to improve our language access and bridge the communication gap with our immigrant communities. Additionally, translations include press releases and educational materials published on OTR's website and social media platforms, including: <https://otr.cfo.dc.gov/release/otr-tax-notice-2022-02-sales-tax-exemption-home-covid-19-tests>.

2. In last year's responses, OCFO provided that the Office was working to establish benchmarks to measure improvements in racial equity through various initiatives. Please describe the benchmarks OCFO has established to measure racial equity and identify any areas or programs where the Office has had success in building racial equity over the past year.

RESPONSE

Banking Contracts

Through WWL, Wells Fargo has identified strategies and dedicated resources to address root causes of racial and economic inequities. The impact of WWL since initiated in targeted communities is difficult to benchmark however, OCFO uses compliance with District and federal code to monitor our banking partners' commitment to addressing racial equity.

In compliance with D.C. Code § 26-431.04, financial institutions are required to submit a biennial Community Development Plan (CDP) to the Department of Insurance, Security and Banking (DISB). Failure to submit a plan and maintain a passing grade could disqualify a financial institution from doing business with the District. WWL is part of the Wells Fargo's larger CDP which OCFO reviews when considering maintenance and renewal of the banking contract.

The federal Community Reinvestment Act (CRA) encourages financial institutions to meet the credit needs of the communities in which they do business, in particular low- and moderate-income (LMI) neighborhoods. In accordance with CRA, Wells Fargo has a continuing and affirmative obligation to collect, report and audit loans made in the District's LMI neighborhoods. OCFO performs an annual review of the Bank's Washington Metropolitan Statistical Area CRA, and as with local compliance measures, monitors the Bank's ongoing commitment to direct investment in the District when considering maintenance or renewal of the banking contract.

3. Please describe the diversity and inclusion initiatives undertaken by OCFO in the past year to increase cultural awareness and diverse hiring at the agency.

RESPONSE

The OCFO designed a comprehensive diversity and inclusion program which includes the creation of a workplace diversity statement, an outline of the program's charter, a dedicated intranet webpage, and extensive research to identify an appropriate vendor to provide web-based training entitled "Workplace Diversity, Inclusion, & Sensitivity". This standalone course raises awareness of the many benefits of an inclusive culture and provides employees with practical steps for recognizing their own personal biases, increasing their cultural competency, and setting a positive example for treating everyone with respect. Additional planned courses will include raising awareness of unconscious bias and steps individuals can take to prevent biased attitudes and behaviors from interfering with workplace decisions and interactions. The agency also plans to host quarterly speaker series, coordinate "Celebrate Diversity at the OCFO" field days, establish

designated employee resource groups (ERGs); i.e. LGBTQ group, Women’s group, Military Support group, and create/implement an OCFO D&I Council. The D&I council will drive future initiatives beyond the inaugural year. The council will serve as a platform for overseeing and assessing the effectiveness of the D&I program and introducing change when and where needed. The program will launch in approximately 4 weeks.

4. Describe two areas or programs where the OCFO has significant potential to succeed in building racial equity.

RESPONSE

OTR continues to translate important information, including the DC Taxpayer Bill of Rights, into other languages, including Spanish to ensure tax education and compliance. OTR has been working in partnership with the Mayor’s Office of Latino Affairs in order to improve our language access and bridge the communication gap with our immigrant communities.

OTR continues to work closely with partner organizations that focus their outreach on vulnerable populations, such as CAAB, DC KinCare, AARP, etc. Specific outreach to encourage all eligible taxpayers to claim the EITC has been ongoing. Additionally, OTR has partnered with DC-AARP and the Legal Counsel for the Elderly to improve services to DC’s senior population as it relates to the Schedule H credit. Quarterly meetings are held to discuss improvements to the form and instructions as well as communications to ensure that applicable seniors are receiving the credit.

- a. Please provide an update on the Financial Wellness Program described in response to this question last year.

RESPONSE

The Financially Fit DC at Work program was launched November 2021. The program was developed jointly by the OCFO’s Office of Finance and Treasury (“OCFO/OFT”), the Department of Insurance, Securities, and Banking (“DISB”), and the Department of Human Resources (“DCHR”) to better engage our workforce in personal financial planning so they can live more comfortably while working and in retirement. The program serves roughly 66 thousand individuals, including 36 thousand full-time employees, 20 thousand eligible dependents, and 10 thousand retirees.

Program resources are deployed through new employee orientation, a “one-stop” resources and benefits website (<https://dchr.dc.gov/page/financially-fit-dc-work>), an online financial literacy platform (<https://atwork.financiallyfitdc.com/>), speaker led financial forums, and individual counseling sessions. Content is designed to address the needs of the District government’s diverse workforce by providing resources tailored to various cohorts, including low- and middle-income workers, onsite and

field staff, and each age/life stage (i.e., early career, mid-career, pre-retirement, retirement eligible, and retired workers).

5. In last year's responses, OCFO committed to continue to attract and retain a diverse work force and to invest in financial literacy and wellness of District residents through outreach programs.
 - a. Describe how OCFO keeps track of the diversity of its workforce and how the Office determines whether it is successful in its efforts; and

RESPONSE

The OCFO is steadfast in its commitment to recruit and retain a highly qualified and diverse workforce. Demographic data (i.e. gender, age, ethnicity, race, residency, and disability) is recorded, converted into metrics, and continuously analyzed to gain insight into the agency's overall demographic makeup. These analyses are additionally used to develop and improve our recruitment strategies and our outreach to diverse networks. HR processes are continuously evaluated in an effort to ensure non-biased hiring, retention and promotion practices.

The OCFO determines the success of our efforts by the ongoing review of the demographic data.

- b. Please provide specific examples of financial literacy and wellness outreach programs made available to District residents by OCFO. How does this outreach support racial equity?

RESPONSE

For the past three years, OFT has enlisted Wells Fargo's support for the Marion S. Barry Summer Youth Employment Program (MYSEP) Financial Education series, facilitating several virtual workshops for MYSEP in 2021. Wells Fargo also conducted financial literacy training at the DC Adult Career Technical Academy. These programs are designed to provide District adults and youth with fundamental skills and tools to better manage and maintain their financial resources.

COVID-19

6. Discuss the impact of the ongoing COVID-19 Pandemic on OCFO staffing levels and employee morale.

RESPONSE

There is no doubt that the ongoing COVID pandemic has significantly increased the stress level of employees, from anxiety and fear of the risk of exposure from coworkers or while on public transportation to juggling the demands of dependent care (i.e., school-imposed quarantines).

In addition to the persistence of the virus, organizations in every industry have been affected by the “The Great Resignation”, and the OCFO is not immune. As a result we have seen an increase in voluntary separations (resignations) and retirements over the last two years, as employees rethink and adjust their priorities.

Throughout the pandemic, the OCFO has made employee safety a top priority. As a result, most staff have expressed their gratitude for the agency’s commitment to safety, for being still gainfully employed when so many have been financially impacted, and for flexibility in their work schedules. Despite the challenges, staff continue to focus on our mission and produce quality work that evidences their commitment and dedication to the government and the residents whom we serve.

7. Please explain the impact on OCFO and the District of Columbia of any legislation passed at the federal level during the past year, to date, that significantly affects agency operations or revenue collections.
 - a. Please include an update on the impacts of the COVID-related Tax Relief Act of 2020 (COVIDTRA) and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTR), included in the Consolidated Appropriations Act, 2021 (H.R. 133, P.L. 116-260).

RESPONSE

The Consolidated Appropriations Act, 2021 (H.R. 133, P.L. 116-260) became law on December 27, 2020, and contained the COVID-related Tax Relief Act of 2020 (COVIDTRA) and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTR). Both contain numerous tax provisions. Most provisions are assumed to affect business taxpayers. Examples of changes for businesses are the business meal expense deduction and the ability to deduct expenses supported by federal relief grants through the Paycheck Protection Program (PPP). Both are temporary measures to support businesses and to which the District already conforms. A provision affecting individual taxpayers is the temporary change to the Earned Income Tax Credit (EITC) that allows 2019 income to be used if it results in a higher credit than using 2020 income. The District allows District taxpayers to claim 40 percent of the federal EITC. As a result, this change would reduce District individual income tax revenue for Fiscal Year 2021 when 2020 returns are filed.

Also, the American Rescue Plan Act of 2021 (H.R. 1319, P.L. 117-2) became law on March 11, 2021 (ARPA). The ARPA contained numerous individual tax provisions. Unemployment received in 2020 was partially excluded from federal income for some individual taxpayers. The District conforms to the federal income, so this exclusion would reduce District individual income tax revenue for Fiscal Year 2021. The ARPA also expanded the eligibility requirements for the EITC for taxpayers with no qualifying children. The amount of the District EITC for taxpayers with no qualifying children is not a percentage of the federal EITC but is determined by the D.C. Code. See D.C. Official Code § 47-1806.04(f)(1)(C)(ii). However, eligibility for the District credit is determined by federal requirements. Therefore, the federal expansion of eligibility would result in a greater number of taxpayers claiming the credit, which would reduce District individual income tax revenue for Fiscal Year 2021. Also, like in 2020, taxpayers may base their earned income for tax year 2021 on their 2019 income if it results in a higher credit than

using 2021 income. As stated above, this change would reduce District individual income tax revenue for Fiscal Year 2022 when 2021 returns are filed. The ARPA also increased the child and dependent care credit. Also, the credit was made refundable. The District's child and dependent care credit is 32 percent of the federal credit. Consequently, the increase to the federal credit would reduce District individual income tax revenue for Fiscal Year 2022. However, the District credit remains non-refundable. See D.C. Official Code § 47-1806.04(c)(3).

We continue to monitor federal legislation and keep the Council informed through our quarterly revenue estimates and periodic reports like the Economic and Revenue Trend report.

8. Please describe how the availability of federal relief funds impacted Fiscal Year 2021 revenue estimates.

RESPONSE

In Fiscal Year 2021, \$3.3 billion flowed to District businesses and individuals via direct payments (economic impact payments and advanced child tax credits), expanded unemployment insurance, and the paycheck protection program (PPP). Without the relief funds, personal income of District residents, a key input into ORA revenue estimation models, would have grown 5.5 percent rather than 6.4 percent in FY 2021.

- Much of the relief flowed to families through the economic impact payment where the cutoff threshold was \$160,000 for married couples and the child tax credit which was increased and went to most families in advanced payments starting in July 2021.
- The federal relief also included \$516 million in direct support for businesses as well, allowing many to survive and another \$317 million for nonprofits to keep employees on payrolls.

Neither the details nor the magnitude of this federal relief were known in FY 2020 when the original FY 2021 estimate was developed.

9. Please list all changes to the District's tax law or policies and filing requirements related to the public health emergency (i.e., extended filing dates, exclusions from gross income changes regarding deductions, etc.). For each, please explain how OCFO has engaged with the public to inform taxpayers of the changes.

RESPONSE

Automatic filing extension for calendar year filers was made to May 17, 2021 in lieu April 15, 2021 for D-20, D-30, D-40, Standalone Schedule H, D-41, D-40B, and D-65 tax filers, and includes combined return filers.

Annual real property tax assessment appeals and income and expense filing statement deadlines were extended by 30 days.

B24-0331, Performing Arts Promotion Temporary Amendment Act of 2021 (amends DC Code § 47-802(17)).

B24-0260, Real Property Tax Sale COVID-19 Equitable Temporary Amendment Act of 2021 (amends DC Code § 47-1332) to limit tax sale to vacant and blighted properties.

B24-0612, Foreclosure Moratorium Extension Emergency Amendment Act of 2022 (generally prohibits tax sale foreclosure judgments on owner-occupied residential properties).

B24-0285, Fiscal Year 2022 Budget Support Act of 2021 (Taxable Income Exclusions Amendment Act of 2021, TITLE VII, SUBTITLE C, §§ 7111-7012) has several provisions amending § 47-1803.02(a)(2) that exclude certain grants or other payments by the District that may be directly or indirectly related to the COVID-19 health emergency from DC gross income:

- (JJ) Cash assistance grants to excluded workers for awarded by Washington Convention and Sports Authority in 2020, 2021, and 2022;
- (LL) Unemployment insurance benefits provided by the District or any other state (beginning in TY2021);
- (MM) Grants made awarded under § 1-328.04(h)(1)(A);
- (NN) The following grants made by DMPED:
 - (i) Small business grants awarded under § 1-328.04(l);
 - (ii) Grants to DC Center for LQBT Community awarded under § 1-328.04(m);
 - (iii) Large company grants awarded under § 1-328.04(n);
 - (iv) Local food access grants awarded under § 1-328.04(o);
 - (v) Guaranteed income pilot program grants awarded under § 1-328.04(p);
 - (vi) Grants awarded to Community Development Financial Institutions or Minority Depository Institutions awarded under § 1-328.04(q);
 - (vii) Equity growth impact grants awarded under § 1-328.04(r);
 - (viii) Great Streets program grants awarded under § 1-328.04(s);
 - (ix) Bridge Fund recovery and special event support grants awarded under § 1-328.04(t);
 - (x) Small and medium business recovery and growth program grants awarded under § 1-328.04(u); and
 - (xi) Equity impact enterprise commercial property acquisition grants awarded pursuant to § 1-328.04(v);
- (OO) COVID-19 hotel recovery grants; and
- (PP) Delayed unemployment compensation payments made under §51-107(j).

OTR Tax Notice 2021-07 Federal Unemployment Compensation Exclusion Amended Returns	May 2021
OTR Tax Notice 2021-06 District Treatment of Federal Unemployment Compensation Exclusion	April 2021
OTR Tax Notice 2021-05 Tax Treatment of Grants Awarded Through the DC Small Business Recovery Microgrants Program	April 2021
OTR Tax Notice 2021-04 District Treatment of Paycheck Protection Program Loans	April 2021
OTR Tax Notice 2021-02 COVID-19 Emergency Income and Franchise Tax Extension	March 2021
OTR Tax Notice 2020-09 MyTax.DC.gov and Tax Sale	December 2020
OTR Tax Notice 2020-08 COVID-19 Digital Signatures	November 2020

- The above tax notices are published on OTR’s Tax Law Guidance website and in instructions to applicable tax forms and instructions. There is outreach to software vendors and tax practitioners.

10. Since the onset of the COVID-19 Pandemic, the Office of Tax and Revenue (“OTR”) established a resource account for taxpayers to request relief if they were impacted by the virus and provided greater flexibility with payment plans. Are these resources still available?

RESPONSE

Yes. OTR’s Collection and Enforcement Administration is still utilizing the email account, OTRCovidRelief@dc.gov for taxpayers to request tax relief if they are impacted by COVID-19 and are unable to pay their full tax liability or have any collection related questions. if they were Since the inception of the mailbox OTR has provided service to 1,164 taxpayers, assisting them in becoming compliant with their obligations. .

Additionally, OTR’s Real Property Tax Administration continues to extend flexibility with late penalty and interest adjustments for individuals and businesses impacted by COVID-19. Furthermore, taxpayers can establish payment plans and submit forbearance applications for tax sale exclusion for tax sale exclusion consideration.

