# COUNCIL of the DISTRICT of COLUMBIA

## BUSINESS & ECONOMIC DEVELOPMENT

## KENYAN R. MCDUFFIE, CHAIRPERSON

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

FROM: Councilmember Kenyan R. McDuffie 47 M.

Chairperson, Committee on Business and Economic Development

**DATE:** June 25, 2025

SUBJECT: DRAFT Report and Recommendations of the Committee on Business and

Economic Development on the Fiscal Year 2026 Budget for Agencies Under Its

Purview

The Committee on Business and Economic Development ("Committee") having conducted hearings and received testimony on the Mayor's proposed operating and capital budgets for Fiscal Year 2026 ("FY 2026") for the agencies under its purview, reports its recommendations for review and consideration by the Committee of the Whole. The Committee also comments on the Fiscal Year 2025 Revised Local Budget Act of 2025 and several sections in the Fiscal Year 2026 Budget Support Act of 2025, as proposed by the Mayor.

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## **Executive Summary**

This Fiscal Year, the District and this Committee will face unique challenges not yet seen before. With an uncertain and often unpredictable federal government, the District is forced to grapple with uncertain budget challenges, drastic funding cuts, and a dramatically reduced federal workforce.

In Fiscal Year 2024, the Office of the Chief Financial Officer and McConnell & Jones, LLP, presented the Fiscal Year 2024 Annual Comprehensive Report, or ACFR. This report determined that for the twenty-eighth consecutive year, the District's budget was balanced and the District's finances received clean audit opinions. As always, this conclusion is a testament to the District's strong financial management and accounting practices, and the information presented in the ACFR provide the foundation for our continued strong bond ratings. In fact, due to the District's strong financial management, Moody's Ratings upgraded the ratings of the District's *ITS Revenue Bonds* from Aa1 to Aaa, and upgraded several other District special tax bonds, in October 2024.

However, since the 47<sup>th</sup> presidential administration assumed power, rapidly changing federal actions and reversals have had a unique and devastating impact on the District. First, the Office of the Chief Financial Officer's ("OCFO") February 2025 revenue forecast projected an average annual revenue decline of \$342 million from FY 2026 through FY 2028, citing decreases in federal workforce employment and real property tax revenues, and slowing consumer spending as key factors. The OCFO further raised a high degree of uncertainty around making a meaningful economic impact analysis given that some of the new administration's executive actions have or are likely to be challenged in the courts. And in early March 2025, the General Services Administration ("GSA") announced the sale of 41 federal buildings within the District. Although the GSA eventually excluded most DC-area buildings and removed the list from its website, the agency plans to republish a list in the near future. This raises further concerns about the future of the city's commercial office market and its broader economic ripple effects.

In April 2025, Moody's downgraded the District of Columbia's "Aaa" credit rating even though the District's solid financial management and financial strength **has not changed** since last fall when Moody's upgraded five special tax bonds. The District's financial foundation remains strong, and this downgrade **is not** due to any action that the District of Columbia has or has not taken.

And finally, after two decades of precedent, the proposed continuing resolution in Congress omitted a longstanding provision that typically allows the District to spend at the level set in its congressionally approved budget while Congress works to approve the FY 2025 budget for *federal agencies*. This forced the District to initially have to consider \$1 billion in local spending cuts from its congressionally approved FY 2025 budget, and revert back to FY 2024 spending levels. This radically required the District to identify nearly a full year of savings in half a year.

Despite these challenges, the District remains a national hub for entrepreneurship, hospitality, and technology-driven economic growth. Strategic investments and policy decisions made today will shape the future of the District's small businesses, workforce development efforts,

and overall economic stability. This Committee's Budget recommendations reflect numerous opportunities for the District to prioritize its community, growth, and sustainability, especially in the face of economic uncertainty.<sup>1</sup>

#### **Operating Budget Highlights:**

#### In Committee:

### \$400,000 in recurring funding to support education, entrepreneurship, and advocacy

• The Committee has allocated \$400,000 in recurring Fund to support an organization based and located in the District, and founded in 2017, that is an affiliate of a national organization that promotes and supports the growth of equity impact enterprises.

## \$250,000 recurring to the Chinatown Lease Incentive Program

- As the Executive contemplates sweeping capital improvements and renovations to the Gallery Space/Chinatown neighborhood, the Committee believes it is critical that long-term Chinatown residents and business owners have opportunities to preserve their businesses and culture.
- The Chinatown Lease Incentive Program provides grants to support small businesses that i) sign long-term leases of at least five years in the Chinatown neighborhood in the District of Columbia and ii) maintain or enhance the cultural heritage of the neighborhood.
- The Committee provides the Chinatown Lease Incentive Program with an additional \$125,000 in FY26 and \$250,000 across the rest of the financial plan and codified that tenant improvement allowances include façade repair and interior and exterior space renovations.

#### \$1,500,000 in one-time funds to the Commercial Acquisition Fund

• These funds will support the Commercial Acquisition Fund which is a DMPED program that provide down payment assistance through grants of up to \$500,000 or 25% of the sale price, whichever is less, to eligible DC-based businesses looking to maintain and expand their operations to a physical presence by acquiring commercial property located in the District.

#### \$1,500,000 in one-time funds to the Strong Families, Strong Futures Program

• The Committee remains disappointed with the repeal of the Baby Bonds program, however the Committee is continually dedicated to supporting families and children. The Strong Families, Strong Futures Program investments in new and expectant Mothers with financial planning and education services.

#### \$500,000 recurring to EventsDC to support sports activity and engage in the District

<sup>&</sup>lt;sup>1</sup>The Office of the Chief Financial Officer plans to release a June Revenue Forecast in late June after the Council Committees have concluded their Committee budget process.

• On March 20, 2025, the Committee held a public hearing on the Sports Capital Bill (B26-119) which highlighted the importance and impact of sports for District youths, and, importantly, the local economy. The Committee intends to strengthen the impact of the Sports Capital Bill by dedicating \$500,000 in recurring funds to EventsDC to support the solicitation and selection of a qualified operator to host marquee sports focused events designed to attract business professionals, executives, sports owners and agents, and entrepreneurs. These marquee events will utilize the Washington DC Convention Center to attract world class sports events to the District.

### \$200,000 in one-time funds to support the Deanwood Main Street

• This funding will support small and local businesses in the Deanwood and Deanwood Heights business districts to improve business quality in northeast DC.

#### \$200,000 in one-time funds to support the Pennsylvania Avenue Main Street

• This funding will support small and local businesses in the Pennsylvania Avenue which invites new residents, property and business owners, creatives, and visitors to live, learn, work, worship, shop, and play on and around Pennsylvania Avenue Main Street.

## \$500,000 in one-time funds to support a retailer of medical cannabis in Ward 8 that has been in operation since January 2019

• Require the Deputy Mayor to award a \$500,000 grant in FY 25 to a retailer of medical cannabis in Ward 8 that has been in operation since January 2019 for the purpose of continuing current business operations.

## \$855,010 over the financial plan to support the Non-Profit Workforce Housing Exemption

• The BSA subtitle, and prefunding for B26-125, will be partially funded with a transfer of \$921,000 over the financial plan from the Committee on Human Services.

### \$112,014 over the financial plan to support the Nonprofit Solar Tax Exemption (B26-55)

• The Nonprofit Solar Tax Exemption will provide the buildings and grounds belonging to and used by an institution, organization, or other entity exempt from real property taxation shall not be assessed and taxed where the building or grounds are used for solar energy generation, energy storage, and energy management activities.

#### \$4,188,872 over the financial plan to support the 1000 U St. Property (B26-18)

• This Committee and the Committee on Public Works fully funded the needed tax relief for the Prince Hall Free & Accepted Mason and Order of the Eastern Star Charitable Educational Foundation. The Tax Abatement Financial Analysis determined that "the exemption is financially necessary to meet the Applicant's fiscal needs. Given the Applicant's current financial condition, forgiveness of past due taxes and exemption from future real property tax liability is necessary for the Applicant to continue to own the Property and carry out its activities."

• This Committee funded costs in FY25 and FY26, and the Committee on Public Works and Operations funded costs in FY27, FY28, and FY29.

#### \$47,000 over the financial plan to support the Spousal Homestead Exemption (B26-10)

• This funding will support the Spousal Homestead Exemption to provide that a surviving spouse or domestic partner of a veteran may claim the Disabled Veterans Homestead Exemption.