11. Please provide an overview of OCFO’s customer outreach over the past year, including outreach to senior citizens, businesses, and residents, and state whether the outreach is virtual or in-person.

RESPONSE

Chief Financial Officer (CFO)

The CFO meets regularly with resident, neighborhood, and business groups throughout the year. Since the imposition of Covid-19 restrictions, these meetings have been virtual. In addition, monthly and quarterly reports produced by the OCFO are made public and posted on the CFO website. The OCFO has a robust outreach program to the financial community, including:

- Maintaining the District’s official investor relations website for purchasers of the District’s bonds (www.DCbonds.com)
- Posting all of the District’s financial information (budgets, CAFRs, revenue estimates, economic and revenue trends, etc.) in one easy to find location for rating analysts, bond investors, other market participants and the public.
- Organizing regional, institutional investor conferences with other major bond issuers in the area (DC Water, MWAA and WMATA)
- Holding direct discussions with major institutional investors in the District

Office of Revenue Analysis (ORA)

Each year, as part of the revenue estimating process, the Office of Revenue Analysis (ORA) convenes three advisory groups, consisting of:

- District business leaders in key sectors of the economy (Business Advisory and Real Estate Advisory),
- District area economic forecasters and tax experts, and
- Revenue estimators from surrounding jurisdictions and the Congressional Budget Office (Revenue Estimating Advisory).

This past January into early February, ORA had discussions with these three groups to get their expert opinions on where the District economy is headed in the next to 12 to 18 months as vaccines are deployed and the economy gradually re-opens. These expert opinions are considered in developing the assumptions that are the basis for the February revenue estimate.

Office of Tax and Revenue (OTR)

Over the last year, OTR's Office of Communications strategically hosted and/or staff participated in 12 virtual meetings with civic associations and various DC government agencies, including the council's constituent services directors, to keep residents informed on the District's tax relief related to the COVID-19 pandemic and other initiatives – particularly for taxpayers experiencing financial hardship.

With the new norm of conducting business, targeted messages were shared with OTR's business partners such as the Chamber of Commerce and Board of Trade, AARP and the Office of Aging as well as via the blog and social media platforms (Twitter, Instagram and Facebook).

Additionally, OTR's taxpayer advocate hosted a series of interactive Instagram Live discussions on a number of topics, such as:

- Navigating MyTax.DC.gov
- Completing the Identity Verification Process
- Obligations Non-Filers Have to OTR
- Overview of OTR's Billing Process
- Options for Paying a Liability When You are Facing a Hardship
- AMA ("Ask Me Anything") open-forum session with the DC Taxpayer Advocate

In addition, the District of Columbia Taxpayer Advocate spoke at:

- The Northeastern States Tax Officials Association regional conference to educate other state officials on The Importance of Taxpayer Rights Charters
- Promoted taxpayer rights at the Tri-State Tax Update
- Discussed the Taxpayer Bill of Rights at the Maryland State Bar Association's (MSBA) Tax Controversy Study Group and the MSBA Advanced Tax Institute.

OTR also conducted joint outreach with numerous organizations by participating in a number of webinars, including:

- Tax Considerations for Small Businesses (DC Bar Association)
- Financially Fit DC—A Virtual Workshop on Black Generational Wealth Building (Mayor's Office on African American Affairs)
- MyTax Overview (GWHCC and DC Women's Biz Center)
- Earned Income Tax and Refundable Credits (Mother's Outreach Network)
- Tax season outreach, which was conducted jointly with the IRS Local Taxpayer Advocate and the Office of Eleanor Holmes Norton

12. In response to last year's questions, OCFO describe high-frequency, real time data the Office was collecting to more accurately track the impacts of COVID-19 on the District's economy. Does the Office continue to collect this data? How is it used?

RESPONSE

Office of Revenue Analysis uses high frequency data frequently in developing revenue forecast models for the COVID-19 period. Initially, ORA used smart phone and credit card data purchased from vendors to track the daily population and movements in the District. This data allowed us to assess how the retail economy was changing with public health metrics and we were able to construct timelines for recovery that could be updated quarterly. We no longer subscribe to the credit card data as other free data such as Kastle office occupancy data became available and the urgency for daily or weekly analysis subsided. Our monthly sales tax data broken out by tax rate captures the recovery monthly.

13. Please describe the Office's response to the COVID-19 public health emergency as it relates to the District's finances.

RESPONSE

In response to the COVID-19 public health emergency, the federal government awarded the District funds from the American Rescue Plan Act (ARPA) - the largest amount of federal dollars ever awarded to the District. To effectively manage, track, and report on the utilization of the ARPA funds, the Office of the Chief Financial Officer (OCFO) established and implemented several new business processes and financial controls. OCFO staff are responsible for reviewing proposed uses to ensure the funding is properly allocated, monitoring spending within the authorized limits and established guidelines, assuring accuracy in financial reporting, and facilitating communication with agency program staff regarding these matters. The Office of Budget and Planning has hired four new Budget Technician FTEs, who are directly funded by ARPA, to support the Executive Office of the Mayor in managing and complying with the federal requirements for administering and reporting on the use of ARPA funds.

Office of Revenue Analysis continues to monitor trends in the District economy related to the COVID-19 public health emergency. In addition to annual advisory meetings with the business and property industries and economists from neighboring jurisdictions and the federal government, ORA meets monthly with hospitality industry representatives to assess the retail and hospitality sectors. The quarterly estimate provides details and updates on the District economy and COVID-19's impact.

Agency Operations

14. Please provide a current organizational chart for the Office, including the number of vacant, frozen, and filled full-time equivalents (“FTEs”) in each division or subdivision. Include the names and titles of all senior personnel and the date when the information was collected. Additionally, provide the following:
- a. An explanation of the roles and responsibilities for each division and subdivision, including specific programs and projects administered by each; and
 - b. A narrative explanation of any changes made during the previous year.

RESPONSE

Please see **Attachment 14**.

15. Please provide a current Schedule A for OCFO, which identifies each position by program and activity, with the employee’s title/position, salary, fringe benefits, and length of time with the Office. Please note the date when the information was collected. The Schedule A should also indicate whether the position is continuing/term/temporary/contract or if it is vacant or frozen.

RESPONSE

Please see **Attachment 15** -Schedule A. The column “Hire Date” indicates the date the employee was first hired by the District government. In most cases this will be the date the employee joined the OCFO. While no position is frozen, the OCFO regularly monitors staffing levels and personal services spending to insure that agency spending remains within the approved budget.

- a. For each vacant position, state how long the position has been vacant and the status of the OCFO’s efforts to fill the position. Please also indicate whether the position must be filled to comply with federal or local law, and whether there are impediments to the OCFO’s ability to fill those vacancies.

RESPONSE

See **Attachment 15A**. The vacancies shown are in various stages of the recruitment process and are part of the overall staffing plan that has been approved to fulfill the agency’s mission. In some cases, temporary or term employees have been used to meet resource needs when positions are vacant. No individual vacant position has been designated by law that it must be filled.

- b. Please provide the total number of positions and total number of vacant positions at OCFO as reflected in the Schedule A provided to the Committee during the past three performance oversight question responses.

RESPONSE

Date of Report	Total Positions	Vacant Positions
2/22/21	1,028	100
2/20/20	1,028	83
2/14/19	1,023	56

- c. For each filled position, please provide the employee’s length of service with the Office.

RESPONSE

The column “Hire Date” indicates the date the employee was first hired by the District government. In most cases this will be the date the employee joined the OCFO.

16. Provide the number of new hires made in Fiscal Years 2020, 2021, and 2022, to date, and the number who were District residents at the time of hiring.

RESPONSE

In fiscal year 2020, 2021 and 2022, to date, The OCFO hired 148/84/36 employees and 24/15/5 were District residents at the time of hire.

17. Please list all intra-District transfers to or from the Office in Fiscal Years 2021 and 2022, to date. For each transfer, include the following details:

- a. Buyer agency;
- b. Seller agency;
- c. Program and activity codes and names in the sending and receiving agencies’ budgets;
- d. Funding source (i.e., local, federal, SPR);
- e. Description of Memorandum of Understanding (“MOU”) services;
- f. Total MOU amount, including any modifications;
- g. Whether a letter of intent was executed for Fiscal Years 2020 or 2021, and if so, on what date;
- h. The date of the submitted request from or to the other agency for the transfer;
- i. The dates of signatures on the relevant MOU; and
- j. The date funds were transferred to the receiving agency.

RESPONSE

See **Attachments 17A and 17B.**

18. Please list any additional intra-District transfers planned for Fiscal Year 2022, including the anticipated agency(ies), purposes and dollar amounts.

RESPONSE

See **Attachment 18**.

19. Please list all Memoranda of Understanding (“MOU”) executed by OCFO during Fiscal Years 2021 and 2022, to date, as well as any MOUs currently in effect. For each, please provide the execution and termination date.

RESPONSE

Please see **Attachment 19**.

20. Please list the ways, other than MOU, in which the Office collaborated with analogous agencies in other jurisdictions, with federal agencies, or with non-governmental organizations, during Fiscal Years 2021 and 2022, to date.

RESPONSE

Tax Administration

OTR regularly collaborates with the Multistate Tax Commission on audits; and, OTR is an active participant in the Northeastern States Tax Officials Association (Federation of Tax Administrators), where OTR attends annual meetings, hosts and attends seminars, and provides state tax surveys. OTR also meets annually with the DC Bar Committee on Taxation and provides a practitioner seminar attended by tax attorneys; OTR meets with the District of Columbia Building Industry Association (DCBIA), and speaks at its seminars, shares information, and collaborates on regulations and initiatives; OTR meets with the Apartment and Office Building Association (AOBA), and speaks at its meetings and shares information; OTR hosts the Tax Practitioners Institute, and provides a comprehensive seminar to tax practitioners; OTR regularly speaks with the DC Board of Funeral Directors concerning tax law; OTR meets with the Maryland Association of Certified Public Accountants and the Maryland State Bar Association to provide legal updates;; OTR collaborates with AARP’s Legal Counsel for the Elderly to provide tax sale information, senior homeowner information, and Schedule H income tax credit outreach; OTR actively works with the UDC Law School Low-Income Tax Clinic to assist taxpayers; OTR is an active participant with Georgetown University Law School’s Office of Continuing Legal Education State and Local Tax Conference where OTR provides seminar speakers and attends seminars; and, OTR completes the Bloomberg State Tax Surveys for corporate tax and sales tax information sharing.

Revenue Analysis

Office of Revenue Analysis, as the main research component of the Office of the Chief Financial Officer, is regularly and routinely in contact with many other governmental agencies in other

jurisdictions for collaborative efforts in conducting research and for consultation in terms of revenue estimation and legislative impact analyses. ORA engages in deliberation and discussions through participation in annual professional meetings and conferences, as well as participates in the national and regional discussions through other non-governmental research organizations, educational institutions, and associations. ORA collaborated with revenue and budget office officials and economic development agencies in many cities and most states around the country, as well as in the DC metro area. Also, on both annual and quarterly basis the U.S. Census Bureau requests tax revenue data from ORA for publication in various quarterly and annual Census reports. Each year various governments, nonprofits and non-governmental organizations request data from ORA related to the Nationwide Tax Burden Study, DC Tax Facts, and other ORA reports.

21. Please list all task forces or commissions of which the Chief Financial Officer or senior management are members. Where applicable, please list the designee.

RESPONSE

- ABLE Trust Program Trustee - Eugenia Collis
- Board of Review for Anti-Deficiency Violations - Angell Jacobs and Timothy Barry
- Child Abuse and Neglect Prevention Children’s Trust Fund – Carmen Pigler
- College Savings Program Trustee - Eugenia Collis
- Community Use of School Facilities Task Force - Deloras Shepherd
- Emergency Preparedness Council – Fitzroy Lee
- Financial Literacy Council – Eugenia Collis
- Green Finance Authority Board – Carmen Pigler
- Multistate Tax Negotiations Delegation – Fitzroy Lee
- Not-for-Profit Hospital Corporation Fiscal Management Board - Angell Jacobs
- Open Government Advisory Group - David Tseng
- Public Parking Authority of the District of Columbia – Fitzroy Lee
- Retirement Board – Carmen Pigler
- Single Audit Oversight Committee - Timothy Barry
- Tobacco Settlement Financing Corporation Board of Directors – Carmen Pigler
- Washington Convention and Sports Authority Board of Directors (Events DC) – Fitzroy Lee
- Washington DC Convention and Tourism Corporation Board of Directors (Destination DC) - Carmen Pigler

22. Please list each contract, procurement, and lease (“contract”) executed, extended, or option years exercised by OCFO during Fiscal Years 2020, 2021, and 2022, to date. For each contract, please provide the following information, where applicable:

- a. Name of contracting party;
- b. Contract number;

- c. Contract type (e.g., HCA, BPA, Sole Source, sing/exempt from competition award, etc.)
- d. Nature of the contract, including end product or service;
- e. Contract’s outputs and deliverables;
- f. Status of deliverables;
- g. Dollar amount of the contract, including amount budgeted and amount actually spent;
- h. Term of the contract;
- i. Whether the contract was competitively bid;
- j. Subcontracting status (i.e., whether the contractor subcontracted any provision of the goods and/or services with another vendor);
- k. Certified Business Enterprise (“CBE”) status;
- l. Division and activity within OCFO utilizing goods and/or services;
- m. Name of OCFO’s contract monitor and results of any monitoring activity; and
- n. Funding source.

RESPONSE

See **Attachment 22**, which provides the information requested for the contracts that are issued by the OCFO and paid for from the agency’s budget. All of the listed contracts were competitively bid unless otherwise indicated. The listing shows all agency contracts issued in FY 2020, FY 2021 and FY 2022 to date as well as contracts issued previously but still active. The “Dollar Amount of the Contract” indicates the current year value or most recent option period value, including the value of any contract modifications. In some cases this is a “Not to Exceed” amount. The spending columns reflect spending on the contract in each fiscal year; in some cases this may exceed the current year value due to spending on a prior option period of the contract.

- 23. Please list all Requests for Proposals (“RFPs”) planned or currently out for solicitation by OCFO and include a brief description of each.

RESPONSE

- 1. CFOPD-22-R-015 – Banking Consultant – The Banking Consultant will assist the OCFO with the soliciting of Comprehensive Banking Services for the District.
- 2. CFOPD-22-R-014 – Overflow Call Center – The Overflow Call Center is needed to meet the demands of increased call volumes during high volume periods during tax return processing and real property tax billing periods.
- 3. CFOPD-22-R-005 – Disaster Recovery, Business Continuity Development and Management Support – This procurement will provide support in the development and management of the OCFO Disaster Recovery and Business Continuity Program.
- 4. CFOPD-22-R-004 – Cloud Contact Center as a Service (CCaaS) – This procurement will replace the current on-premise call (telephony) center with a modernized Cloud Based solution.