#### Transfers In:

## \$412,161 over the financial plan to establish a new Friendship Heights Clean Team (Committee on Human Services)

• A new Clean Team will be established in Ward 3 to support properties located near Wisconsin Avenue.

# \$2,109,645 over the financial plan to support DSLBD's Main Streets Program (Committee on Human Services)

• This funding will support a one-time enhancement to the DSLBD Main Streets Program in FY26. The funding, in coordination with the Main Streets Enhancement Subtitle, will be divided equally amongst the 31 existing Main Streets and cannot be withheld by DSLBD to be allocated through a competitive grant process.

# \$921,000 over the financial plan to support a tax abatement and refund for the SOME Ward 3 property at 2607 Connecticut Ave NW (Committee on Human Services)

• While the Committee has accepted funding to provide tax refunds to SOME for its property in Ward 3, for now, the Committee has prioritized funding this fix for all owners and properties throughout the financial plan prior to holding a hearing on this issue in the fall. Please see proposed subtitle III on pg. 97 for more details.

## \$78,888 in one-time funds to support placemaking in Ward 6 (Committee on Transportation and Energy)

• The one-time funding will be provided to activate and support marketing efforts along the H Street NE corridor with a goal of increasing foot traffic on the corridor and supporting businesses on the corridor.

# \$150,000 in one-time funding to support Ward 6 businesses affected by ongoing construction (Committee on Transportation and Energy)

• The one-time funding will support businesses affected by ongoing construction around Pennsylvania Ave and Potomac Ave and along 8th Street SE between Pennsylvania Avenue and Virginia Ave SE.

## \$350,000 in one-time funds to support the Rhode Island Avenue Support Grant Program (Committee on Youth Affairs)

• The one-time funding will support the Rhode Island Avenue Support Grant Program which supports a multiple agency effort in the District of Columbia to transform Rhode Island Avenue, NE corridor into a thriving and inviting neighborhood center using public actions and tools as needed to leverage private investment.

## \$377,000 in one-time funds to support the Avanti Real Estate Inc. Real Property Tax Exemption (B26-19) (Committee on Public Works and Operations)

• This one-time funding will support a tax exemption and forgiveness for the property located at 3421 14<sup>th</sup> Street, NW.

## **Transfers Out**

## \$250,00 to Support Historic Burial Grounds Preservation (Committee of the Whole)

• This funding will support efforts to preserve and restore historic burial grounds in the District.

# \$500,000 in one-time funds for Victim Services Providers (Committee on Judiciary and Public Safety)

• The Committee provides support to nonprofit organizations that deliver services to victims of domestic violence.

### **Capital Budget Investments:**

#### \$50,000 transfer from the Committee on Public Works and Operations

• This will support additional improvements to the DC USA garage, including updates to payment systems and electric vehicle charging infrastructure capabilities.

The Committee decreased the \$8.05 million allotted to the Gallery Square Project in the operating budget by \$400,000 and allocated those dollars to DSLBD to support the Pennsylvania Avenue SE Main Street (\$200,000) and the Deanwood Main Street (\$200,000). Within the capital budget, the Committee added the \$400,000 back to the 7th Street South Gallery Place project by reducing the East Capitol Gateway project by \$400,000.

## Committee Adjustments Summary Tables

The following tables summarize the Committee's recommendations made to the Committee of the Whole pursuant to Rule 703 of the Council Period 26 Rules of Organization and Procedure for the Council of the District of Columbia.

## Line-Item Budget and Revenue Adjustments

See Attachment A for a table of all budget attributes and comments for each recommended change to agency operating budgets and revenues, as well as full budget attributes for Committee transfers.

## Fiscal Year 2026 Sources and Uses Summary

This table provides a summary of the changes the Committee recommends to the Fiscal Year 2026 Budget and Financial Plan. **Detailed** information about each change, including budget attributes, can be found in Attachment A.

### **HOW TO READ THIS TABLE**

This table structures the Committee's recommendations into the funds available to be spent by the Committee, or "Sources," and how those funds were spent, or "Uses." Sources are listed as positive numbers, and the Uses of those funds are listed as negative numbers. The "Overall Balance" of the table is the sum of the Sources and the Uses entries, and if all available Sources have been allocated to various Uses, the Overall Balance is \$0. Per Council Rule 703, a Committee cannot have a negative Overall Balance.

The Sources portion of this table includes recommended policy changes generating revenue, as well as a transfer of funds into the committee from another committee. The Sources portion of the table also includes a line that combines all of the Committee's recommended budget reductions, as reductions in an agency's budget are a Source of additional funds that can be used by the committee elsewhere, thus, a recommendation that agencies reduce their budgets by \$500,000 will appear as a positive entry on this table as that reduction is a new Source of funds that are now available to the Committee to be allocate to a various Uses. Please note that a disaggregated list of all reductions will be in Attachment A.

The Uses portion of the table details how the funds from the Sources portion of the table are allocated. As the Uses are spending available Sources, the entries are negative, thus, a recommendation that an agency receive an additional \$500,000 will appear as a negative entry on this table because the enhancement is a Use that is reducing the Sources of funds available to the Committee.

## SOURCES AND USES SUMMARY TABLE<sup>2</sup>

Fiscal Year 2026 SOURCES AND USES - Committee on Bus	iness and Econom	ic Development			
SOURCES	FY 25	FY 26	FY 27	FY 28	FY 29
Legislation: Strike BSA: Restaurant Sales Tax Holidays					
Amendment Act of 2025	\$ 2,139,000	\$ 4,496,000			
					\$
Budget Reductions		\$ 2,826,674	\$ 1,948,346	\$ 1,993,837	2,049,965
Fund Balance Conversion		\$ 2,428,674	\$ 1,547,346	\$ 1,589,777	\$ 1,642,784
Fund Balance Use	\$ (131,207)	\$ 131,207			
Special Fund Sweeps					
Other Revenue Adjustments	\$ 214,000	\$ 950,000	\$ 510,000	\$ 520,200	\$ 530,604
Transfers In (See Note 1 - Transfers In)		\$ 2,172,175	\$ 1,058,786	\$ 1,079,448	\$ 1,104,842
TOTAL SOURCES	\$ 2,221,793	\$ 13,004,730	\$ 5,064,478	\$ 5,183,262	\$ 5,328,195
USES - REVENUE EXPENDITURES	FY 25	FY 26	FY 27	FY 28	FY 29
B26-55, Nonprofit Solar Tax Exemption Amendment Act of 2025		\$ (27.177)	\$ (27,721)	\$ (28,275)	\$ (20.041)
		\$ (27,177)	\$ (27,721)	\$ (28,275)	(28,841)
B26-10, Spousal Homestead Exemption Amendment Act of 2025		\$ (47,000)	\$ (47,000)	\$ (47,000)	\$ (47,000)

<sup>&</sup>lt;sup>2</sup> The Committee supports B26-0221, the Mu Lambda Foundation, Inc. Real Property Tax Exemption Act of 2025, however the Committee on Youth Affairs has reserved the funding for the tax exemption in their committee budget. Thus, the Mu Lambda tax abatement is not reflected in this Committee's transfer requests.

B26-125, 2607 Connecticut Avenue NW Timeline			\$		\$
Extension and Tax Forgiveness Act of 2025		\$ (605,000)	(102,000)	\$ (105,000)	(109,000)
B26-18, 1000 U Street NW Property Tax Clarification and	Φ (4.000 700)	A (4.077.050)	\$	φ (007.070)	\$
Limited Grantmaking Amendment Act of 2025	\$ (1,293,793)	\$ (1,877,958)	(332,699)	\$ (337,879)	(346,542)
B26-19, Avanti Real Estate, Inc. Real Property Tax					\$
Exemption Amendment Act of 2025		\$ (377,000)	\$ (20,746)	\$ (21,119)	(21,626)
BSA: Nonprofit Workforce Housing Properties Tax			\$		\$
Exemption Amendment Act of 2025		\$ (126,746)	(692,879)	\$ (714,243)	(745,634)
Reduce Washington DC Economic Partnership Dedicated			\$		\$
Tax Funding		\$ (2,028,674)	(1,547,346)	\$ (1,589,777)	(1,642,784)
Reduction to Gallery Square operating budget funds that					
would transform public space around the Reynolds Center		\$ (400,000)			
Transfers Out (See Note 2 - Transfers Out)		\$ (750,000)	•		•
TOTAL LICES DEVENUE EVDENDITURES	¢ (4,000,700)	¢ (C 020 FFF)	\$	¢ (0.040.000)	\$ (0.044.407)
TOTAL USES - REVENUE EXPENDITURES	\$ (1,293,793)	\$ (6,239,555)	(2,770,391)	\$ (2,843,293)	(2,941,427)
LICEC BUDGET EVDENDITUDES	EV OF	EV 00	EV 07	EV 00	EV 00
USES - BUDGET EXPENDITURES	FY 25	FY 26	FY 27	FY 28	FY 29
Legislation: B26-119, Official Sports Capital of the United		Φ (500,000)	\$	Φ (500,000)	\$ (500.004)
States Designation Act of 2025		\$ (500,000)	(510,000)	\$ (520,200)	(530,604)
Legislation: BSA: Main Streets Program Implementation		Φ (544.050)	\$	Φ (500 500)	\$ (5.40, 4.70)
Amendment Act of 2025		\$ (511,850)	(522,087)	\$ (532,529)	(543,179)
Legislation: BSA: Rhode Island Ave Support Grants		4 (050.000)			
Amendment Act of 2025		\$ (350,000)			
Legislation: Modify BSA: Economic Revitalization			\$		\$
Initiatives Amendment Act of 2025	\$ (500,000)	\$ (300,000)	(400,000)	\$ (408,000)	(416,160)

Legislation: Restaurant Sales Tax Holidays Amendment								
Act of 2025	\$	(428,000)	\$	(900,000)				
					\$			\$
Other Budget Adjustments - Enterprise Fund Authority			\$	(500,000)	(510,000)	\$	(520,200)	(530,604)
Department of Small and Local Business Development								
To support the Deanwood Main Street (Ward 7)			\$	(200,000)				
To support the Penn Ave Main Street (Ward 7)			\$	(200,000)				
Establishment of a new Friendship Heights Clean Team								
and modifications to the existing Wisconsin Clean Team								
as indicated by the description provided in narrative								
portion of the FY26 CBED Budget Recommendations					\$			\$
Report.			\$	(100,000)	(102,000)	\$	(104,040)	(106,121)
Tioporti				(100,000)	(102,000)	Ψ	(10 1,0 10)	(100,121)
Grant to activate and support marketing efforts along the								
H Street NE corridor with a goal of increasing foot traffic on								
the corridor and supporting businesses on the corridor.								
Funding partially restores grant cuts			\$	(78,325)				
Office of the Deputy Mayor for Planning and Economic Dev	velop	ment				•		
Enhancement to Commercial Acquisition Fund			\$ (	(1,500,000)				
Strong Families - Strong Futures			\$ (	(1,500,000)				
				-	\$			\$
Additional Funds to Chinatown Lease Program			\$	(125,000)	(250,000)	\$	(255,000)	(260,100)
					\$			\$
TOTAL USES - BUDGET EXPENDITURES	\$	(928,000)	\$ (	6,765,175)	(2,294,087)	\$ (	2,339,969)	(2,386,768)
OVERALL BALANCE	\$		\$		\$ -	\$		\$ -

NOTE 1 - TRANSFERS IN	FY 25	FY 26	FY 27	FY 28	FY 29
From HS: B26-125, 2607 Connecticut Avenue NW					\$
Timeline Extension and Tax Forgiveness Act of 2025		\$ 605,000	\$ 102,000	\$ 105,000	109,000
					\$
From HS: Establish a new Friendship Heights Clean Team		\$ 100,000	\$ 102,000	\$ 104,040	106,121
					\$
From HS: Transfer for additional Main Streets funding		\$ 511,850	\$ 522,087	\$ 532,529	543,179
From PWO: B26-18, 1000 U Street NW Property Tax					
Clarification and Limited Grantmaking Amendment Act of					\$
2025			\$ 332,699	\$ 337,879	346,542
From PWO: B26-19, Avanti Real Estate, Inc. Real Property					
Tax Exemption Amendment Act of 2025		\$ 377,000			
From TE: Grant to activate and support marketing efforts					
along the H Street NE corridor with a goal increasing foot					
traffic on the corridor and supporting businesses on the					
corridor. Funding partially restores grant cuts		\$ 78,325			
From TE: Grant to provide support to businesses affected					
by ongoing construction around Pennsylvania Ave and					
Potomac Ave and along 8th Street SE between		h 450.000			
Pennsylvania Avenue and Virginia Ave SE.		\$ 150,000			
From YA: Rhode Island Ave Business Grants		\$ 350,000			<b>6</b>
TOTAL TRANSFERS IN	\$ -	\$ 2,172,175	\$ 1,058,786	\$ 1,079,448	\$ 1,104,842
TOTAL MANUELLO III	Ψ	Ψ 2,1/2,1/0	¥ 1,000,700	Ψ 1,070,110	2,107,072
NOTE 2 - TRANSFERS OUT	FY 25	FY 26	FY 27	FY 28	FY 29

To COW: Burial Grounds		\$ (250,000)			
To JUD: Enhancement for Victim Services providers		\$ (500,000)			
TOTAL TRANSFERS OUT	\$ -	\$ (750,000)	\$ -	\$ -	\$ -



## Fiscal Year 2026 Agency Operating Budget by Program Parent Level 1

Agency Operatii	ng Budget by DIFS I	Program (Parent L	evel 1)			
DIFS Program (Parent Level 1)	FY 2024 Actuals	FY 2025 Approved	Mayor's FY 2026 Proposed	Committee Variance	Committee's FY 2026 Recommendation	Committee Percent Change from FY25 Approved
Alcoholic Beverage and Cannabis Administra	ation					
AFO003 - AGENCY BUDGETING AND FINANCIAL MANAGEMENT SERVICES	\$124,965	\$208,866	\$0	\$0	\$0	(100.00%)
AFO016 - AGENCY/CLUSTER SHARED SERVICES	\$0	\$0	\$10,000	\$0	\$10,000	n/a
AMP003 - COMMUNICATIONS	\$300,766	\$434,873	\$463,936	\$0	\$463,936	6.68%
AMP006 - CUSTOMER SERVICE	\$3,377	\$198,406	\$229,730	\$0	\$229,730	15.79%
AMP009 - FLEET MANAGEMENT	\$29,805	\$23,833	\$37,781	\$0	\$37,781	58.53%
AMP012 - INFORMATION TECHNOLOGY SERVICES	\$520,537	\$1,111,927	\$910,968	\$0	\$910,968	(18.07%)
AMP014 - LEGAL SERVICES	\$1,250,822	\$1,633,525	\$1,417,080	\$0	\$1,417,080	(13.25%)
AMP016 - PERFORMANCE AND STRATEGIC MANAGEMENT	\$953,020	\$1,605,390	\$1,395,399	\$0	\$1,395,399	(13.08%)
AMP019 - PROPERTY, ASSET, AND LOGISTICS MANAGEMENT	\$245,137	\$407,662	\$81,982	\$0	\$81,982	(79.89%)
AMP022 - RECORDS MANAGEMENT	\$449,598	\$449,394	\$453,026	\$0	\$453,026	0.81%
AMP026 - TRAINING AND DEVELOPMENT	\$523	\$60,000	\$0	\$0	\$0	(100.00%)
R04101 - ALCOHOLIC BEVERAGE LICENSING	\$1,458,377	\$1,553,964	\$1,395,162	\$0	\$1,395,162	(10.22%)
R04102 - MEDICAL MARIJUANA LICENSING	\$1,822,548	\$2,479,374	\$1,244,804	\$0	\$1,244,804	(49.79%)
R04202 - INSPECTION AND COMPLIANCE SERVICES	\$2,960,460	\$4,655,148	\$4,014,807	\$0	\$4,014,807	(13.76%)
TOTAL GROSS FUNDS	\$10,119,936	\$14,822,362	\$11,654,674	\$0	\$11,654,674	(21.37%)