5. CFOPD-22-R-016 – IT Security Assessment and Penetration Testing – This procurement will provide security assessment and penetration testing services for OCFO IT systems and environments.
 6. CFOPD-21-R-032 – UDC Investment Advisory and Custody Services – This procurement will provide non-discretionary investment advisory services and custody services for the endowment funds of the University of the District of Columbia.
 7. CFOPD-21-R-010 – Lottery Promotions and Events Support Services – This procurement will provide support services at external lottery events throughout the District including promotional activities in the Lottery’s mobile vending trucks, retail stores or other specified locations.
 8. CFOPD-21-R-028 – OCFO Staff Augmentation Managed Service Provider – This procurement will provide Staff Augmentation services to meet temporary resource needs in program areas across the OCFO.
 9. TBD - Automated Testing as a Service – This procurement will provide an automated system to test the Oracle ERP Cloud, Oracle EPM, and Oracle Integration Cloud system.
 10. TBD – Commercial Real Estate Research Subscription – This procurement will provide access to commercial real estate information and marketing research subscription services that provide appraisers access to reliable and credible data to derive annual assessment values from commercial properties in the District.
 11. TBD – SOAR Analyst – This procurement will provide analyst support to maintain the current SOAR system.
24. Please attach copies of the required annual small business enterprise (“SBE”) expenditure reports for OCFO for Fiscal Years 2021 and 2022, to date.
- a. D.C. Official Code § 2-218.53(b) requires each District agency to submit supplemental information with their annual SBE expenditure report, including: a description of the activities in which the agency engaged to achieve their fiscal year SBE expenditure goal; and a description of any changes the agency intends to make during the next fiscal year to achieve their SBE expenditure goal. Has OCFO submitted the required information for Fiscal Year 2021? Please provide a copy as an attachment.

RESPONSE

See **Attachment 24**, which provides the FY 2021 and FY 2022 to date SBE spending reports for OCFO Agency Code AT0, as recorded in the DSLBD DES system. The DES site is not yet accepting the year-end supplemental reports for FY 2021. Our submission for FY 2021 will be similar to what we submitted for FY 2020 as shown below:

The OCFO is pleased to report SBE spending for FY 2020 at 112% of the approved SBE goal. We were able to do so through the determined efforts of our contracts staff and program liaisons. For all procurement requests valued at or below \$250,000, we used CBE vendors if at all possible. We also used CBE vendors on major contracts in both prime contractor and subcontractor roles. We

complied with the law regarding CBE subcontracting on major contracts and obtained subcontracting waivers only when necessary.

In FY 2021 we will continue to make CBE spending an agency priority. We will continue our outreach efforts to educate CBE vendor representatives on how to do business with the OCFO and to expand our internal customers' awareness of the CBE program. We will also work to maintain our positive relationship with the DSLBD. We support their ongoing initiatives to help streamline the reporting process. The DSLBD team has been helpful to us and we look forward to continued partnership with them.

25. Please provide the Committee with OCFO's SBE goals for Fiscal Years 2020, 2021, and 2022.

RESPONSE

The OCFO's SBE goal for Fiscal Year 2020 was \$17,816,042.21. The OCFO's SBE goal for Fiscal Year 2021 was \$12,989,613.24. The OCFO's SBE goal for Fiscal Year 2022 is \$14,377,124.86.

26. Please provide a list of OCFO's Financial Advisors as of January 1, 2022 and indicate each contractor's CBE status.

RESPONSE

As of January 1, 2022 the following Financial Advisory firms were supporting OCFO debt issuance and on-going debt management: Acacia Financial Group Inc. (non-CBE), Estrada Hinojosa & Company, Inc. (non-CBE), Frasca & Associates, LLC (non-CBE), Hilltop Securities, Inc. (non-CBE), PFM Financial Advisors LLC (non-CBE), Phoenix Capital Partners (CBE), and Public Resource Advisory Group (non-CBE).

a. In response to this question during the Fiscal Year 20-21 Performance Oversight period, OCFO listed seven Financial Advisors, of which only one was a CBE. Describe any efforts by OCFO to increase the number of its CBE Financial Advisors.

RESPONSE

The OCFO supports the District's CBE program and the OCFO Office of Contracts (OCFO-OC) meets regularly with our partners at DSLBD to address CBE issues, including expanding CBE contract and subcontract opportunities. In 2018, the OCFO-OC issued the Request for Proposal (RFP) for Financial Advisors. This was an open, competitive procurement process. Twelve firms responded to the RFP for Financial Advisory Services. One CBE firm, Phoenix Capital Partners, responded to the Financial Advisory Services RFP, and they were one of the seven awarded contracts. The current group of Financial Advisory Contracts expire beginning in March 2025. Moving forward, the OCFO will continue to work with our partners at

DSLBD to engage more CBE Financial Advisors and encourage them to respond to our solicitations. We can have our DSLBD partners post the solicitation on their website if a future business need for Financial Advisory services arises.

27. For Fiscal Years 2021 and 2022, to date, please list any purchase card spending by the Office, including the employee making each expenditure.

RESPONSE

See **Attachments 27A** and **27B**.

28. Please identify all electronic databases maintained by the Office (group by OCFO), including the following:

- a. A detailed description of the information tracked by each system;
- b. The age of the system and any substantial upgrades that have been made or are planned to the system; and
- c. Whether the public can access all or part of each system.

RESPONSE

Please see **Attachment 28**.

29. Please provide a chart showing OCFO's approved budget and actual spending, by division, for Fiscal Years 2021 and 2022, to date. Please explain any variance between fiscal year appropriations and actual expenditures. OMA

RESPONSE

Please see **Attachments 29A** and **29B**. Most of the variance shown is in nonlocal funds, as the FY 21 OCFO local fund surplus was \$197,257 out of a \$145.7 million budget, or 0.1%. Most of the \$23.0 million surplus shown on the report for FY 21 is due to budgeted revenue amounts in nonlocal funds that exceeded actual year-end revenue in those funds (excess budget authority). The budgetary surpluses that resulted were not available to spend.

30. Please list any reprogramming requests, in or out of OCFO, made during Fiscal Years 2021 and 2022, to date. For each, list the total amount of the reprogramming request, the original purposes for which the funds were dedicated, and the new use of funds. Please describe any impacts to OCFO operations as a result of the reprogramming.

RESPONSE

Please see **Attachment 30**. The internal reprogrammings shown were needed to align budget with operational spending needs. The report shows two reprogrammings to other agencies using available SPR budget authority. These were done with no impact to OCFO agency operations.

31. Please identify any special purpose revenue (“SPR”) accounts maintained, used, or available for use by OCFO during Fiscal Years 2021 and 2022, to date. For each, include the following information:

- a. The revenue source name and code;
- b. The source of funding;
- c. A description of the program that generates the funds;
- d. The amount of funds generated by each source or program in Fiscal Years 2021 and 2022, to date;
- e. Total expenditures of funds, including the purpose for each expenditure, in Fiscal Years 2021 and 2022, to date; and
- f. Whether the COVID-19 Pandemic had an impact on the SPR account.

RESPONSE

See **Attachment 31**. The pandemic had no significant impact on any OCFO SPR account.

32. Please provide a list of all projects for which OCFO currently has capital funds available. For each project, please include the following:

- a. A description of the project;
- b. The amount of capital funds available for the project;
- c. A status report of the project, including a timeframe for completion and expenditures; and
- d. Planned remaining spending for the project.

RESPONSE

Please see **Attachment 32**.

33. Please provide a complete accounting of all federal grants received in Fiscal Years 2021 and 2022, to date.

RESPONSE

The OCFO does not have any federal grants awarded directly to the agency. However, the administrative costs of food stamps distribution through debit cards is covered by the Supplemental Nutrition Assistance Program (SNAP) awarded to the Department of Human Services (DHS). Expenses are recorded for this activity in fund 8200 within the OCFO’s Office of Finance and Treasury. An annual MOU is signed between the OCFO and DHS for grant funding to be allocated to OCFO to support this. For these grant funded activities, a total of \$652,527.53 was expensed in FY 2021 and a budgeted amount of \$450,000 is projected for FY 2022.

34. Please provide an update on actions taken in Fiscal Years 2021 and 2022, to date, to continue implementation and further evaluation of elements of the OCFO Strategic Plan, including significant changes in management and customer service initiatives. Please provide your answer in chart form. An example is provided below.

Strategic Initiative	Actions Taken in FY 2021	Actions Planned/Scheduled for FY 2022

RESPONSE

Please see **Attachment 34**.

35. Please provide the amount collected for Combined Reporting Fiscal 2021 (Tax Year 2020) returns and explain how this compares to the Fiscal Year 2020 (Tax Year 2019) returns.

RESPONSE

The filing of TY2020 combined reporting was lower than that of TY2019. We saw a decrease in the collection amount for corporation franchise taxes and unincorporated businesses from TY2019 to TY2020. A contributory factor for this decrease could be the pandemic in 2020, as businesses could have had limited operations or ceased to exist. These businesses are considered non-filers and we will work them to make sure they file their TY2020 returns.

D-20	# of filings	\$ collected
TY2019	3,111	\$ 276,026,707.08
TY2020	2,688	\$ 194,946,159.21

D-30		
TY2019	70	\$ 12,783,084.61
TY2020	73	\$ 4,851,195.21

D-20: Corporation Franchise Tax
 D-30 Unincorporated Business Franchise Tax

36. Please provide a breakdown of sales tax collections, by type, during Fiscal Years 2019, 2020, and 2021.

RESPONSE

Estimated Sales Tax Base, Collections and Transfers by Sales Tax Type (\$ millions)

		Hotel	Liquor	Medical Marijuana	Parking	Rental Vehicle	Restaurants	Retail	Soft Drinks	Total
FY 2019	Tax revenue	\$319	\$43	\$1	\$80	\$16	\$447	\$692		\$1,598
	Taxable Sales	\$2,135	\$418	\$19	\$443	\$153	\$4,468	\$11,538	N/A	\$19,175
FY 2020	Tax revenue	\$143	\$46	\$2	\$52	\$17	\$272	\$686	\$6	\$1,223
	Taxable Sales	\$953	\$448	\$25	\$291	\$162	\$2,717	\$11,429	\$77	\$15,744
FY 2021	Tax revenue	\$87	\$51	\$2	\$40	\$17	\$256	\$744	\$6	\$1,203
	Taxable Sales	\$584	\$497	\$30	\$224	\$162	\$2,555	\$12,396	\$80	\$16,529

37. Please list all regulations for which the Office is responsible for oversight or implementation by chapter and subject heading, including the date of the most recent revisions.

RESPONSE

- Title 1, Chapter 4, Freedom of Information, January 7, 2005
- Title 1, Chapter 9, Audit Standards for Governmental Organizations, Programs, Activities, and Functions, February 14, 1986
- Title 1, Chapter 11, Guidelines of the Board of Review for Anti-Deficiency Violations, May 11, 2007
- Title 1, Chapter 17, District of Columbia – Payment to Vendors (This also includes the Quick Payment Act regulations), November 18, 1988
- Title 1, Chapter 48, Investment of Public Funds: Repurchase Agreements, September 6, 1985
- Title 6, Chapter B26, Defined Contribution Pension Plan, May 1, 2020
- Title 9, Chapter 1, Income and Franchise Taxes, December 10, 2021
- Title 9, Chapter 2, Inheritance and Estate Taxes, April 18, 1997
- Title 9, Chapter 3, Real Property Taxes, June 11, 2021
- Title 9, Chapter 4, Sales and Use Taxes, May 14, 2021
- Title 9, Chapter 5, Tax on Recordation of Deeds, March 30, 2018
- Title 9, Chapter 6, Real Property Transfer Tax, February 9, 2018
- Title 9, Chapter 7, Personal Property Tax, April 26, 2019
- Title 9, Chapter 8, Motor Vehicle Fuel Tax, April 18, 1997
- Title 9, Chapter 9, Taxation of Motor Fuel Consumed by Interstate Buses, August 1, 1966

- Title 9, Chapter 10, Cigarette Taxes, July 2, 1982
- Title 9, Chapter 11, Qualified High Technology Company, May 1, 2020
- Title 9, Chapter 30, Disposition of Unclaimed Property, February 17, 1984
- Title 9, Chapter 31, Foreclosure Sale of Real Property, November 1, 1968
- Title 9, Chapter 35, Gross Receipts Tax, September 25, 1987
- Title 9, Chapter 37, Estate Tax, April 1, 1988
- Title 9, Chapter 38, Central Collection Unit, March 1, 2013
- Title 9, Chapter 39, Shared Responsibility Payment, February 7, 2020
- Title 9, Chapter 40, Tax Amnesty Program, June 26, 1987
- Title 9, Chapter 41, Toll Telecommunication Service Tax, April 7, 1989
- Title 9, Chapter 42, General Administration, March 23, 2012
- Title 9, Chapter 44, Bulk Sales, May 26, 2017
- Title 9, Chapter 99, Definitions, August 3, 1990
- Title 30, Lottery, March 26, 2021
- Title 31, Chapter 11, Public Vehicles for Hire Consumer Service Fund, January 25, 2019

38. Please identify any statutory or regulatory impediments to the OCFO's operations.

RESPONSE

We have not identified any statutory or regulatory impediments to the OCFO's operations.

39. Please list and describe any ongoing investigations, audits, or reports of the OCFO or any employee of the Office; or any investigations, studies, audits, or reports of the OCFO or any employee of the OCFO completed during Fiscal Year 2021 and Fiscal Year 2022, to date. Where application, please include links for any audits or reports available.

RESPONSE

Please see **Attachment 39**.

40. Please list all recommendations identified by the Office of the Inspector General, DC Auditor, or other federal or local oversight entities during the previous three years and provide an update on actions taken to address these recommendations. If the recommendation has not yet been implemented, please explain why.

RESPONSE

The following reports were issued in FYs 2019-2021 with recommendations to the OCFO (For AT0).