Business Improvement Districts Transfer						
R04001 - BUSINESS IMPROVEMENT						
DISTRICT- TAX TRANSFER	\$41,334,648	\$57,600,000	\$39,000,000	\$0	\$39,000,000	(32.29%)
TOTAL GROSS FUNDS	\$41,334,648	\$57,600,000	\$39,000,000	\$0	\$39,000,000	(32.29%)
Captive Insurance Agency						
O06401 - MEDICAL LIABILITY INSURANCE	\$0	\$100,000	\$100,000	\$0	\$100,000	0.00%
O06403 - PROPERTY, PERSONAL AND						
LIABILITY INSURANCE/OVERSIGHT	\$9,688,843	\$9,983,296	\$10,343,991	\$0	\$10,343,991	3.61%
O06404 - SUBROGATION ACTIVITY	\$1,252,624	\$1,288,403	\$1,288,535	\$0	\$1,288,535	0.01%
TOTAL GROSS FUNDS	\$10,941,467	\$11,371,699	\$11,732,526	\$0	\$11,732,526	3.17%
Child Wealth Fund						
C03801 - CHILD WEALTH FUNDS	\$8,815,000	\$0	\$0	\$0	\$0	n/a
TOTAL GROSS FUNDS	\$8,815,000	\$0	\$0	\$0	\$0	n/a
Convention Center Transfer						
C01601 - CONVENTION CENTER TAX						
TRANSFER	\$222,596,975	\$199,943,000	\$178,288,297	\$950,000	\$179,238,297	(10.36%)
TOTAL GROSS FUNDS	\$222,596,975	\$199,943,000	\$178,288,297	\$950,000	\$179,238,297	(10.36%)
Department of Insurance, Securities, and Ba		4007-400	4040.000	<b>.</b>	4040.070	<b>-</b> 4004
AFO002 - AGENCY ACCOUNTING SERVICES	\$617,099	\$605,126	\$648,656	\$0	\$648,656	7.19%
AFO003 - AGENCY BUDGETING AND		*****		**	4000	
FINANCIAL MANAGEMENT SERVICES	\$263,539	\$291,511	\$292,908	\$0	\$292,908	0.48%
AFO016 - AGENCY/CLUSTER SHARED SERVICES	\$189,388	\$197,958	\$197,958	\$0	\$197,958	0.00%
AMP011 - HUMAN RESOURCE SERVICES	\$347,491	\$345,798	\$348,500	\$0	\$348,500	0.78%
AMP012 - INFORMATION TECHNOLOGY	ψ047,401	ψο-10,700	ψο-10,000	Ψ	φοο,οσσ	0.7070
SERVICES	\$5,130,338	\$5,694,565	\$5,875,252	\$0	\$5,875,252	3.17%
AMP014 - LEGAL SERVICES	\$1,565,301	\$2,024,253	\$2,048,879	\$0	\$2,048,879	1.22%
AMP028 - PUBLIC AFFAIRS	\$1,289,538	\$1,845,670	\$1,505,322	\$0	\$1,505,322	(18.44%)
AMP030 - EXECUTIVE ADMINISTRATION	\$1,179,138	\$1,290,293	\$1,327,518	\$0	\$1,327,518	2.89%

R04301 - BANKING LICENSING	\$800,615	\$855,153	\$1,004,087	\$0	\$1,004,087	17.42%
R04302 - BANKING MARKET EXAMINATION	\$1,482,581	\$1,520,993	\$1,625,662	\$0	\$1,625,662	6.88%
R04303 - BANKING MARKET OPERATION	\$1,859,643	\$2,333,627	\$2,306,999	\$0	\$2,306,999	(1.14%)
R04305 - SSBCI (DC BIZCAP)	\$9,695,180	\$2,000,000	\$1,000,000	\$0	\$1,000,000	(50.00%)
R04401 - CONSUMER SERVICES	\$963,070	\$1,019,723	\$1,032,141	\$0	\$1,032,141	1.22%
R04403 - MARKET RESEARCH & ANALYSIS	\$843,316	\$987,516	\$1,148,931	\$0	\$1,148,931	16.35%
R04501 - ENFORCEMENT	\$162,102	\$211,633	\$196,745	\$0	\$196,745	(7.03%)
R04502 - INVESTIGATION	\$846,781	\$1,132,969	\$1,120,714	\$0	\$1,120,714	(1.08%)
R04601 - BANK ON DC	\$0	\$45,000	\$45,000	\$0	\$45,000	0.00%
R04603 - CITY FOR FINANCIAL EMPOWERMENT	\$2,476,158	\$1,774,073	\$2,050,832	\$0	\$2,050,832	15.60%
R04604 - EARNED INCOME CREDIT	\$0	\$300,000	\$200,000	\$0	\$200,000	(33.33%)
R04605 - FINANCIAL FIT	\$0	\$186,322	\$195,000	\$0	\$195,000	4.66%
R04606 - OPPORTUNITY ACCOUNTS	\$0	\$800,000	\$550,000	\$0	\$550,000	(31.25%)
R04702 - HEALTH ACTUARIAL	\$534,953	\$916,507	\$897,135	\$0	\$897,135	(2.11%)
R04703 - INSURANCE FINANCIAL	φ4.742.200	Φ4 FFF 202	¢4.220.000	ф0	¢4.220.000	(4.00%)
EXAMINATION	\$4,713,309	\$4,555,382	\$4,328,009	\$0	\$4,328,009	(4.99%)
R04705 - POLICY AND OVERSIGHT	\$0	\$150,000	\$0	\$0	\$0	(100.00%)
R04801 - FINANCIAL ANALYSIS	\$48,789	\$218,818	\$244,164	\$0	\$244,164	11.58%
R04802 - RISK FINANCE MARKET OPERATION	\$97,681	\$399,365	\$533,920	\$0	\$533,920	33.69%
R04803 - RISK FINANCE-LICENSING AND	<b>40.3601</b>	4000,000	<del>+ + + + + + + + + + + + + + + + + + + </del>	40	<del>+++++++++++++++++++++++++++++++++++++</del>	2010070
REGULATORY	\$87,960	\$117,182	\$113,040	\$0	\$113,040	(3.53%)
R04804 - RISK FINANCE-MARKET					, ,	,
EXAMINATION	\$972,907	\$960,891	\$985,370	\$0	\$985,370	2.55%
R04901 - CORPORATE FINANCE	\$1,349,254	\$1,367,511	\$1,197,309	\$0	\$1,197,309	(12.45%)
R04902 - SECURITIES LICENSING	\$564,342	\$521,331	\$549,778	\$0	\$549,778	5.46%
R04903 - SECURITIES MARKET						
EXAMINATION	\$434,442	\$615,126	\$598,932	\$0	\$598,932	(2.63%)
R04904 - INSURANCE MARKET						
EXAMINATION	\$0	\$298,650	\$302,081	\$0	\$302,081	1.15%
R06001 - MARKET ANALYSIS	\$134,532	\$137,243	\$144,641	\$0	\$144,641	5.39%
R06002 - OUTREACH	\$391,978	\$580,677	\$525,170	\$0	\$525,170	(9.56%)
R06003 - COMPLIANCE	\$94,896	\$93,931	\$116,551	\$0	\$116,551	24.08%

TOTAL GROSS FUNDS	\$39,136,322	\$36,394,797	\$35,257,203	\$0	\$35,257,203	(3.13%)
<b>Department of Licensing and Consumer Prote</b>	ection - BED					
R01503 - OCCUPATIONAL AND						
PROFESSIONAL LICENSING	\$61,480	\$70,000	\$75,000	\$0	\$75,000	7.14%
TOTAL GROSS FUNDS	\$61,480	\$70,000	\$75,000	\$0	\$75,000	7.14%
Department of Small and Local Business Dev	elopment					
AFO003 - AGENCY BUDGETING AND						
FINANCIAL MANAGEMENT SERVICES	\$97,877	\$123,000	\$143,298	\$0	\$143,298	16.50%
AMP003 - COMMUNICATIONS	\$249,624	\$238,428	\$256,969	\$0	\$256,969	7.78%
AMP005 - CONTRACTING AND	ΦE 4.500	фсо оос	<b>\$04.104</b>	Φ0	<b>#</b> C4.4C4	0.070/
PROCUREMENT  AMP009 - FLEET MANAGEMENT	\$54,593	\$63,926	\$64,164	\$0 \$0	\$64,164	0.37%
	\$5,764	\$4,477	\$6,360	-	\$6,360	42.07%
AMP011 - HUMAN RESOURCE SERVICES	\$133,452	\$120,229	\$123,090	\$0	\$123,090	2.38%
AMP012 - INFORMATION TECHNOLOGY SERVICES	\$585,012	\$633,059	\$607,305	\$0	\$607,305	(4.07%)
AMP014 - LEGAL SERVICES	\$459,684	\$492,270	\$494,786	\$0	\$494,786	0.51%
AMP029 - OPERATIONS MANAGEMENT	\$1,037,504	\$1,041,368	\$1,108,079	\$0	\$1,108,079	6.41%
R00601 - ART LEARNING & OUTREACH	\$357,031	\$1,041,388	\$1,108,079	\$0	\$0	n/a
R03001 - BUSINESS OPPORTUNITY &	ψ337,031	ΨΟ	ΨΟ	ΨΟ	ΨΟ	11/a
ACCESS TO CAPITAL SERVICES	\$2,445,264	\$2,661,476	\$2,316,102	\$0	\$2,316,102	(12.98%)
R03101 - AGENCY COMPLIANCE	\$1,375,570	\$1,359,562	\$1,211,654	\$0	\$1,211,654	(10.88%)
R03201 - CERTIFIED BUSINESS ENTERPRISE	ψ1,070,070	<b>\$1,000,002</b>	Ψ1,212,001	Ψ3	Ψ1,212,001	(20.0070)
CERTIFICATION	\$728,171	\$854,999	\$814,370	\$0	\$814,370	(4.75%)
R03301 - CLEAN TEAMS	\$7,113,034	\$7,434,278	\$7,206,295	\$100,000	\$7,306,295	(1.72%)
R03302 - MAIN STREETS	\$6,245,776	\$6,468,377	\$5,183,275	\$990,175	\$6,173,450	(4.56%)
R03401 - PROGRAM GRANT SERVICES	\$2,093,009	\$2,507,214	\$1,775,711	\$0	\$1,775,711	(29.18%)
R03501 - PROCUREMENT TECHNICAL						
ASSISTANCE SERVICES	\$689,225	\$780,010	\$790,034	\$0	\$790,034	1.29%
TOTAL GROSS FUNDS	\$23,670,590	\$24,782,672	\$22,101,492	\$1,090,175	\$23,191,667	(6.42%)
Executive Office of the Mayor - BED						

000107 - NIGHTLIFE AND CULTURE						
INITIATIVES	\$347,948	\$353,496	\$0	\$0	\$0	(100.00%)
TOTAL GROSS FUNDS	\$347,948	\$353,496	\$0	\$0	\$0	(100.00%)
Office of Finance and Resource Management	t					
AFO002 - AGENCY ACCOUNTING SERVICES	\$2,255,259	\$2,730,333	\$2,827,549	\$0	\$2,827,549	3.56%
AFO003 - AGENCY BUDGETING AND						
FINANCIAL MANAGEMENT SERVICES	\$60,388	\$42,511	\$80,000	\$0	\$80,000	88.19%
AFO007 - AGENCY FIXED COST SERVICES	\$26,011,828	\$25,482,577	\$25,242,677	\$0	\$25,242,677	(0.94%)
AMP005 - CONTRACTING AND PROCUREMENT	\$113,261	\$116,137	\$116,418	\$0	\$116,418	0.24%
AMP006 - CUSTOMER SERVICE	\$75,891	\$85,134	\$87,533	\$0	\$87,533	2.82%
AMP009 - FLEET MANAGEMENT	\$5,339	\$5,761	\$5,639	\$0	\$5,639	(2.12%)
AMP011 - HUMAN RESOURCE SERVICES	\$459,011	\$454,242	\$456,094	\$0	\$456,094	0.41%
AMP016 - PERFORMANCE AND STRATEGIC	ψ :00,011	¥ 10 .32 12	<b>\$ 100,00</b> 1	+-	ψ .00,00 .	01.1270
MANAGEMENT	\$596,728	\$606,190	\$607,687	\$0	\$607,687	0.25%
AMP023 - RESOURCE MANAGEMENT	\$1,995,879	\$2,158,711	\$2,167,931	\$0	\$2,167,931	0.43%
TOTAL GROSS FUNDS	\$31,573,584	\$31,681,595	\$31,591,528	\$0	\$31,591,528	(0.28%)
Office of Lottery and Charitable Games						
AFO002 - AGENCY ACCOUNTING SERVICES	\$290,480,746	\$268,454,177	\$211,351,942	\$0	\$211,351,942	(21.27%)
AFO003 - AGENCY BUDGETING AND						
FINANCIAL MANAGEMENT SERVICES	\$4,809,965	\$5,659,093	\$5,711,770	\$0	\$5,711,770	0.93%
AFO019 - SOAR CONVERSION	\$0	\$15,000	\$0	\$0	\$0	(100.00%)
AMP003 - COMMUNICATIONS	\$846,296	\$1,502,527	\$1,675,908	\$0	\$1,675,908	11.54%
AMP009 - FLEET MANAGEMENT	\$470,825	\$895,422	\$996,407	\$0	\$996,407	11.28%
AMP011 - HUMAN RESOURCE SERVICES	\$788,047	\$865,120	\$918,749	\$0	\$918,749	6.20%
AMP012 - INFORMATION TECHNOLOGY						
SERVICES	\$1,630,820	\$3,416,735	\$3,242,093	\$0	\$3,242,093	(5.11%)
AMP014 - LEGAL SERVICES	\$1,813	\$15,000	\$20,000	\$0	\$20,000	33.33%
AMP023 - RESOURCE MANAGEMENT	\$0	\$0	\$2,764	\$0	\$2,764	n/a
AMP030 - EXECUTIVE ADMINISTRATION	\$1,307,963	\$1,984,100	\$1,804,174	\$0	\$1,804,174	(9.07%)
C01001 - DRAW	\$556,894	\$864,288	\$1,185,148	\$0	\$1,185,148	37.12%

C01002 - INFORMATION TECHNOLOGY -							
GAMING	\$11,060,736	\$40,019,852	\$14,988,135	\$0	\$14,988,135	(62.55%)	
C01003 - MARKETING	\$11,890,748	\$19,933,968	\$23,125,129	\$0	\$23,125,129	16.01%	
C01004 - SECURITY	\$1,188,262	\$1,458,160	\$1,534,869	\$0	\$1,534,869	5.26%	
C01005 - SPORTS WAGERING REGULATION							
& OVERSIGHT	\$1,545,323	\$2,846,224	\$2,328,791	(\$248,000)	\$2,080,791	(26.89%)	
C01006 - TRADE DEVELOPMENT/ SALES	\$3,044,207	\$4,062,335	\$3,550,819	\$0	\$3,550,819	(12.59%)	
C01007 - PRIZE CLAIMS CENTER SERVICES	\$558	\$8,000	\$12,000	\$0	\$12,000	50.00%	
TOTAL GROSS FUNDS	\$329,623,203	\$352,000,000	\$272,448,697	(\$248,000)	\$272,200,697	(22.67%)	
Office of the Chief Financial Officer - BED							
AFO002 - AGENCY ACCOUNTING SERVICES	\$796,629	\$702,552	\$867,457	\$0	\$867,457	23.47%	
AFO003 - AGENCY BUDGETING AND							
FINANCIAL MANAGEMENT SERVICES	\$441,300	\$615,564	\$457,997	\$0	\$457,997	(25.60%)	
AFO011 - P-CARD CLEARING	\$5,255	\$0	\$0	\$0	\$0	n/a	
AMP003 - COMMUNICATIONS	\$185,890	\$177,749	\$169,934	\$0	\$169,934	(4.40%)	
AMP005 - CONTRACTING AND							
PROCUREMENT	\$2,357,134	\$2,249,976	\$2,264,475	\$0	\$2,264,475	0.64%	
AMP006 - CUSTOMER SERVICE	\$10,023,156	\$12,326,677	\$11,411,457	\$0	\$11,411,457	(7.42%)	
AMP011 - HUMAN RESOURCE SERVICES	\$2,968,815	\$2,854,520	\$2,897,574	\$0	\$2,897,574	1.51%	
AMP012 - INFORMATION TECHNOLOGY							
SERVICES	\$57,732,559	\$55,810,557	\$56,469,758	\$0	\$56,469,758	1.18%	
AMP014 - LEGAL SERVICES	\$5,434,913	\$2,410,078	\$5,459,626	\$0	\$5,459,626	126.53%	
AMP015 - OVERSIGHT AND SUPPORT	\$1,585,807	\$1,577,409	\$1,614,843	\$0	\$1,614,843	2.37%	
AMP016 - PERFORMANCE AND STRATEGIC							
MANAGEMENT	(\$13,949)	\$0	\$0	\$0	\$0	n/a	
AMP018 - PROGRAM AUDITS	\$1,666,041	\$1,741,469	\$1,726,954	\$0	\$1,726,954	(0.83%)	
AMP019 - PROPERTY, ASSET, AND							
LOGISTICS MANAGEMENT	\$1,116,267	\$1,473,761	\$1,521,268	\$0	\$1,521,268	3.22%	
AMP026 - TRAINING AND DEVELOPMENT	\$374,369	\$459,602	\$510,689	\$0	\$510,689	11.12%	
AMP030 - EXECUTIVE ADMINISTRATION	\$6,682,865	\$8,751,602	\$9,128,224	\$0	\$9,128,224	4.30%	
C00301 - PAY AND RETIREMENT SERVICES	\$6,391,177	\$7,118,654	\$6,687,579	\$0	\$6,687,579	(6.06%)	
C00303 - ACCOUNTING SERVICES	\$5,589,424	\$5,817,929	\$6,523,523	\$0	\$6,523,523	12.13%	