Inspector General Reports

- Audit of the OCFO Tax Abatement Program (20-1-02 AT), Issued December 3, 2021
- Audit of the West End Library and Fire Station Maintenance Fund (20-1-01MA-(b)), Issued November 19, 2020
- Audit of the Attorney General Restitution Fund 20-1-01MA(a), Issued August 26, 2020
- Inspection of Administration and Oversight of the Student Activity Fund, Issued September 30, 2019

DC Auditor Reports

- D.C. Lacked Unified System to Track, Reduce Settlements & Judgements, Issued December 7, 2020
- Elected Officials Create Special Funds But "Sweep" Dollars for Other Purposes, Issued April 25, 2019
- Accuracy and Consistency Needed in Travel Advances and Reconciliations, Issued December 20, 2018

Inspector General and DC Auditor Recommendations

OFFICE OF INSPECTOR GENERAL RECOMMENDATIONS

Audit of the OCFO Tax Abatement Program (20-1-02 AT) Issued December 3, 2021	
Recommendation	Status
<i>Recommendation 1.</i> Develop or adopt a methodology such as OMB Circular No. A-94 revised to conduct prospective analyses, including calculating net present value of tax abatement requests. (p. 7).	The OCFO disagreed with this recommendation. The TAFSA Law states the financial analysis to be prepared by the OCFO in D.C. Official Code § 47-4701(b)(1)(F), shall include “a review and analysis of the financial condition of the recipient of the proposed exemption or abatement.” This is commonly known as a “but for” analysis. A TAFSA must reflect, absent a financial subsidy from the District, whether the subject project is financially viable. Preparation involves reviewing and

	<p>validating a pro forma real estate analysis provided by the applicant, as described above. A discounted cash flow analysis focused on the return requirements of a project’s equity investors is the most appropriate evaluation tool for this analysis, rather than the identification of the District’s costs or benefits. Therefore, within the context of the TAFAs Law, OCFO is not required to conduct prospective analyses that would necessitate calculating the net present value of tax abatements. Therefore, net present value analysis and adopting the valuation methodology of OMB Circular No. A-94 is not applicable.</p>
<p>Recommendation 2. Develop or adopt a methodology such as OMB Circular No. A-94 revised to conduct prospective analyses, including developing a discount rate policy. (p. 7)</p>	<p>The OCFO disagreed with this recommendation. Within the context of the TAFAs Law, OCFO is not required to conduct prospective analysis that would necessitate determining the present value of future cash flows to the District. Therefore, developing a discount rate policy, and adopting methodology such as OMB Circular No. A-94 is not applicable.</p>
<p>Recommendation 3. Develop or adopt a methodology such as OMB Circular No. A-94 revised to conduct prospective analyses, including performing a sensitivity analysis. (p. 7).</p>	<p>The OCFO disagreed with this recommendation. Within the context of the TAFAs Law, OCFO is not required to conduct prospective analysis, including sensitivity analysis. Therefore, developing sensitivity analysis, and adopting methodology such as OMB Circular No. A-94 is not applicable.</p>
<p>Recommendation</p>	<p>Status</p>
<p>Recommendation 4. Develop a plan for conducting a periodic retrospective cost-benefit analysis of individual tax abatements, and for the tax abatement program overall, to obtain reasonable assurance that the program creates economic value for the District. (p. 7).</p>	<p>The OCFO disagreed with this recommendation. The TAFAs Law does not require a retrospective economic cost-benefit analysis. OCFO will continue to provide retrospective evaluation of certain tax abatements and expenditures through the tax preference studies prepared in accordance with DC Law 20-155.</p>
<p>Recommendation 5. Develop procedures to conduct periodic formal training for analysts responsible for performing TAFAs. (p. 9)</p>	<p>The OCFO disagreed with this recommendation. EDF has established policies and procedures outlining the TAFAs Law and the necessary analysis required to complete a TAFAs. These policies and procedures are reviewed annually as required by OCFO. Beyond established policies and procedure, EDF professionals are engaged daily with the Washington metro real estate market and the dynamics of financial markets in general.</p>

<p>Recommendation 6. Develop procedures to conduct periodic comparison of estimated cash flows to actual cash flows to consider the financial feasibility of proposed projects as the D.C. Code requires. (p. 9).</p>	<p>The OCFO disagreed with this recommendation. For the purposes of evaluating development projects, financial feasibility is considered prospectively, at the time of the analysis, based on the project’s identified funding sources and the budgeted cost to develop the project. This is consistent with real estate investment practices. It would be in the purview of the Council to decide whether to make legislatively authorized abatements and exemptions contingent upon continued documentation that the abatement or exemption is financially necessary.</p>
<p>Recommendation 7. Develop procedures to ensure the fiscal nee needs of the beneficiary are calculated, documented, maintained, and reported consistently. (p. 9).</p>	<p>The OCFO agreed with this recommendation and will take corrective actions to address the recommendation by March 31, 2022.</p>
<p>Recommendation 8. Develop procedures to analyze and validate the financial value of subsidies when the public policy objectives of abatement are to create economic values for the community as the D.C. Code requires. (p. 10).</p>	<p>The OCFO disagreed with this recommendation. The TAFE Law does not require OCFO to provide an analysis of the financial value of community benefits, nor does it require such a policy objective be considered for most TAFAs. The Exemption and Abatements Information Requirements Act of 2011, as amended and found in D.C. Official Code § 47-4701 (the TAFE Law), requires that a TAFE include only a “summary of the proposed community benefits to <i>be provided by the grantee of the exemption or abatement...</i>” and requires no further analysis of this information by OCFO. The Draft Report’s assertion, that “OCFO is required to consider the public policy objective of the abatement” contradicts the TAFE Law.</p>
<p>Recommendation 9. Develop procedures for reviewing and validating the TAFE and all applicants’ information and assumptions to ensure conclusions are consistent with an objective set of criteria. (p. 11).</p>	<p>The OCFO agreed with this recommendation and will take corrective actions to address the recommendation by September 30, 2022.</p>
<p>Recommendation 10. Develop procedures to monitor tax abatement recipients’ compliance with the annual certification requirements set forth in D.C. Code § 47-4702(a). (p. 13)</p>	<p>The OCFO agreed with this recommendation and will take corrective actions to address the recommendation by September 30, 2022.</p>
<p>Recommendation 11. Develop procedures to enforce the requirements set forth in D.C. Code § 47-4702(b) by terminating the abatement for failure to certify the use of a property annually. (p. 13).</p>	<p>The OCFO agreed with this recommendation and took corrective actions to address the recommendation.</p>

<p>Recommendation 12. Develop a plan to establish and assign personnel responsibilities and authority to effectively coordinate and share TAFE supporting information within OCFO and with other District agencies that monitor community benefits, including DHCD and DOES. (p. 13).</p>	<p>The OCFO agreed with this recommendation and will take corrective actions to address the recommendation by March 31, 2022.</p>
<p>Audit of the West End Library and Fire Station Maintenance Fund (20-1-01MA (b) Issued November 19, 2020</p>	
<p>Recommendation</p>	<p>Status</p>
<p>Recommendation 1. Enhance the CAMA system to maintain a complete listing of all new buildings constructed on Lots 836, 837, and 855 in Square 37.</p>	<p>The OCFO disagreed with this recommendation. The CAMA system contains every parcel of land in the District and there is a unique identifier in the system for each development in the District which facilitates the history of the lots to be maintained. To create a listing of all new or existing buildings for the subject lots would require the input of a specific criterion in the CAMA system unique to the development. Hence, the request for information to identify new or existing buildings on the subject lots would have to be clearly expressed by the requestor so that the correct query can be input into CAMA. Based on this information, enhancements to the system are not warranted. (This recommendation was deemed closed by the OIG in their FY 2021 annual audit of the Fund, issued September 2021.)</p>
<p>Recommendation</p>	<p>Status</p>
<p>Recommendation 2. Update RAA’s policy and procedures to periodically update the listing of buildings constructed on Lots 836, 837, and 855 in Square 37.</p>	<p>The OCFO agreed with this recommendation and took corrective actions to address the recommendation. (This recommendation was deemed closed by the OIG in their FY 2021 annual audit of the Fund, issued September 2021.)</p>
<p>Recommendation 6. Adjust the Maintenance Fund balance to correct the overstatement by transferring \$155,165 in deed transfer and recordation taxes from the Maintenance Fund into the District’s General Fund.</p>	<p>The OCFO agreed with this recommendation and took corrective actions to address the recommendation. (This recommendation was deemed closed by the OIG in their FY 2021 annual audit of the Fund, issued September 2021.)</p>
<p>Audit of the Attorney General Restitution Fund 20-1-01MA(a) issued August 26, 2020</p>	
<p>Recommendation</p>	<p>Status</p>
<p>Recommendation 1. Establish procedures to record and recognize the full restitution award amount, fewer penalties, and costs as Fund income as required by GASB 33.</p>	<p>The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (The OIG deemed the recommendation as closed in their <i>FY 2021 OIG</i></p>

	<i>Recommendation Follow-up Report</i> issued September 30, 2021.)
Recommendation 2. Develop procedures for direct voucher creation, review, and approval activities to prevent duplicate payments.	The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (The OIG deemed the recommendation as closed in their <i>FY 2021 OIG Recommendation Follow-up Report</i> issued September 30, 2021.)
Recommendation 3. Adjust the Fund Balance to account for any amounts identified as duplicate payments and amounts awarded but uncollected.	The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (The OIG deemed the recommendation as closed in their <i>FY 2021 OIG Recommendation Follow-up Report</i> issued September 30, 2021.)
Inspection of Administration and Oversight of the Student Activity Fund issued September 30, 2019	
Recommendation	Status
Recommendation 1. Define and document DCPS and OCFO employees' roles and responsibilities for prioritizing, investigating, and resolving instances of potential SAF policy noncompliance, and distribute the guidance to all employees involved with SAF administration and oversight.	The OCFO agreed with this recommendation and took corrective actions to address the recommendation.

Recommendation	Status
Recommendation 2. Identify how OCFO and DCPS Compliance can reduce common recurring deficiencies in SAF account administration (e.g., conduct an annual analysis of OCFO and DCPS Compliance findings and communicate the results of the analysis to all schools), and more consistently and effectively penalize schools according to existing provisions in the OCFO Manual.	The OCFO agreed with this recommendation and took corrective actions to address the recommendation.

DC AUDITOR RECOMMENDATIONS

D.C. Lacked Unified System to Track, Reduce Settlements & Judgements issued December 7, 2020	
Recommendation	Status
Recommendation 2. OCFO should work with OCTO and other agency partners (such as ORM) to facilitate the classification and	The OCFO agreed with this recommendation. (The DC Auditor deemed this recommendation was implemented in their report, <i>Seventy-One</i>

<p>reporting of personnel-related settlements and judgements (i.e., backpay, leave restoration) within the payroll system and the District's accounting system so that all of the personnel-related settlements and judgements are captured to strengthen the District's ability to monitor, report on, and reduce future risks. OCOF should ensure this functionality is built into the District Integrated Financial System (DIFS), its new accounting platform, which will replace the System of Accounting and Reporting (SOAR).</p>	<p><i>Percent of Auditor Recommendation in Place or in Progress, issued February 3, 2022.)</i></p>
<p>Elected Officials Create Special Funds But "Sweep" Dollars for Other Purposes issued April 25, 2019</p>	
<p>Recommendation</p>	<p>Status</p>
<p>Recommendation 3. The OCFO should ask the D.C. Council for authorizing legislation for all SPRF's created administratively.</p>	<p>The OCFO disagreed with this recommendation. The OCFO does not create SPRF's without Council's explicit or implicit authorization. The OCFO only erects SPRF's to carry out a directive in a provision Council has put into the Code, and it is inaccurate for ODCA to imply that OCFO creates SPRF's without Council authority.</p>
<p>Recommendation 4. The OCFO should include in the SPRF report Fund expenditures, percent spending per revenue, and sweep amounts. Based on this reporting, the OCFO should recommend to the D.C. Council which SPRF's, if any, should be repealed.</p>	<p>The OCFO disagreed with this recommendation. The determination on whether to repeal and SPRF is a Council function. The OCFO's annual proposed budget provides the Council and the Mayor, with SPRF details which can be used to determine whether to repeal a SPRF. There is an automatic adjustment mechanism: the budget process, which allows for the agencies and Council to review SPRF's each budget cycle and determine whether the funds should stay in any SPRF or revert to the General Fund.</p>
<p>Recommendation</p>	<p>Status</p>
<p>Recommendation 6. The OCFO should strengthen its SOPs to include: 1) requirements for monitoring SPF compliance with purpose and allowable uses (research legislative intent of Funds if necessary) 2) criteria for AFO PRF expenditure final approval process; 3) direction to AFO's to regularly monitor SPRF's legal status and activity to ensure the revenue source is appropriate and 4) procedures and timelines for the timely inactivation of Funds in the event they are repealed.</p>	<p>The OCFO agreed with this recommendation and took corrective actions to address the recommendation. (The DC Auditor deemed this recommendation implemented in their report, <i>Twenty Percent of ODCA Recommendations Implemented; 49% in Progress</i>, issued January 24, 2020.)</p>

<p>Recommendation 9. The OCFO should document a single methodology for calculating the amount of revenue to be transferred to the General Fund each year for the Delinquent Debt Fund and ensure that it is followed.</p>	<p>The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (The DC Auditor deemed this recommendation implemented in their report, <i>A Summary of Findings and Recommendations for Oversight of the Office of the Chief Financial Officer</i>, issued December 3, 2021.)</p>
<p>Accuracy and Consistency Needed in Travel Advances and Reconciliations issued December 20, 2018</p>	
<p>Recommendation</p>	<p>Status</p>
<p>Recommendation 1. The Office of the Chief Financial Officer should institute additional checks on travel payments, including regular spot audits of travel documentation by Associate Chief Financial Officers, and deliver periodic training to employees who approve and process travel payments.</p>	<p>The OCFO agreed with this recommendation and took corrective actions to address the recommendation. (The DC Auditor did not deem this recommendation implemented in their report, <i>Seventy-One Percent of Auditor Recommendation in Place or in Progress</i>, issued February 3, 2022)</p>

41. Please list all settlements entered into by OCFO, or by the District on behalf of OCFO, in Fiscal Years 2021 or 2022, to date. Include the parties’ names, the amount of the settlement, and, if related to litigation, the case name and a brief description of the case. If unrelated to litigation, please describe the underlying issue or reason for the settlement (e.g., administrative complaint).

RESPONSE

There were no OCFO settlements in FY 2021. In FY 2022, so far there is one completed settlement and one settlement that may or may not be finalized by the time of the hearing (#2 below).

- Edith Aglebe v. District of Columbia (Case No. 18-cv-01985-JMC). A former Office of the Chief Financial Officer, Office of Tax and Revenue employee filed a complaint in the United States District Court for the District of Columbia alleging wrongful termination and sought reinstatement of employment, damages for emotional distress and attorneys’ fees. This matter was settled in FY22 in the amount of \$7,750.
- Appeal of Harris & Harris, Ltd. (CAB No. D-1580). Harris & Harris, Ltd. filed an appeal with the Contract Appeals Board seeking payment for non-delinquent debt collection services provided in connection with the DMV Amnesty Program, which were deemed to be outside of the scope of their current contract with the OCFO Office of Finance and Treasury, Central Collections Unit for delinquent debt collection. The parties are currently negotiating a potential settlement.

OTR is currently litigating a number of tax disputes before the Office of Administrative Hearings (OAH). Tax settlements generally are confidential and the amount of settlement cannot be disclosed. Below is the docket of OTR cases pending at OAH:

Case Name	Case Number	Case Status	Tax Type	Issue	Years at Issue	Amount at Issue
Angelo Puglisi	2020-OTR-00031	Case settled	Individual Income Tax	Improper inclusion of UB business loss and deductions on Schedule C; Lack of substantiation that any UB tax paid	2017	\$82,918
Big Bear Café	2019-OTR-00007	Case settled	Sales and Use Tax	Calculation of Sales Tax	2012-2014	\$133,665
Brian Yates and Venicia Gray	2021-OTR-00014	Case settled	Individual Income Tax	Refund offset	2020	\$1,048
Capital Bank NA	2020-OTR-00026	Case settled	Ballpark Fee	Ballpark Fee	2013-2019	\$131,040
Customer Value Partners	2021-OTR-00004	Case settled	Corporate Franchise Tax	QHTC status	2016-2018	\$191,074
David and Katherine Bradley	2021-OTR-00005	Case settled	Individual Income Tax	S-Corporation deductions	2017	\$2,979,115
ExteNet Systems, LLC	2018-OTR-00019	Case settled	Personal Property Tax	QHTC Status	2014-2018	\$957,329
Grace Rumford	2020-OTR-00033	Case settled	Individual Income Tax	Residency	2018	\$2,018
Heydari Corp	2020-OTR-00020	Case settled	Sales and Use Tax	Calculation of Sales Tax	2017-2019	\$40,849
Inforeliance Corp.	2020-OTR-00015	Case settled	Corporate Franchise Tax	QHTC Status	2016	\$311,789
INFOSYS Limited	2021-OTR-00013	Case settled	Ballpark Fee	District Gross Receipts	2014 - 2017	\$109,154
Iron Mountain, Inc.	2021-OTR-00016	Case settled	Ballpark Fee	District Gross Receipts	2016-2020	\$138,997
Micaela Garcia Ribeyro	2021-OTR-00011	Case settled	Individual Income Tax	Residency	2018	\$18,055
Red Hat Software, Inc.	2021-OTR-00015	Case settled	Corporate Franchise Tax	QHTC	2016-2019	\$1,653,985
Remedi SeniorCare Holding	2020-OTR-00037	Case settled	Ballpark Fee	District Gross Receipts	2015-2016	\$115,352
Rommel White	2020-OTR-00012	Case settled	Individual Income Tax	Rental Income and Deductions	2016-2018	\$7,449
Sony Electronics	2021-OTR-00003	Case settled	Ballpark Fee	District Gross Receipts for a combined group	2017-2019	
Terri Thompson	2021-OTR-00001	Case settled	Individual Income Tax	Waiver of Interest	2017-2018	\$5,031.07 (interest only)

Thomas E. Clark	2020-OTR-00038	Case settled	Sales and Use Tax	Taxable Sales	2016-2018	\$297,785
Werakissa Ebissa	2020-OTR-00019	Case settled	Individual Income Tax	Work related deductions	2016	\$2,835
White & Case LLP	2021-OTR-00010	Case settled	Personal Property Tax	Personal property tax assets and valuation	2017-2019	\$538,554
USP 700 6 th Street, LLC	2020 CVT 000566	Case Settled	Recordation Tax	Whether building transferred on lease termination	2018	\$2,684,736

** The above does not include real property tax assessment cases settled at Superior Court by the Office of the Attorney General. Those cases are attached as an Excel sheet.

42. Please describe the Office’s procedures for investigating allegations of sexual harassment or misconduct committed by or against its employees. List and describe any allegations received in Fiscal Years 2021 and 2022, to date, and indicate whether those allegations have been resolved.

RESPONSE

Allegations of sexual harassment or misconduct are quickly and thoroughly investigated. If an investigation finds credible evidence that substantiates the allegation, appropriate disciplinary action is taken against the offender. There has been one allegation received in Fiscal Years 2021 and 2022, to date. The matter has been resolved.

43. Please list any administrative complaints or grievances that OCFO received in Fiscal Years 2021 and 2022, to date, broken down by source. Describe the process used to respond to any complaints and grievances received and any changes to Office policy or procedure that have resulted. For any complaints or grievances that were resolved in Fiscal Years 2021 or 2022, to date, describe the resolution.

RESPONSE

The OCFO resolves grievances as outlined in the Collective Bargaining Agreement between the District of Columbia Government and the labor organizations representing Compensation Units 1 and 2. There have been no OCFO Policy changes and/or updates resulting from any filed grievances. In fiscal year 2021 and to date in fiscal year 2022, no grievances have been filed.

44. Please provide a list of all studies, research papers, reports, and analyses the Office requested, prepared, or contracted for during Fiscal Years 2021 and 2022, to date, and state the status and purpose of each study.
- a. Please also identify/reference the tax preference analyses performed in Tax Year 2021 and what is under review for Tax Year 2022.

RESPONSE

The table below reflects the studies prepared, requested and contracted during FY 2021 by the Economic Development Finance department.

Analysis	Purpose	Status
Bridge District Tax Increment Financing Underwriting Analysis.	Financial and market analysis and revenue projections prepared by independent consultant, contracted by EDF, in support of Bridge District TIF application review.	Completed
Unified Economic Development Budget Report FY2021	The Unified Economic Development Budget Report provides information on how economic development dollars were allocated in the District during the prior fiscal year, aggregated by type of incentive, granting body/agency, and ward.	In progress
Union Market Projected Tax Revenue and Coverage Analysis.	Union Market Projected Tax Revenue and Coverage Analysis. Market analysis and revenue projections prepared by independent consultant, contracted by EDF, to confirm project's compliance with District's debt service coverage requirements in support of anticipated 2021 bond issuance.	Completed
Reunion Square Coverage Analysis	Market analysis and revenue projections prepared by independent consultant, contracted by EDF, to confirm project's compliance with District's debt service coverage requirements in support of anticipated 2021 bond issuance.	Completed

Additionally, for tax year 2021, the Office of Revenue Analysis produced the following studies, reports, and analyses:

- 1- *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison* (annual, pursuant to Public Law 93-407)
This report provides a comparison of selected tax rates, as well as a comparison of household tax burdens at five income levels in the District of Columbia with those in the largest city in each of the 50 States.
- 2- *Tax Rates and Tax Burdens: Washington Metropolitan Area* (annual, pursuant to Public Law 93-407)
This report provides a comparison of selected tax rates, as well as a comparison of household tax burdens at five income levels in the District of Columbia with those of five neighboring jurisdictions.
- 3- *State and Local Corporate Tax Burdens: A Metro Area Comparison* (first time publication in May 2021)
This report provides a comparison of selected tax rates, as well as a comparison of business tax burdens in DC to those of neighboring jurisdictions
- 4- *District of Columbia Tax Expenditure Evaluation report (tax preference analysis report)* (annual) pursuant to Title VII, Subtitle N of the Fiscal Year 2015 Budget Support Act of 2014, provides for evaluations and review of all tax expenditures in the District of Columbia. In FY21, the *Income Security and Social Policy Tax Expenditure Review* was released, and in early FY22, the *Health and Education Tax Expenditure Review* was released. Work on a *5-Year Wrap up/Summary* document is being concluded for release in Spring of 2022, and research for the second *Housing Tax Expenditure Review* is underway, for release in late fall 2022.
- 5- *The Tax Expenditure report* (biennial, D.C. Law 13-161, the “Tax Expenditure Budget Review Act of 2000”). Provides for the estimates of revenue losses to the District resulting from both federal and local tax provisions that grant special relief designed to encourage certain taxpayers’ behavior or to aid taxpayers in special circumstances. Multiple ORA staff are working throughout FY22 to prepare the report for publication in Fall 2022.
- 6- *District of Columbia Special-Purpose Revenue Report*
Provides for the uses and revenue sources for more than 170 special-purpose revenue funds, along with a four-year revenue history and other background information on each fund. Last released in 2015, work on updating this report is currently underway in FY22.
- 7- *DC Economic Indicators* (monthly)
Provides a monthly summary of all economic activities in the District of Columbia with the purpose of identifying underlying changes within those activities.

- 8- *Cash Collection Reports* (monthly)
It provides for the tracking of cash collections, by source, in the District of Columbia. These reports are critical in monitoring the performance of the District's revenue collections relative to the revenue estimates.

- 9- *District of Columbia Economic and Revenue Trends* (monthly).
Provides detailed information on changes in the national and local economies, as well as necessary information regarding the underlying assumptions that are used in preparation of Quarterly Revenue Estimates.

- 10- *Quarterly Revenue Estimates*.
Mandated by the Congress of the United States of America, quarterly revenue estimates provide for establishing annual budgets of the District of Columbia.

- 11- *DC Tax Facts* (annual)
Provides detailed data and information pertaining to the District's various tax structures, tax and non-tax rates, legal references and other comparative tax data for the purpose of educating and enhancing citizens' awareness of their tax responsibilities.

- 12- *Washington D.C.'s Tax System, A Visual Guide Report* (periodic; currently being updated)
Provides detailed graphical or visual representations and explanation of the District's various tax structures, tax distributions, and sources of revenue for the purpose of educating and enhancing citizens' awareness of their tax system as well as financial transparency.

- 13- *Revenue Chapter of the D.C. Budget Book* (annual)
It provides underlying assumptions pertaining to the preparation of the final revenue forecast for the District of Columbia during every fiscal year.

- 14- *Fiscal Impact Studies*
Routinely, provides analyses of fiscal impacts of proposed legislation to ensure the integrity of the District's annual budget (an average of 150 reports per year).

- 15- *Annual Survey of State Government Tax Collections*, as a part of the U.S. Census Bureau's requirement, this survey is the only comprehensive source of details on tax collections by type of tax imposed and collected by state governments in the United States.

- 16- *Quarterly Reports to the U.S. Census Bureau*
As part of the U.S. Census Bureau's *Quarterly Survey of State Government Tax Collections* program, ORA reports quarterly D.C. tax revenue information to the Census Bureau.

17- *D.C. Special Purpose Fund Revenue Certifications*

As part of the District of Columbia Budget and Financial Plan’s formulation process, ORA reviews, for approximately 200 Special Purpose (O-type) funds, agency provided projections of their Special Purpose fund non-tax revenue and fund balance use. Final ORA certifications are reported in the Revenue chapter of the Budget and Financial Plan.

18- *District of Columbia Dedicated Taxes Report* – (periodic) A report detailing the city’s various dedicated taxes, related revenue streams, and funds financed by the taxes. Current report to be released in February 2022.

19- Additional Supplemental ORA Research:

- [*An Evaluation of the District’s Tax Increment Financing;*](#)
- [*Analysis of the Effect of Washington DC Universal Pre-K Program on Maternal Labor Supply;*](#)
- [*DC’s Property Sales Market: Trends and Fluctuations 2000-2020;*](#)
- [*A Demographic Analysis of Property Tax Outcomes in DC;*](#)
- [*Analysis of DC’s pandemic population changes;*](#)
- [*Analysis of Using High Frequency Data for Real-Time Tracking of Economic Impacts of the Pandemic;*](#)
- *Weekly Economic Recovery Dashboard distributed weekly to the Mayor, Council, and OCFO leadership to gauge the current economic condition within the District.*

20- Research Works Conducted by ORA Volunteers & Interns:

- *A study of Worker Mobility, Turnover, and Job Switching in DC using DOES data;*
- *A study of Self-Employment and the Minimum Wage in DC; analysis of low-income homeowner’s use of property tax credits;*
- *An analysis of Speculative Residential Property Investment in DC;*
- *An analysis of Homeownership Among Senior Citizens in DC from 2002 to 2019;*
- *A [study on the Impact of Subsidized Rents on the City Tenure of Low-Income Renters;](#) and an [Analysis of LEED-Certified Buildings and the impact on Operating Expenses and Rents.](#)*

b. Please provide a copy of the agency’s most recent OTR Ratio Report.

RESPONSE

Please see **Attachment 44B**.

45. Please provide a list of all reporting requirements for which OCFO is responsible. For each, include links to access the most recent report.

RESPONSE

Attached please find OCFO's Regulatory Compliance Reporting Matrix that contains 64 reporting requirements (**Attachment 45**). The report's preparers/testers are required to attest that each report is delivered as per the legislation; however, they are not required to upload a copy of the report to our SharePoint testing site or provide link to access the reports.

46. Please provide the following information about the OCFO website:

a. How often it is updated;

RESPONSE

The OCFO website content is continually updated as new and relevant information is developed or becomes available.

The following information was added or updated on CFO.DC.GOV during FY 2021:

- 1) 21 Testimonies on bills
- 2) Reprogramming Reports
- 3) Audit Reports
- 4) COVID-19 Federal Funding Report
- 5) Financial Status Reports
- 6) Long-Range Capital Financial Plan Report
- 7) Quarterly Revenue Estimates
- 8) The Bottom Line issue on COVID-19
- 9) Annual Comprehensive Financial Reports
- 10) Popular Annual Financial Reports
- 11) District's Budget and Financial Plans
- 12) Fiscal Impact Statements
- 13) Approved FY 2022 Budget
- 14) 10 Press Releases

Additionally, OTR's website and web portal (MyTax.DC.gov) content is continually updated as new and relevant information is developed or becomes available. The goal is to ensure that taxpayers are able to manage and update their individual income, business and real property tax account information, view correspondence, and send OTR secure messages.

b. How often content on department pages is reviewed or updated; and

RESPONSE

- Continuing review of OCFO pages by the Communications office
- Annual review of department content by the Communications office

- Departments update content as needed throughout the year, in addition to annual review
- c. Any plans for updates, upgrades, or improvements.

RESPONSE

- Rollout of revenue analysis subsite in progress
- Office Tax & Revenue is reviewing content on other state and county sites with an eye toward identifying best-in-class options for improving ease of use of tax services on our website
- In FY 2021, OTR implemented an enhancement/upgrade to its MyTax portal to improve customer service, transparency, communication, and technology.

47. Please list or explain any community outreach programs that OTR has conducted to educate low-income residents and small businesses about tax relief programs.

RESPONSE

In FY21, OTR conducted a series of Instagram Live sessions to cover topics including: Navigating MyTax.DC.gov, Completing the Identity Verification Process, Obligations Non-Filers Have to OTR, Overview of OTR’s Billing Process, Options for Paying a Liability When You are Facing a Hardship, and an End-of-Year Tax Financial Checkup in order to provide real-time information to District taxpayers with questions about a variety of tax topics, including offering an AMA (“Ask Me Anything”) open-forum session with the DC Taxpayer Advocate.

The District of Columbia Taxpayer Advocate spoke at the Northeastern States Tax Officials Association regional conference to educate other state officials on The Importance of Taxpayer Rights Charters, and promoted taxpayer rights at the Tri-State Tax Update, the Maryland State Bar Association’s (MSBA) Tax Controversy Study Group, as well as the MSBA Advanced Tax Institute.

In addition, OTR conducted joint outreach with numerous organizations by participating in a number of webinars, including:

Tax Considerations for Small Businesses (DC Bar Association), Financially Fit DC—A Virtual Workshop on Black Generational Wealth Building (Mayor’s Office on African American Affairs), MyTax Overview (GWHCC and DC Women’s Biz Center), Earned Income Tax and Refundable Credits (Mother’s Outreach Network), as well as tax season outreach, which was conducted jointly with the IRS Local Taxpayer Advocate and the Office of Eleanor Holmes Norton.