C00305 - ACCOUNTING POLICIES AND						
PROCEDURES	\$384,181	\$670,982	\$629,368	\$0	\$629,368	(6.20%)
C00307 - CASH ACCOUNTING OPERATIONS	\$713,704	\$116,447	\$127,010	\$0	\$127,010	9.07%
C00309 - REVENUE ACCOUNTING	\$4,463,963	\$3,122,100	\$4,445,104	\$0	\$4,445,104	42.38%
C00404 - REVENUE ESTIMATION	\$1,757,346	\$1,655,011	\$1,653,096	\$0	\$1,653,096	(0.12%)
C00502 - FINANCIAL REPORTING	\$946,695	\$1,163,476	\$1,171,507	\$0	\$1,171,507	0.69%
C00503 - LEGISLATIVE AND FISCAL						
ANALYSIS	\$853,400	\$842,980	\$898,036	\$0	\$898,036	6.53%
C00504 - REVENUE RESEARCH AND						
ANALYSIS	(\$63,571)	\$0	\$0	\$0	\$0	n/a
C00506 - ECONOMIC AFFAIRS EVALUATION						
AND RESEARCH	\$1,782,655	\$1,544,826	\$1,561,287	\$0	\$1,561,287	1.07%
C00507 - ECONOMIC DEVELOPMENT	(40.00=)		40	4.0		(400,000)
FINANCE	(\$8,285)	\$466,893	\$0	\$0	\$0	(100.00%)
C00509 - SINGLE AUDIT STATUS AND	(407.444)	40	***	40	**	,
MANAGEMENT	(\$37,114)	\$0	\$0	\$0	\$0	n/a
C00601 - CENTRAL COLLECTIONS SERVICES	\$4,870,523	\$14,509,627	\$6,500,000	\$0	\$6,500,000	(55.20%)
C00603 - UNCLAIMED PROPERTY SERVICES	\$3,102,067	\$5,101,981	\$3,907,077	\$0	\$3,907,077	(23.42%)
C00604 - DEED RECORDATION SERVICES	\$2,332,091	\$2,730,941	\$2,739,196	\$0	\$2,739,196	0.30%
C00605 - REAL PROPERTY SERVICES	\$16,397,548	\$16,684,538	\$15,673,144	\$0	\$15,673,144	(6.06%)
C00606 - RETURNS PROCESSING SERVICES	\$8,625,647	\$9,037,762	\$8,026,936	\$0	\$8,026,936	(11.18%)
C00607 - TAX AUDITS & INVESTIGATIONS	\$12,483,048	\$12,433,797	\$13,172,780	\$0	\$13,172,780	5.94%
	\$12,403,040	\$12,433,797	\$13,172,760	ΦΟ	Φ13,172,760	3.94%
C00608 - TAX COLLECTIONS AND ENFORCEMENT	\$12,202,670	\$24,912,083	\$13,656,259	\$0	\$13,656,259	(45.18%)
C00702 - CASH AND INVESTMENT	\$12,202,070	\$24,912,003	\$13,030,239	φυ	\$13,030,239	(43.16%)
SERVICES	\$7,396,032	\$7,144,235	\$7,054,180	\$0	\$7,054,180	(1.26%)
C00703 - DEBT MANAGEMENT	\$1,598,696	\$1,128,006	\$1,181,846	\$0	\$1,181,846	4.77%
C00704 - GRANTS MANAGEMENT SERVICES	(\$6,349)	\$0	\$0	\$0	\$0	n/a
C00705 - PAYMENT OPERATIONS	\$8,619,869	\$9,931,034	\$10,104,931	\$0	\$10,104,931	1.75%
C00706 - RETIREMENT SERVICES	\$2,787,442	\$5,406,784	\$2,945,348	\$0	\$2,945,348	(45.52%)
C00707 - CASH RECONCILIATION	\$11,636	\$143,684	\$0	\$0	\$0	(100.00%)
C00708 - CASHIERING SERVICES	\$1,750,221	\$2,190,858	\$2,162,920	\$0	\$2,162,920	(1.28%)

C00710 - ECONOMIC DEVELOPMENT						
FINANCE	\$521,080	\$0	\$475,395	\$0	\$475,395	n/a
PRG001 - NO PROGRAM	(\$43,726)	\$0	\$0	\$0	\$0	n/a
TOTAL GROSS FUNDS	\$196,779,121	\$225,026,142	\$205,796,777	\$0	\$205,796,777	(8.55%)
Office of the Deputy Mayor for Planning and E	Economic Developm	ent				
AFO003 - AGENCY BUDGETING AND						
FINANCIAL MANAGEMENT SERVICES	\$440,403	\$475,224	\$609,389	\$0	\$609,389	28.23%
AFO010 - PAYROLL DEFAULT	\$0	\$102,084	\$133,831	\$0	\$133,831	31.10%
AMP003 - COMMUNICATIONS	\$1,126,739	\$1,108,140	\$1,164,363	\$0	\$1,164,363	5.07%
AMP005 - CONTRACTING AND						
PROCUREMENT	\$970,879	\$704,043	\$720,685	\$0	\$720,685	2.36%
AMP011 - HUMAN RESOURCE SERVICES	\$1,442,418	\$1,637,217	\$1,625,916	\$0	\$1,625,916	(0.69%)
AMP014 - LEGAL SERVICES	\$1,218,496	\$1,372,429	\$1,356,606	\$0	\$1,356,606	(1.15%)
AMP030 - EXECUTIVE ADMINISTRATION	\$3,847,818	\$1,454,087	\$1,556,069	\$0	\$1,556,069	7.01%
R02701 - BUSINESS DEVELOPMENT	\$28,448,243	\$11,928,048	\$5,548,809	\$1,650,000	\$7,198,809	(39.65%)
R02702 - GREAT STREETS INITIATIVE	\$5,836,837	\$7,153,157	\$3,658,724	\$0	\$3,658,724	(48.85%)
R02705 - SPONSORSHIPS & INCENTIVES	\$25,246,099	\$9,497,202	\$24,280,299	\$1,575,000	\$25,855,299	172.24%
R02706 - WASHINGTON DC ECONOMIC						
PARTNERSHIP	\$1,700,000	\$3,140,532	\$8,052,720	(\$2,028,674)	\$6,024,046	91.82%
R02801 - INDUSTRIAL REVENUE BOND						
SERVICES	\$1,072,880	\$921,716	\$785,605	\$0	\$785,605	(14.77%)
R02901 - DEVELOPMENT & DISPOSITION	\$40,174,552	\$5,827,738	\$4,388,202	\$0	\$4,388,202	(24.70%)
R02902 - DEVELOPMENT FINANCING	\$5,641,674	\$183,922	\$183,922	\$0	\$183,922	0.00%
R02903 - NEW COMMUNITIES	\$3,133,214	\$2,065,972	\$2,014,831	\$0	\$2,014,831	(2.48%)
R02904 - PUBLIC PRIVATE PARTNERSHIPS	\$345,394	\$329,307	\$336,162	\$0	\$336,162	2.08%
TOTAL GROSS FUNDS	\$120,645,645	\$47,900,820	\$56,416,131	\$1,196,326	\$57,612,457	20.27%
Office of the People's Counsel						
AFO003 - AGENCY BUDGETING AND						
FINANCIAL MANAGEMENT SERVICES	\$446,478	\$684,322	\$624,142	\$0	\$624,142	(8.79%)
AMP003 - COMMUNICATIONS	\$293,129	\$311,186	\$310,428	\$0	\$310,428	(0.24%)
AMP005 - CONTRACTING AND						
PROCUREMENT	\$367,673	\$350,247	\$363,400	\$0	\$363,400	3.76%