In FY21 OTR sent out a web message to 30,000 sales and use filers via the MyTax.DC portal, promoted small business tax relief on our blog, social media and included outreach messaging.

- a. In response to this question during the Fiscal Year 20-21 Performance Oversight period, OCFO described OTR’s efforts as it relates to seniors and the Schedule H credit. Describe the metrics used by OTR to measure the success of its outreach efforts.

RESPONSE

Generally, outreach efforts and discussions regarding the availability of Schedule H credits are incorporated into discussions on refundable credits. However, OTR meets with AARP and Legal Counsel for the Elderly quarterly in order to keep an open channel of communication and to streamline the Schedule H process for seniors.

48. Is there a way to track how many District residents are eligible for the Earned Income Tax Credit as compared to how many take advantage of it? If so, please provide that information for Fiscal Years 2019, 2020, and 2021.

RESPONSE

We do not track tax filers who are eligible for the EITC but do not claim it so there is no data for 2019, 2020, and 2021. However, ORA recently did a study about EITC recipients that may be useful to the committee. That report showed that in 2018, there were 72,564 tax filers eligible and 10,051 did not claim the credit, representing 14% of the eligible population. *Income Security and Social Policy Tax Expenditure Review* (<https://ora-cfo.dc.gov/node/1554341>) (August 2021).

Total Claimed and Unclaimed EITC Credits by Filing Status, 2017

Filing Status	EITC Eligible Households Claiming the DC Credit		EITC Eligible Households <u>Not</u> Claiming the DC Credit	
	<i>Number of tax filers</i>	<i>EITC Amount Claimed</i>	<i>Number of tax filers</i>	<i>EITC Amount not Claimed</i>
Single	29,022	\$17,240,602	6,881	\$2,798,083
Married	3,226	\$3,560,684	891	\$798,607
Head of Household	30,265	\$36,022,479	2,279	\$2,455,296
Total	62,513	\$56,823,764	10,051	\$6,051,986

Note: The table does not consider any refunds received by the IRS due to overpayments
Source: ORA Calculations based on the eligibility requirements to qualify for the credit using the 2017 DC individual income tax returns. (<https://ora-cfo.dc.gov/node/1554341>)

49. Please provide the number of commercial and residential real properties that have been late in paying their taxes and have been penalized for paying their taxes late. Please include the amount owed and a breakdown of the data by Ward.

RESPONSE

The chart below shows the data for commercial real properties.

Ward	Count	Total TAX	Total PEN	Total INT	Total FEE	Total Current Balance
1	242	\$7,335,582.14	\$573,755.95	\$413,795.93	\$126,534.50	\$3,122,616.70
2	493	\$162,251,683.66	\$12,059,458.90	\$12,586,154.47	\$2,578,176.51	\$47,153,856.49
3	121	\$6,942,867.06	\$856,473.76	\$703,418.41	\$451,840.39	\$2,726,589.41
4	264	\$4,742,390.97	\$327,269.43	\$219,953.36	\$108,063.03	\$1,596,718.95
5	412	\$19,376,575.93	\$1,564,142.33	\$912,575.04	\$600,877.87	\$11,441,614.47
6	439	\$46,346,538.98	\$2,485,867.56	\$1,979,908.31	\$238,727.38	\$8,820,223.98
7	270	\$5,168,441.74	\$365,185.08	\$238,818.22	\$62,812.69	\$2,526,632.26
8	204	\$4,454,261.08	\$368,757.89	\$261,697.06	\$32,613.28	\$3,290,552.22
TOTAL:	2445	\$256,618,341.56	\$18,600,910.90	\$17,316,320.80	\$4,199,645.65	\$80,678,804.48

The chart below shows the data for residential real properties.

Ward	Count	Total TAX	Total PEN	Total INT	Total FEE	Total Current Balance
1	3,251	\$18,500,104.07	\$1,546,060.21	\$1,077,270.02	\$574,340.22	\$3,338,076.63
2	4,654	\$33,606,988.77	\$2,106,136.70	\$1,260,044.79	\$220,460.54	\$4,870,093.35
3	3,949	\$27,038,753.59	\$1,613,065.67	\$894,566.17	\$138,991.34	\$3,681,126.16
4	3,871	\$16,823,513.29	\$1,302,386.17	\$1,151,208.88	\$326,109.53	\$3,791,459.26
5	4,278	\$14,960,153.84	\$989,253.20	\$611,812.69	\$84,450.10	\$3,608,904.14
6	5,635	\$33,439,504.75	\$4,361,410.88	\$12,086,861.02	\$554,021.70	\$4,626,434.02
7	4,293	\$8,616,264.50	\$566,713.60	\$392,834.57	\$67,094.58	\$2,423,868.88
8	2,951	\$5,752,273.88	\$386,621.50	\$278,702.77	\$50,681.05	\$2,119,504.67
TOTAL:	32,882	\$158,737,556.69	\$12,871,647.93	\$17,753,300.91	\$2,016,149.06	\$28,459,467.11

50. Please provide an updated Debt Statement chart including the District’s General Obligation Bonds, Income Tax Secured Revenue Bonds, Certifications of Participation, Tax Increment Financing and Payment-in-Lieu of Taxes debt, and any other tax-supported debt.

RESPONSE

Please see **Attachment 50** (debt statement).

51. The Office of Economic Development and Finance (“EDF”) advises the CFO on Tax Increment Financing (“TIF”) agreements. Please provide a list of all active TIF deals entered into by the District and provide the estimated tax revenues needed to cover debt repayment. Please also provide a comparison between the actual tax revenues collected on each of these deals and EDF’s anticipated revenue estimate.

RESPONSE

The following table provides the actual incremental tax revenues collected in FY21 on each TIF project repaying debt, and the estimated incremental tax revenues for FY21.

Project	FY 2021	FY 2022
Bryant St	-	253,318
Convention Center Hotel	6,973,659	6,502,421
Gallery Place	8,903,577	8,318,655.63
Georgia Ave CVS (Special Retail and Great Streets)	119,192	141,137.95
Howard Theatre (Paid off in 2021)	25,104	0
Mandarin (Will be paid of in 2022)	3,126,687	0
O Street Market	2,951,685	3,177,879
Skyland	102,893	818,058.25
Rhode Island Place PILOT (Will be paid of in 2022)	1,095,971	0
SE Federal Center (Foundry Lofts & The Yards)	8,786,701	8,453,391
SW Waterfront/The Wharf	27,396,440	30,206,310
Verizon Center	163,419	5,191,328
Union Market	0	0

52. Please provide a description of all active or anticipated development projects in Fiscal Years 2020 and 2021, to date, that have received TIF agreements. For each project, please include:

- a. The TIF Area;
- b. The developer;
- c. A description of the project’s TIF debt;
- d. CBE participation in the project; and
- e. The associated community benefit commitment.

RESPONSE

In FY21 and FY22 to date, a TIF agreement (called a Development and Finance Agreement, or DFA) was executed for two projects, Brookland Manor and Reunion Square, as summarized below.

Brookland Manor

a. The TIF Area; As described specifically in D.C Act 22-589. The RIA TIF Area is generally defined as the real property near Brentwood Road, N.E., bounded by Saratoga Avenue, N.E. to the North; Montana Avenue, N.E. to the East, Downing Street, N.E, to the South, and 14th Street, N.E. to the West.

- b. The developer; Mid-City Financial Corporation
- c. A description of the project's TIF debt; This project has two classes of bonds- \$32,000,00 of Class A Bonds and \$24,000,000 of Class B Bonds to pay for eligible development costs like costs of studies, survey, plans, demolition of buildings and other structures, costs of reconstruction or repair, and costs of the site development construction of the project among others.
- d. CBE participation in the project; As required by DC Law 20-108, to be executed before the first debt issuance.
- e. The associated community benefit commitment. The DFA requires First Source agreements. The developer is also obligated to include a minimum of 50,000 square feet of retail space, which will include a full-service grocer, 373 deeply affordable units, and townhouses.

Reunion Square

- a. The TIF Area; As described specifically in D.C. Act 23-485. The land known as Reunion Square, located to the east of Martin Luther King Jr. Avenue S.E., to the north of Chicago Street S.E., to the west of Railroad Avenue S.E., and to the south of W Street S.E.
- b. The developer; MLK Acquisition Development Company, LLC
- c. A description of the project's TIF debt; This project has a maximum aggregate principal amount of \$45,800,000. \$16,900,000 is scheduled to for Class A Bonds and Class B Bonds can be issued up to \$45,800,000 but less the principal amount of Class A Bonds that are issued. This will be used to pay for eligible development costs like costs of studies, survey, plans, demolition of buildings and other structures, costs of reconstruction or repair, and costs of the site development construction of the project among others.
- d. CBE participation in the project; As required by DC Law 20-108, to be executed before the first debt issuance.
- e. The associated community benefit commitment. At least 40,000 square feet of the project shall be used for retail sales to the public. It will also include a first class mixed-use complex consisting of approximately 515,000 square feet on three newly-constructed buildings containing office buildings, retail space, select service hotel, and a 134 residential unit building, 100% of which shall be affordable for Persons older than 65 years of age.

53. Please provide the number of Tax Abatement Financial Analyses (“TAFAs”) OCFO performed in Fiscal Years 2021 and 2022, to date.

- a. How many negative TAFAs did the agency issue in Fiscal Years 2021 and 2022, to date?
- b. Please provide a list of businesses or entities whose application received a negative TAFE in Fiscal Years 2021 and 2022, to date.
- c. D.C. Code § 47–4701 outlines the requirements for tax abatement analyses. Does OCFO consider methodology that is not codified when issuing a negative TAFE?

RESPONSE

In FY21 and FY22 to date, EDF prepared nine TAFAs and revised two TAFAs (DC Central Kitchen and 3200 Pennsylvania Ave Southeast Redevelopment). Below is a list of TAFAs prepared, summarizing applicant and findings. One TAFE had a full negative finding (a “No” in the right column), although other applicants were found to have a partial need for the requested abatement or exemption. EDF did not consider methodology not codified in D.C. Code § 47–4701 when preparing TAFAs.

Bill No.	Applicant	Findings: Abatement or Exemption Needed?
24- 453	Affordable Housing Opportunities, Inc.	Partial yes
24- 452	3200 Pennsylvania Avenue Southeast Redevelopment Project	Partial yes
24- 579	900 55th Street NE and 2327-2341 Skyland Terrace SE DC Habitat	In progress
24-285	3200 Pennsylvania Avenue Southeast Redevelopment Project	Partial yes
24-285	Redevelopment of the Center Leg (Interstate 395)	Yes
24-285	Emory Beacon of Light Tax	Yes
24-68	The DC Central Kitchen	No
23-708	The DC Central Kitchen	No
23-608	Spring Flats Mixed-Income Family Apartments	Yes
23-754	800 Kenilworth Avenue Northeast Redevelopment Project	Partial yes
23-753	2323 Pennsylvania Avenue Southeast Redevelopment Project	Partial yes

54. D.C. Code § 1-301.157 requires the CFO to evaluate and publish annually a report on tax incentives. Please provide an update on the status of this reporting requirement and provide a link to the most recently published report.

RESPONSE

In August 2021, the Review of Income Security and Social Policy Tax Expenditures was released, and in January 2022, the Health and Education Tax Expenditure Review was released. Work on a 5-Year Wrap up/Summary document is being concluded for release in Spring 2022, and research for the second Housing Tax Expenditure Review is underway, for release in late fall of 2022.

ORA DC Tax Expenditure Reviews

- [Health Education Tax Expenditure Review](#)
- [Review of Income Security and Social Policy Tax Expenditures 2021](#)
- [Review of Economic Development Tax Expenditures November 2018](#)
- [District of Columbia Housing Tax Expenditure October 2015](#)
- [Environment, Public Safety, Transportation, and Tax Administration and Equity Provisions January 2017](#)

55. Please provide the status of all contracts related to the Central Collections Unit (“CCU”), including contracts issued, pending, or awaiting approval.

RESPONSE

The OCFO has an active contract with Harris & Harris Ltd. to provide delinquent debt collection services for the Central Collections Unit (CCU). The contract provides the CCU with a system of record and a third-party collection agent for all District debt types. The contract was awarded on May 21, 2019 and is currently in the 2nd option year. There are no other active or pending contracts or contracts awaiting approval at this time that are related to the CCU.

56. Please provide a summary update on the planned Professional Certification Program described in OCFO responses to the Committee’s questions during the Fiscal Year 2020-2021 Performance Oversight period.

RESPONSE

We were able to finalize the course content for each session; however, due to the Pandemic, we were unable to conduct instructor-led classes. We have spent considerable time converting the courses to virtual sessions. We plan to roll out the renamed program, Professional Development Program (PDP) by the end of the fiscal year.

57. Please provide an update on the District Integrated Financial System (“DIFS”) project.

RESPONSE

The OCFO is implementing a new financial system, now known as the District Integrated Financial System or DIFS. The DIFS project will move the District from the current antiquated technology to a modern technology platform. Our vision is to create a ‘best in class’ financial organization/jurisdiction. An important component of this is the transformation of the District’s financial systems, coupled with the implementation of industry best practices, an adaptive workforce, and quality integrated data and reporting.

The new DIFS system will utilize the Oracle Cloud suite of products and, when fully implemented, include new systems for several financial functions: financial accounting, planning & budgeting, and treasury management. The project also includes major efforts dedicated to organizational change management. These include outreach, training, and new business policies and procedures.

In FY 2021, we successfully completed the pre-construction phase of the project, and began system implementation. Option year contracts were extended for both Deloitte (SI and OCM) and Gartner for their continued work on the project. The implementation plan is for go-live of the financial system and budget execution, in October of 2022, with the start of FY 2023.

The New Financial System project includes funding for a new budget system to replace the current Budget Formulation Application (BFA). Budget formulation will be implemented in phase 2 (FY 2025 formulation) of DIFS following implementation of the financial system, given the need to first mitigate the risk of failure of SOAR. The budget component of the project will provide the District government with an improved process for formulating complex budgets (operating, revenue, and capital), and managing the peripheral data associated with these budgets (wards, classifications of projects, on-line publishing, etc.). This initiative will provide a consolidated view of the financial data within the various business units and agencies and will allow the government and its residents to track the District’s budget through enhanced data visualizations, charts, and datasets. We will also create and publish dashboard reports providing agency and project budgets, revenue forecasts, performance against budget, capital project management and other business performance metrics.

58. During the Fiscal Year 2020-2021 Performance Oversight period, OCFO stated the Office was planning a major IT upgrade for its Customer Service operations, and that the Office was working on a statement of work to solicit cloud solutions. Please provide an update on this effort.

RESPONSE

The statement of work to solicit cloud solutions has been completed. The Office of Finance and Treasury, Office of Chief Information Officer, Office of Tax and Revenue, and Office of Management and Administration collaborated to develop a Request for Proposal seeking a

solution provider and integration contactor to implement and operate a cloud-based contact center as service system (CCaaS). The solicitation opened on October 12, 2021 and has a due date of February 16, 2022. Once the solicitation is closed, the evaluation process will commence. We anticipate a contract award in Summer 2022.