AMP009 - FLEET MANAGEMENT	\$15,451	\$13,933	\$16,184	\$0	\$16,184	16.15%
AMP011 - HUMAN RESOURCE SERVICES	\$660,863	\$653,665	\$695,060	\$0	\$695,060	6.33%
AMP012 - INFORMATION TECHNOLOGY						
SERVICES	\$867,261	\$1,028,643	\$1,040,181	\$0	\$1,040,181	1.12%
AMP019 - PROPERTY, ASSET, AND						
LOGISTICS MANAGEMENT	\$1,697,328	\$1,748,497	\$1,950,612	\$0	\$1,950,612	11.56%
R02502 - CONSUMER SERVICES	\$4,320,393	\$5,164,408	\$4,912,880	\$0	\$4,912,880	(4.87%)
R02504 - PUBLIC INFORMATION AND						
DISSEMINATION	\$2,406,806	\$2,990,060	\$3,032,075	\$0	\$3,032,075	1.41%
R02505 - WATER SERVICES	\$879,164	\$1,025,549	\$969,482	\$0	\$969,482	(5.47%)
TOTAL GROSS FUNDS	\$11,954,546	\$13,970,512	\$13,914,444	\$0	\$13,914,444	(0.40%)
Public Service Commission						
AFO002 - AGENCY ACCOUNTING SERVICES	\$288,131	\$253,738	\$232,563	\$0	\$232,563	(8.35%)
AFO003 - AGENCY BUDGETING AND						
FINANCIAL MANAGEMENT SERVICES	\$234,116	\$216,328	\$188,893	\$0	\$188,893	(12.68%)
AFO005 - AGENCY /CLUSTER FINANCIAL						
EXECUTIVE ADMINISTRATION SERVICES	\$65,511	\$64,573	\$65,031	\$0	\$65,031	0.71%
AMP003 - COMMUNICATIONS	\$826,898	\$838,911	\$863,719	\$0	\$863,719	2.96%
AMP005 - CONTRACTING AND						
PROCUREMENT	\$720,043	\$764,385	\$777,648	\$0	\$777,648	1.74%
AMP009 - FLEET MANAGEMENT	\$2,170	\$2,465	\$2,577	\$0	\$2,577	4.54%
AMP011 - HUMAN RESOURCE SERVICES	\$414,977	\$473,863	\$480,353	\$0	\$480,353	1.37%
AMP012 - INFORMATION TECHNOLOGY						
SERVICES	\$350,592	\$657,185	\$595,053	\$0	\$595,053	(9.45%)
AMP014 - LEGAL SERVICES	\$212,651	\$287,374	\$279,882	\$0	\$279,882	(2.61%)
AMP019 - PROPERTY, ASSET, AND						
LOGISTICS MANAGEMENT	\$4,395,753	\$4,529,839	\$4,279,972	\$0	\$4,279,972	(5.52%)
AMP026 - TRAINING AND DEVELOPMENT	\$423,668	\$487,431	\$690,874	\$0	\$690,874	41.74%
R02301 - PIPELINE SAFETY	\$782,111	\$963,640	\$909,359	\$0	\$909,359	(5.63%)
R02401 - CONSUMER OUTREACH	\$468,456	\$504,898	\$499,948	\$0	\$499,948	(0.98%)
R02403 - UTILITY REGULATION	\$9,448,643	\$10,766,310	\$10,926,659	\$0	\$10,926,659	1.49%
TOTAL GROSS FUNDS	\$18,633,721	\$20,810,940	\$20,792,531	\$0	\$20,792,531	(0.09%)

Real Property Tax Appeals Commission						
AFO003 - AGENCY BUDGETING AND						
FINANCIAL MANAGEMENT SERVICES	\$20,434	\$18,758	\$18,883	\$0	\$18,883	0.67%
AMP003 - COMMUNICATIONS	\$44,033	\$63,512	\$62,361	\$0	\$62,361	(1.81%)
AMP005 - CONTRACTING AND						
PROCUREMENT	\$55,471	\$52,018	\$50,484	\$0	\$50,484	(2.95%)
AMP006 - CUSTOMER SERVICE	\$83,398	\$81,534	\$75,742	\$0	\$75,742	(7.10%)
AMP011 - HUMAN RESOURCE SERVICES	\$10,218	\$9,379	\$9,441	\$0	\$9,441	0.67%
AMP012 - INFORMATION TECHNOLOGY						
SERVICES	\$17,374	\$16,199	\$16,065	\$0	\$16,065	(0.83%)
AMP016 - PERFORMANCE AND STRATEGIC						
MANAGEMENT	\$4,085	\$3,752	\$3,777	\$0	\$3,777	0.67%
AMP026 - TRAINING AND DEVELOPMENT	\$17,897	\$17,050	\$16,560	\$0	\$16,560	(2.88%)
R01701 - APPEALS PROCESS	\$1,542,713	\$1,757,791	\$1,793,505	\$0	\$1,793,505	2.03%
TOTAL GROSS FUNDS	\$1,795,623	\$2,019,994	\$2,046,817	\$0	\$2,046,817	1.33%
<b>Washington Convention and Sports Authorit</b>	у					
R03601 - WASHINGTON CONVENTION AND						
SPORTS AUTHORITY	\$0	\$238,499,603	\$252,880,195	\$950,000	\$253,830,195	6.43%
TOTAL GROSS FUNDS	\$0	\$238,499,603	\$252,880,195	\$950,000	\$253,830,195	6.43%
GRAND TOTAL	\$1,068,029,809	\$1,277,247,630	\$1,153,996,313	\$3,938,501	\$1,157,934,814	(9.34%)

## Fiscal Year 2026 Agency Capital Budget Changes

The table below shows only those capital projects with changes recommended by the Committee. Capital projects approved as submitted by the Mayor are not shown.

Agency and Project	FY 2025 Supplemental Adjustments	FY 2026 Planned Allotment	FY 2027 Planned Allotment	FY 2028 Planned Allotment	FY 2029 Planned Allotment	FY 2030 Planned Allotment	FY 2031 Planned Allotment	Sum of 6-Yr Total
EB0-DEPUTY MAYOR FOR PLANNING AN	D ECON DEV							
101176-EB0.EBF23C.EAST CAPITOL GATEWAY GROCERY INFRASTRUCTURE								
Approved FY26-FY30	0	10,000,000	0	0	0	0	0	10,000,000
Mayor's Proposed FY26-FY31 Change	0	5,043,044	0	0	0	0	0	5,043,044
Committee Recommendation	0	(400,000)	0	0	0	0	0	(400,000)
101176-EB0.EBF23C.EAST CAPITOL GATEWAY GROCERY								
INFRASTRUCTURE Total	0	14,643,044	0	0	0	0	0	14,643,044
IBA_100135-7th STREET SOUTH								
Mayor's Proposed FY26-FY31 Change	0	1,000,000	13,500,000	3,500,000	0	0	0	18,000,000
Committee Recommendation	0	400,000	0	0	0	0	0	400,000
IBA_100135-7th STREET SOUTH Total	0	1,400,000	13,500,000	3,500,000	0	0	0	18,400,000
IBA_100113-DC USA Condo 3 Carpark								
Mayor's Proposed FY25 Supplemental	171,602	0	0	0	0	0	0	0
Committee Recommendation	0	50,000	0	0	0	0	0	50,000
IBA_100113-DC USA Condo 3 Carpark								
Total	171,602	50,000	0	0	0	0	0	50,000
EB0-DEPUTY MAYOR FOR PLANNING								
AND ECON DEV Total	171,602	16,093,044	13,500,000	3,500,000	0	0	0	33,093,044
Grand Total	171,602	16,093,044	13,500,000	3,500,000	0	0	0	33,093,044

## **Committee Budget Process and Purview**

The Committee on Business and Economic Development is responsible for matters concerning small and local business development policy; matters related to economic, industrial, and commercial development; the disposition of property for economic development purposes; joint jurisdiction with the Committee on Housing for New Communities; the regulation of alcoholic beverages and cannabis; public utilities; the establishment and oversight of business improvement districts ("BIDs"); matters relating to taxation and revenue for the operation of the government of the District of Columbia; industrial-revenue bonds; general-obligation bond acts and revenue anticipation notes; and the regulation of banks and banking activities, securities, and insurance, including private health insurance, but not including the Health Benefit Exchange.