59. Please describe the Modernization of the Real Property Tax System (“MRPTS”) project.

RESPONSE

The MRPTS project modernized the District’s Integrated tax system for real property taxes. Project Kicked off on July 10th, 2019, and went live on December 7th, 2020. Project delivered full scope, on time and on budget. The Warranty Period for the contract is currently through June 4th, 2022. Real property modernization allowed OTR to make gains in operational quality and efficiency through adoption of a modern digital system. MRPTS project also helped OCFO retire our dependency on a mainframe, and be agile to meet business changes and needs. MRPTS has further streamlined and improved customer interactions.

With the successful implementation of the MRPTS project, District has retired its dependency on legacy technology, which had made it difficult to respond to changes. The underlying functionality of the myriad of applications has been consolidated into MITS through MRPTS project. Data from these different applications was converted as per operational needs and the data not needed for operations was converted into nonoperational mode for querying through MITS interface.

Implementation of the MRPTS has allowed taxpayers to interact with the Office of Tax and Revenue electronically. With conversion of many paper forms to Electronic forms, taxpayers can transact and track the status of an application electronically, and OTR staff and management can work more efficiently.

Implementation of MRPTS has allowed us to communicate with some of the partners that we depend on for input to property billing in real time, utilizing Web Services.

With the Implementation of MRPTS, we have made our website more responsive allowing the taxpayer to interact in the device format of their choice, such as phone, tablet, laptop etc.

We consistently upgrade the underlying software to the latest version as the vendor releases new versions. Since the last Performance Hearing, as part of Continuous improvement, MITS has implemented version updates S12C, S12D in May 2021 and October 2021 respectively. We expect to implement the next version update in May 2022.

60. Please provide an update on the Replacement Schedule for Capital Assets and the Capital Asset Replacement Scheduling System (“CARSS”) model.

RESPONSE

The Office of the Chief Financial Officer has released the 2021 Long-Range Capital Financial Plan Report. The report looks at current assets, their condition, future capital

needs, and funding availability to develop a long-range plan to address all identified capital needs of the District in the shortest possible time.

The District's asset management system, the Capital Asset Replacement Scheduling System (or CARSS), contains a detailed inventory of all District-owned assets, including land, buildings, roads and streets, vehicles, and equipment. This system provides the basis for developing the District's capital improvement plan as part of the annual budget process and determining the cost of deferred maintenance for current assets.

The District is now generally recognized as having the most complete capital asset management system of any state or local government in the country. This system has been noted by the bond rating agencies as a key factor in the maintenance of the District's high bond ratings, including a "Aaa" rating from Moody's.

The 2021 Long-Range Capital Financial Plan report identified total capital funding needs of approximately \$13.5 billion, of which roughly \$9 billion of those needs are funded in the FY 2022-2027 CIP. The capital funding gap is currently estimated at \$4.5 billion, of which approximately \$1.5 billion is identified as deferred maintenance. Long-Range Capital Financial Plan shows that if the District commits 16% of its general fund budget to capital (12% to support debt service on borrowings and an average of 4% on pay-as-you-go cash funding), with the remaining 84% going to operations and programs, all unmet capital needs can be funded as early as FY 2031, if no additional capital projects are added before addressing currently identified unmet needs. However, if additional capital projects are added before addressing current unmet needs, then the timeline to catch up with unmet needs will be extended to at least 2033.

- a. In response to last year's prehearing questions, OCFO stated that additional funds than what had been approved would be needed to complete the project. Is that still the case?

RESPONSE

No additional capital funds are anticipated to be needed for CARSS at this time. However, this could change if additional work beyond what is already planned is assigned to CARSS.

61. Please provide an update on the Real Property Tax Administration electronic Income & Expense (“I&E”) Report system, including the number of users as compared to number of filers, any updates to the Tax Year 2021 season, and any updates to changes made to the apartment model to better reflect the impact of subsidized and rent controlled apartments, as well as improvements to the website.

RESPONSE

RPTA began mandatory electronic filing in TY 2019. We have continued to make enhancements to the website to improve the users experience, such as not requiring a physical signature on the rent roll forms. The I&E filing for TY 2022 online filing is fully implemented in MITS. Access to the system is through the MyTax.DC.gov portal.

Electronic I&E filing summary is listed in the table below:

Items	TY 2020	TY 2021	TY 2022
<i>I&E Request Letters Mailed</i>	<i>8685</i>	<i>10368</i>	<i>9472</i>
Apartment I&E Received	1728	1753	1663
Commercial I&E Received	3918	4369	4175
Hotel/Motel Received	135	141	126
Total Received	5781	6263	5964

Please Note: OTR accounts for mandatory filers by each SSL. A property owner may file I&E for multiple lots on one form, especially for One-Economic Unit properties (a single property/development on more than one lot). This accounts, in part, for the discrepancy in the total received and total requested. There are also property owners that fail to file.

Back in 2018-2019, we did have meetings with DHCD and other stakeholders relating to subsidized units or rent-controlled units and we made some changes to the Apartment I&E fom, specifically to deal with subsidized units or rent-controlled units. We did not need to make any additional changes in 2020. OTR now classifies apartments using the IAAO industry standard, Class A, B and C for our apartment classification, as opposed to prior years using high rise and low rise to classify these units. The apartment income valuation model recognizes affordable rental units specifically to value them based on actual rents collected, as opposed to market rent for the apartment unit.

OTR’s process on newly constructed projects was also revised. Though the standard process for the assessment of newly constructed projects is the cost approach, if information is available, we now complete the income approach.

62. Please provide an update on implementation of any new technology for field work and Real Property Tax Appeal Commission (RPTAC) hearings. In response to this question during the Fiscal Year 2020-2021 Performance Oversight period, OCFO stated that RPTAC was working with OCFO's Tax Systems Group ("TSG") to procure and integrate new through an RFP. Please provide an update on the status of the project.

RESPONSE

The technology effort "Mobile Assessor" is to be utilized for field work. The OCFO's RPTA is collaborating with the OCFO's Tax Systems Group (TSG) and the Office of Management and Administration (OMA) to finalize the requirements to update the current Mobile Assessor system from on premise hosting to a Cloud solution that integrates CAMA with Mobile Assessor. The OTR expects to have a contract awarded by Summer 2022.

63. Please provide a status update of any internal reviews of private alleys going to tax sale. In response to this question during the Fiscal Year 2020-2021 Performance Oversight period, OCFO stated that the Office anticipates a new private alley identifier will launch during the summer of 2021, and that this feature would directly support the tax sale exclusions of alleyways from the annual lien auction. Please provide an update on this enhancement.

RESPONSE

The private alley identifier was successfully launched in 2021 and the business process on alleyway exclusion is in place. In fact, it was used to exclude alleyways from the 2021 annual lien auction during October. At this point, OTR is able to designate properties as public alleyways and run applicable real-time reports.

OTR will continue to maintain partnership with DDOT to identify and designate alleyways in the tax database.

64. Please provide an update on the Appraiser Education and Certification Program for real property tax appraisal staff. Please discuss any changes the Office made to the program in Fiscal Years 2021 and 2022, to date.

RESPONSE

The Appraiser Education Certification Program (AECF) supports growth and development of our assessment staff.

The following In-house training modules have been completed:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- GIS/CAMA - GIS technologies, high definition imagery, modeling and valuation and implementation within the CAMA system
- Possessory Interest Valuation seminar
- Developed Uniformed Air Right Lots -Valuation Worksheet for new development
- Mass Appraisal of Commercial Properties

Currently, there are 31 assessment staff that have active designations in the AECF program. The outbreak of COVID-19 pandemic caused cancellation of in-person/in-class education offerings. During the second quarter of 2021 the AECF committee concluded a review of the proposed in-house education classes that would be tailored to specialized topics. One of the classes/seminars – Techniques to Become an Effective Expert Witness—was held on Friday February 11, 2022. AECF plans to offer other instructor led remote/virtual education classes for appraisers in 2022.

In addition, the Real Property Assessment Division (RPAD) developed a cross-training program to facilitate knowledge sharing among our appraiser staff, help assessment technicians who aspire to become appraisers develop the necessary skills through direct mentorship, and provided hands-on training. The program information sessions for staff were held in early February 2020 and four staff members enrolled in the 12-month program.

Cross training for the four staff members began in late March 2020, as RPTA staff transitioned into work from home due to the pandemic. One of the four program participants was hired through a competitive process into a higher-graded position. The program development team met in March 2021 to assess the cross-training program after its one-year roll out. The development team recommended that the program should continue because of its benefits.

65. Please discuss your working relationship with the Real Property Ombudsman in the Department of Aging and Community Living.

RESPONSE

RPTA continues to have a very cooperative and collaborative professional working relationship with Laura Newland, Director, Department of Aging and Community Living, that is focused on addressing taxpayer concerns in the most efficient manner. RPTA works closely with Ms. Newland in all aspects to guide and provide support to the District’s senior adults, and people with disabilities.

66. For each tax relief program listed below, please provide the status of the program and note whether it is still offered. If the program is not active, please explain why. Additionally, include a comparison between the number of eligible filers and the number that utilize each program. For programs that are underutilized, please describe any efforts by OCFO to increase awareness or otherwise encourage residents to take advantage of them
- a. Assessment Cap Credit
 - b. First-time Homebuyer in DC Recordation Tax Reduction
 - c. Historic Properties
 - d. Limited-Equity Cooperative (“LEC”)
 - e. Lower Income Homeownership Tax Abatement
 - f. Lower Income, Long-Term Homeowners Income Tax Credit
 - g. Property Tax Deferral programs for all homeowners including low-income homeowners and low-income senior homeowners
 - h. Real Property Tax Exemptions for non-profit organizations

- i. Resale Restricted Properties
- j. Senior or Disabled Owner Real Property Tax Relief
- k. Small Retailer Property Tax Relief Credit

RESPONSE

a. Assessment Cap Credit

Ongoing program. For TY 2021, there were 34,434 properties benefiting from the Assessment CAP Credit.

b. First-time Homebuyer in DC Recordation Tax Reduction

Ongoing program. For CY2021, there were 2,984 property owners who participated in the program.

Total recordation tax due: \$18,309,426.84

Total recordation tax paid: \$9,703,693.40

Taxpayer's benefit: \$8,605,733.44

c. Historic Properties

Ongoing program. OTR provides courtesy notification for 27,859 properties with the annual Assessment Notices sent to property owners.

d. Limited-Equity Cooperative ("LEC")

Ongoing program. There is a total of 346 COOP properties. DC Housing Authority can only identify how many filed under LEC.

e. Lower Income Homeownership Tax Abatement

Ongoing program. Approximately 1,172 homeowners are participating in the program.

f. Lower Income, Long-Term Homeowners Income Tax Credit

Ongoing program. As of February 2022, there have been five (5) filings for the allowable credit amount of \$353.00.

g. Property Tax Deferral programs for all homeowners including low-income homeowners and low-income senior homeowners

Ongoing program. Approximately 243 homeowners are participating in the program.

h. Real Property Tax Exemptions for non-profit organizations

Ongoing program. Non-profit organizations are spread across multiple exemption types such as Libraries, Religious, Educational, Charitable, Hospital, Cemeteries etc., and there are approximately 2,000 properties.

i. Resale Restricted Properties

Ongoing program. 459 Resale Restricted properties.

j. Senior or Disabled Owner Real Property Tax Relief

Ongoing program. Approximately 20,000 participants

k. Small Retailer Property Tax Relief Credit

For TY2019, the overall number of returns claiming Small Retailer credit increased from the previous tax year (the program inception year was TY2018)). In particular, the number of D-20 returns (Corporation Franchise) more than tripled in TY 2019.

For TY2020, the number of D-20 returns slightly dropped with the credit approval rate coming back up to 88%.

The claims by D-30 returns (Unincorporated Business) historically remain stable over three tax years.

We continue our efforts to educate the retailer community. We have mailed inserts as well as issued web messages via our web portal to 30K applicable retailers. We have participated in webinars and social media discussions with the business community and city council. This information is also published on our social media platforms and website.

See **Attachment 66** for additional information on Small Retailer Credit.

67. For Tax Years 2018, 2019, 2020, and 2021, where applicable, please provide data that measure the outcome of the real property tax relief programs listed in question 60 for low-income property owners and senior citizens in the District. Please provide the data in a chart that includes income and Ward.

- a. Please provide the number of applications or forms for tax relief programs received.
- b. Please state the number of people or businesses that filed for each tax relief program and their corresponding wards.

RESPONSE

- a. Please provide the number of applications or forms for tax relief programs received.

The chart below shows the data for Senior Credit applications:

Ward	Count
1	99
2	138
3	264
4	246
5	186
6	195
7	172
8	61
TOTAL:	1,361

The chart below shows the data for Disabled Credit applications:

Ward	Count
1	2
2	5
3	1
4	4
5	5
6	8
7	10
8	6
TOTAL:	41

- b. Please state the number of people or businesses that filed for each tax relief program and their corresponding wards.

See **Attachment 67B**.

68. Regarding Exempt Property Use filings for the April 1, 2020, and April 1, 2021, deadline:

- a. How many properties were required to file under D.C. Official Code § 47-4702?
- b. How many properties were required to file under D.C. Official Code § 47-1007?
- c. How many properties eligible for an exemption did not file by the deadline?
- d. How many properties requested an extension?
- e. Are there any properties still outstanding (i.e., properties that did not file by the deadline or request an exemption)? If so, please provide the name, address, ward, and square and lot number.
- f. How many properties had their status revoked? Please provide the name, address, ward, and square and lot number for each.
- g. Please provide an update on offering an e-filing solution to this filing.

RESPONSE

OTR phased out paper filing of FP-161 in 2020. Since 2021, D.C. Regulation mandates e-filing of FP-161. While paper filing is no longer accepted, OTR continues to assist exempt property owners that send in FP-161 paper applications on how to complete this process online.

See chart below with responses to bullets a-f:

	Regarding FP-161 filing for Calendar Year 2019 that was due April 1, 2020	Regarding FP-161 filing for Calendar Year 2020 that was due April 1, 2021
a. How many properties were required to file under D.C. Official Code § 47-4702?	237	269
b. How many were required to file under D.C. Official Code § 47-1007?	3,257	3057
c. How many properties eligible for an exemption did not file by the deadline?	1,465 (1,261 properties with exemptions + 204 properties with abatements)	1333
d. How many properties requested an extension?	25	0
e. Are there any properties still outstanding (i.e., properties that did not file by the deadline or request an exemption)? If so, please provide the name, address, ward, and square and lot number (See Attachment 68E).	1,465 (1,261 properties with exemptions + 204 properties with abatements)	516
f. How many properties had their status revoked? Please provide the name, address, ward, and square and lot number for each (See Attachment 68F).	147	491

69. Please provide the estimated timeframe for processing applications for administrative real property tax exemptions, describe the process, and identify any additional resources or legislation needed to improve the process.

RESPONSE

OTR strives to issue a decision upon completion of the real property tax exemption application. It is OTR's goal to process a completed application within 60 to 90 days of receipt. OTR has consistently processed applications in less than 90 days, when the application packet submitted is complete. Applications processed within this period generally involve properties that are currently operating, have the necessary certificates of occupancy, include all of the required documentation with the application, are able to arrange a prompt inspection, and present no unusual legal or other issues affecting eligibility for exemption.

However, many applications received by OTR are incomplete and this delays approval. Although the application form lists the documents required to be included in the application, applicants often omit required items. In some cases, the documents, such as a certificate of occupancy, are not available when the application is filed, and it is OTR's practice to allow an applicant every reasonable opportunity to supply the missing documentation. Also, the law incentivizes potentially premature filing because a filed application is needed to secure a recordation tax exemption for the deed and the property cannot be exempt for periods before the application is filed. Accordingly, applicants may file applications even before acquiring the property, or obtaining all required documents.

Another frequent reason for delay is the unreadiness of the property for exempt use. In many instances, the application is filed before any necessary construction or renovation is performed. The applicant must find financing, hire architects, engineers, and construction contractors, obtain the necessary permits from DCRA, do the actual work on the building and secure a certificate of occupancy before a property is ready for use. OTR gives applicants a reasonable opportunity to undertake and complete this work before making a decision on an application. Moreover, since a property must be inspected before it can be exempted, an inspection to determine its use is often not practical until the property is in operation. This is especially the case where the property has multiple uses or has more than one tenant organization. The process of developing and putting a property to actual use can take years and is a frequent reason that decisions on applications are deferred.

Applications are given an initial review once received, after which the applicant is contacted and requested to provide any missing information. An inspection is also scheduled and conducted when the property is developed and ready for operation, as inspection at this time produces the most meaningful information concerning its actual use. Applications are subject to an ongoing process of review by OTR to determine whether additional information is needed and whether outstanding requests for information have been satisfied. OTR also responds to contacts initiated by the applicant during this process. Accordingly, there is ongoing communication during each phase of application processing. Applications may be denied if they are not completed or if property is not put to an exempt use within a reasonable time. Once the application is complete, a decision is made as to whether the property

qualifies for exemption or not, and the decision is communicated to the applicant. Denials of exemption may be appealed to Superior Court.

As for additional resources, OTR seeks to take maximum advantage of existing resources to process applications in a timely manner and to apply these resources in the most efficient and productive manner. The new MPRTS incorporates a number of functions related to real property tax exemptions. As a result of additional capabilities acquired through the implementation of the MRPTS project, OTR only accepts exemption applications filed electronically through the MyTax.DC.gov portal. Additionally, OTR implemented an online filing option for the exempt property use reports submitted in 2020 and beginning with the 2021 filing season, and required that these reports be filed exclusively online, eliminating filing of paper reports. OTR expects that MRPTS will continue to enhance overall efficiencies in administering real property taxes and that this will facilitate best use of available resources for processing applications.

70. For Tax Years 2019 and 2020, provide a chart with the number of stand-alone Schedule H returns submitted and the number denied, broken down by Ward and the range of adjusted gross income (“AGI”). Please include filing status, age, and the amount of property tax credit received.

RESPONSE

See **Attachment 70**.

71. Please provide a neighborhood assessment breakdown, for all four property classes of real property tax assessments completed in Fiscal Years 2020 and 2021, and identify which classes saw a decline.

RESPONSE

Tax Class	Count	Prior TY 2022	Proposed TY 2023
1	190708	\$143,923,296,480	\$150,666,724,083
2	8744	\$97,951,808,620	\$100,073,177,830
3	1735	\$1,820,120,600	\$1,915,963,192
4	145	\$78,406,680	\$82,856,350

Note: The parcel count is not a static number because OTR adds or deletes lots daily. DCRA certifies tax class 3 and 4 properties daily so those categories change frequently.

72. Please describe any active real property tax programs available for class 3 vacant real property.

RESPONSE

OTR updates the tax database to/from class-3 based on directives received from the program administrator (DCRA.) Currently, there is no tax program offered by OTR. However, the property owner can apply for forbearance from tax sale and under special circumstances, it can be granted.

- a. Please provide the amount in real property tax revenue collected from class 3 and 4 real properties during Tax Years 2018, 2019, 2020, and 2021, broken down by Ward.

RESPONSE

Please see **Attachment 72A**.

73. During the Fiscal Year 2020-2021 Performance Oversight period, the OCFO stated that requests had been initiated to track certain data related to Clean Hands Certification. Please provide an update on each of the following requests:

- a. To capture data that tracks how often the Clean Hands requirements leads to a payment plan arrangement; and

RESPONSE

From March 1, 2021, to January 30, 2022, OTR has received 46,719 Certificate of Clean Hands request. Of those requested, 30,294 were deemed compliant at the time of the request. OTR currently does not track specific payment plan data for Clean Hands, but from March 1, 2021, to January 31, 2022, there were 4,623 total installment agreements initiated. OTR will create a report that captures this data in the future.

- b. To collect statistical data needed to determine the average amount owed by small businesses that are denied a Certificate of Clean Hands.

RESPONSE

We currently do not track small business indicators. but from March 1, 2021 to January 31, 2022, there were 4,623 installment agreements initiated. For taxpayers applying for a Certificate of Clean Hands, approximately 35% of the applications were initially non-compliant (owes over \$100 or has at least one non filed period) and not able to obtain a Certificate of Clean Hands automatically. Of those taxpayers that were denied clean hands the average liability of the taxpayer is \$1,699.

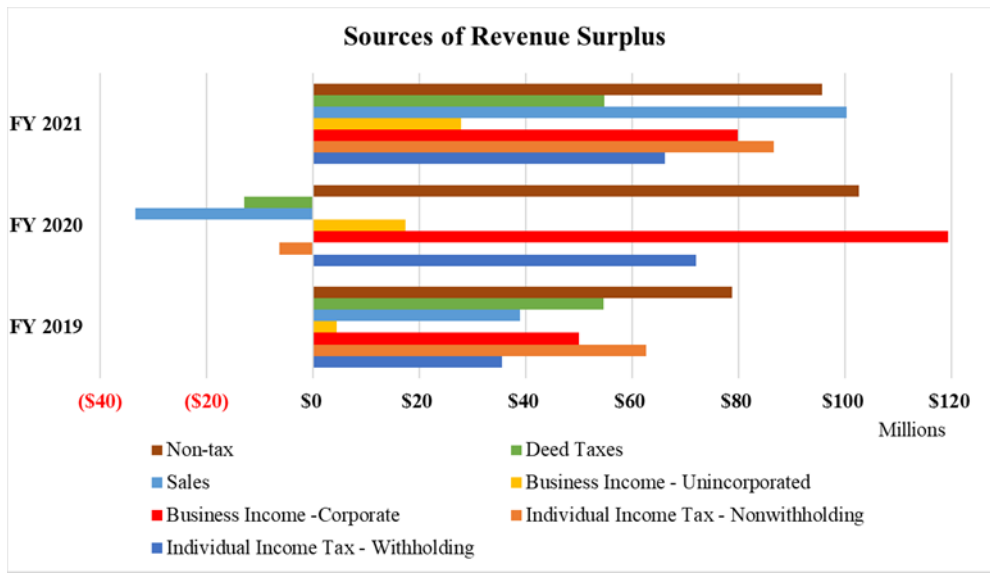
The OCFO is always ready and available to assist taxpayers with compliance issues and receiving their Certificate of Clean Hands. OTR will create a report that captures this data in the future.

74. According to the December 2021 Revenue Estimate, there is a \$576M revenue surplus for Fiscal Year 2021. Please provide revenue surplus amount for Fiscal Years 2019, 2020, and 2021, and a chart showing the sources of the revenue surplus (i.e., income tax withholdings, deed transfer tax, etc.) for each Fiscal Year.

RESPONSE

Summary Table of Revenue Surplus (Dollars in Thousands)	FY 2019	FY 2020	FY 2021
Individual Income Tax - Withholding	\$35,600	\$72,025	\$66,189
Individual Income Tax - Nonwithholding	\$62,542	(\$6,278)	\$86,564
Business Income -Corporate	\$49,977	\$119,451	\$79,883
Business Income - Unincorporated	\$4,400	\$17,430	\$27,829
Sales	\$38,950	(\$33,469)	\$100,316
Deed Taxes	\$54,587	(\$12,966)	\$54,692
Real property	\$13,263	\$52,161	\$30,135
Other taxes	\$22,079	\$82,212	\$34,342
Non-tax	\$78,819	\$102,631	\$95,743
Total revision	\$360,217	\$393,198	\$575,693

Source: ORA



75. Describe what happens to surplus revenue funds.

RESPONSE

Unassigned surplus revenue funds become part of the District's year-end General Fund balance. Within the fund balance, the surplus is initially used to replenish any usage of the District's cash reserves, such as the Contingency and Fiscal Stabilization reserve funds. Any remaining amounts after the replenishments, and after other fund balance requirements are satisfied, are committed at a 50/50 distribution rate to the Housing Production Trust Fund (HPTF) and to Pay-As-You-Go capital.

76. Please describe how the OCFO engages with other District agencies about their financial management and operations. How would the agency's benefit from increased oversight and engagement by OCFO?

RESPONSE

The current depth and breadth of the OCFO's engagement and oversight of District agencies is quite extensive. The OCFO has established an entire infrastructure to ensure the effective and efficient management and oversight of the District's financial operations at both the city and agency levels. Central Financial Operations, which are led by Deputy CFOs, provide city-wide financial management functions such as ensuring a balanced budget and financial plan; managing all cash and investments and issuing all debt; keeping the District's "books" and ensuring that all financial are properly accounted for and all transactions are properly recorded; develop revenue estimates that set the available resource level for the budget, and analyze the fiscal impact of all permanent legislation; and ensuring the full and fair collection of tax revenue. At the appropriation level, Associate CFOs have oversight of the financial operations within a given appropriation title or cluster such as Health and Human Services or Public Safety and Justice. Reporting to them are agency fiscal officers, assigned to manage and maintain the financial operation of each individual agency. Associate CFOs, agency fiscal officers and their staffs function as strategic financial advisors to agency program directors and their staffs on a daily basis, providing acceptable financial solutions and ensuring that the integrity of the financial operation is consistently maintained while supporting them in achieving their agencies' missions. All financial staff, whether at the central or agency level, are independent from program management in the exercise of their financial oversight of agency operations, and serve at the pleasure of the independent CFO. This structure, along with the sound financial policies and practices implemented, has led to consistently superlative financial results.

77. To address issues with the Housing Production Trust Fund, the Office of the DC Auditor (“ODCA”) has recommended that OCFO institute new safeguards, “such as a prescribed rotation of key OCFO employees between agencies and/or clusters to reduce entrenchment and bias; train staff on existing laws, regulations, and SOPs relating to financial transactions; and impose disciplinary actions for personnel when they do not follow laws, regulations, and SOPs.” ([ODCA Report](#)) Discuss why OCFO rejected that recommendation and what alternative methods the Office uses to support agencies’ financial management.

RESPONSE

In the letter from the OCFO to the ODCA dated February 28, 2018, in response to the ODCA Report, we discussed our reasons for disagreeing with this recommendation. The OCFO carries out its mission to enhance the fiscal and financial stability and viability of the District government and its agencies in an independent fashion and our position remains unchanged.

Subsequent to this recommendation, the OCFO developed policies and procedures to provide additional guidance to employees to ensure that expenses are accurate, properly classified, and that requisitions do not exceed loan/grant agreement amounts. The policies provide clear guidance on allowable project and administrative costs and how each expenditure type should be classified. Additionally, the procedures include detailed instructions to be followed prior to purchase order approval preventing approval of misclassified expenditures and obligations without sufficient documentation. These policies and procedures documents were submitted, with a letter dated July 23, 2018, to the ODCA audit team as part of the OCFO’s update regarding ODCA’s audit recommendations.

78. DC Code § 1-204.24a(e) says the CFO shall appoint the heads of certain subordinate offices, including the Lottery, after consultation with the Mayor and Council. Describe the hiring process undertaken by OCFO to hire a new Lottery Director.
- a. How was the position advertised, where, and for how long?
 - b. How many candidates were considered for the role?

RESPONSE

In our efforts to identify qualified candidates for the position of the Executive Director, Office of Lottery and Gaming, the OCFO developed a comprehensive list of the top two executive leaders within each of the 47 state and provincial lotteries in the US. We proactively reached out to the identified individuals to gauge their interest and to elicit other referrals. In addition to advertising the vacancy on the OCFO’s webpage, we utilized the services of major professional networking and employment websites, industry specific publications, job boards, organizations, and networking groups. As a result of our outreach efforts, we screened approximately 200 candidates. After an extensive vetting process, interviews of the 7 most highly qualified candidates were conducted, from which the current executive director was selected.

79. Please provide an update on the status of the School Modernization Project, including a chart that describes the budget amount, actual expenditures, and the reason for each expenditure, for Fiscal Years 2019, 2020, 2021, and 2022, to date.

RESPONSE

See the **Attachment 79** for budget and expenditures for DCPS capital projects from FY 2019 through FY 2022.

80. Describe what checks are currently in place to address cost overruns for the School Modernization Program and ensure funds are not expended without justification.

RESPONSE

Capital project budget balances are monitored to ensure that deficits do not occur or are addressed if they have occurred. Capital project spending plans are required for all projects with available budget. Quarterly reporting is required on actual activity by project compared to agency projected spending plans. Variances of 5 percent or more or exceeding \$1 million between the project budgets and their project spending plan are required to be explained by the agency. When cost overruns are expected due to change in scope or increases in the cost of project inputs, reprogrammings can be requested to increase the budget if needed.

81. In 2020, the Council passed the False Claims Amendment Act, which permitted residents to bring *qui tam* claims regarding certain incidents of tax fraud.

- a. For Fiscal Years 2021 and 2022, to date, please provide the total number of claims resolves and the total amount of tax revenue recovered.
- b. Has OTR sought to intervene in any of these claims?
- c. Has OTR seen a flurry of frivolous *qui tam* claims brought following the effective date of the new law?
- d. Have there been more claims filed than OTR has the capacity to review, and, where necessary, intervene?

RESPONSE

Qui tam actions brought by relators (which can be both District residents and non-residents) alleging violations of the District's False Claims Act (the FCA) are filed under seal in the Superior Court and the existence and details of any such actions, including those related to taxation, are confidential as long as they remain under seal. The Office of Attorney General (OAG), and not OTR, is the agency which investigates these actions and then decides whether to intervene on behalf of the District. OTR is not a party to these actions and its role is limited to consulting with OAG on whether a claim is precluded under D.C. Code § 2–381.03(c)(3) because the allegations or transactions in the action are the subject of an existing investigation, audit, examination, ruling, agreement, or administrative or enforcement activity by OTR. OTR is not aware of any settlements or recoveries for violations of the FCA related to taxation obtained by OAG.