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

- Alcoholic Beverage and Cannabis Administration
- Board of Accountancy
- Board of Architecture, Interior Design, and Landscape Architecture
- Board of Barber and Cosmetology
- Board of Consumer Claims Arbitration for the District of Columbia
- Board of Funeral Directors
- Board of Professional Engineering
- Captive Insurance Agency
- Combat Sports Commission
- Office of and Commission on Nightlife and Culture
- Department of Insurance, Securities and Banking
- Department of Small and Local Business Development
- Deputy Mayor for Planning and Economic Development
- Destination DC
- Multistate Tax Commission
- Office of Lottery and Gaming
- Office of the Chief Financial Officer (excluding the Office of Budget and Planning)
- Office of the People's Counsel
- Public Service Commission
- Real Property Tax Appeals Commission
- St. Elizabeth's East Redevelopment Initiative Advisory Board
- Washington Convention and Sports Authority (Events DC)

The Committee is chaired by Kenyan R. McDuffie, At-Large. The other members of the Committee are Charles Allen, Ward 6; Councilmember Anita Bonds, At-Large; Councilmember Brooke Pinto, Ward 2; and Councilmember Wendell Felder, Ward 7.

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

Performance Oversight Hearings						
Date	Title					
2/5/2025	All Agencies Under Purview (Public Witnesses)					
2/7/2025	Events DC, PSC, DISB (Government Witnesses)					
2/12/2025	Destination DC, ABCA, RPTAC (Government Witnesses)					
2/19/2025	OCFO, OLG, DSLBD (Government Witnesses)					
2/26/2025	DMPED, OPC, MONC (Government Witnesses)					

Budget Oversight Hearings					
Date	Title				
6/4/2025	All Agencies Under Purview (Public Witnesses)				
6/9/2025	PSC and DISB (Government Witnesses)				
6/11/2025	OCFO, OLG, ABCA, and Destination DC (Government Witnesses)				
6/16/2025	DMPED and DSLBD (Government Witnesses)				

The Committee received comments from members of the public during these hearings. Copies of witness testimony are included in this report as Attachment. A video recording of the hearings can be obtained through the Office of Cable Television, Film, Music and Entertainment or at entertainment.dc.gov.

## Fiscal Year 2026 Agency Recommendations

The Committee's Agency Recommendations only addresses those agencies with FY 2025 budget changes, budget subtitles, or policy recommendations.

Full information about the agency's recommended budget and related adjustments can be found in the earlier summary tables, as well as in Attachment A.

## Alcoholic Beverage and Cannabis Administration

### **AGENCY MISSION AND OVERVIEW**

The mission of the Alcoholic Beverage and Cannabis Administration ("ABCA") is to support the public's health, safety, and welfare through the control and regulation of the sale and distribution of alcoholic beverages and medical cannabis. Included in its role as chief regulator of alcoholic beverages, ABCA:

- Issues and renews licenses that permit qualified businesses to sell and serve alcoholic beverages;
- Monitors compliance with District laws and takes appropriate enforcement action against licensees that violate the law;
- Recommends new laws regulating the manufacture, distribution, and sale of alcoholic beverages in the District, when appropriate; and
- Provides educational resources to help licensees avoid the sale of alcohol to underage individuals.

ABCA is dedicated to enriching the health, safety, and welfare of District residents and visitors patronizing more than 2,000 licensed establishments in the District. Accordingly, ABCA also educates licensed establishments on compliance with alcohol laws, policies, and procedures.

#### **COMMITTEE RECOMMENDATIONS**

Policy Recommendations

The Committee continues to work closely with the agency to ensure that the health and safety of District residents patronizing licensed establishments remains top priority not only for the Committee but the Council as a whole. As the District continues to expand and enforce cannabis regulation, the Committee is dedicated to ensuring that enforcement is fair and equitable.

1. The Committee moved emergency legislation, giving ABCA and the Metropolitan Police Department (MPD) greater enforcement authority to permanently close down I-71, or unlicensed, cannabis shops in an effort to regulate and support legal cannabis businesses. As a result, at least 40 shops have closed as of March 2025. The Committee continues to believe these enforcement efforts are critical to the District's health and safety and

encourages the Administration and Board to continue to monitor and enforce existing cannabis law to ensure cannabis businesses are operating within licensing requirements outlined in the DC Code.

- 2. The Committee was unable to identify enough funding to support the Medical Cannabis Social Equity Fund, further stratifying opportunities between minority owned and other businesses. The Committee is proposing to maintain the reduced fee patient program, but recommends that ABCA work with the Committee to find new ways to direct support and funding to social equity applicants and cannabis businesses.
- 3. The Committee received comments from members of the nightlife community regarding the Reimbursable Detail Office (RDO) program. The RDO's language only provides that assigned MPD officers must patrol their assigned "surrounding area", however the exact measurement between the establishment and the patrol area is undefined. Members of the nightlife community voiced concern that officers will patrol areas blocks away from their assigned establishment, negating the purpose of their patrol. The Committee requests that ABCA work with the Committee to more specifically define the RDO program patrol boundaries and requests that the Committee of Whole consider incorporating these changes prior to the first vote on the budget.
- 4. The Committee is deeply committed to supporting the restaurant industry during a time of mounting challenges. Restaurants across the District are facing unprecedented pressures, including rising commercial rents, crime, the financial and regulatory impacts of the I-82 initiative, and the ripple effects of a reduced federal workforce. The Committee recently introduced emergency legislation pausing the next wage increase under I-82, and continues to support recovery programs designed to assist small and local restaurants. The Committee recommends that ABCA continue to monitor and address current trends in the restaurant industry and work with organizations like DMPED and the Mayor's Office of Nightlife and Culture to sustainably fund initiatives designed to directly address the concerns of the restaurant industry.

<sup>&</sup>lt;sup>3</sup> Rojas, Warren et al. The Washington Post. *It's Just Not Sustainable: D.C. Restaurants Pushed to the Brink.* https://www.washingtonpost.com/food/2025/04/14/dc-restaurant-closings-brooklands-finest-minimum-wage/ (2025)

## Department of Insurance, Securities & Banking

#### AGENCY MISSION AND OVERVIEW

The mission of the Department of Insurance, Securities, and Banking ("DISB") is to cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; to empower and educate residents on financial matters; and to support the development and expansion of small businesses by providing financing and other services. DISB regulates financial services entities operating in the District's financial market. These financial services entities include:

- 1. Insurance companies and producers, health maintenance organizations, captive insurance companies, and risk retention groups;
- 2. Investment advisors and investment advisor representatives, broker-dealers and broker dealer agents, securities offerings, issuers, and agents of issuers; and
- 3. District and state-chartered banks, mortgage lenders and brokers, mortgage loan originators, check cashers, money transmitters, consumer sales finance companies, money lenders, appraisal management companies, student loan servicers, and consumer credit service organizations.

#### **COMMITTEE RECOMMENDATIONS**

- 1. For the last several years, the District has increased the amount of funding taken from DISB's special purpose funds to convert to local funds revenue for the purposes of balancing the budget. The Department raised that this practice is starting to have an effect on agency operations including by creating budget pressures that have prevented DISB from being able to fully perform its mandated regulatory and administrative functions. The Committee plans to monitor the effects of Special Purpose Revenue ("SPR") sweeps in this challenging fiscal year, and hopes to be able to restore some of the dedicated SPR funding to DISB as the District's financial outlook improves.
- 2. The Committee remains supportive of the Department's efforts to invest in the small and local business community through the State Small Business Credit Initiative. The Committee requests that the Department keep it abreast of new developments and milestones with this initiative prior to its next Performance Oversight Hearing in early 2026.
- 3. Late last year, DISB released its "Report on Market Conduct Examination Evaluating Unintentional Bias in Private Passenger Automobile Insurance". The Committee intends to work with the Department on legislation to address the significant differences in auto insurance premiums based on inferred race.

<sup>&</sup>lt;sup>4</sup> Department of Insurance, Securities and Banking, <u>DC Department of Insurance, Securities and Banking Reveals</u> Findings of Study on Potential Racial Bias in Auto Insurance Premiums, November 19, 2024.

- 4. The Committee has heard that due to rising costs property and liability insurance for multifamily residential buildings has increased, and that in some cases, assault, battery, and firearm coverage have been eliminated in areas of the city with higher incidents of violent crime. The Committee requests that the Department monitor and remain in communication with it on this issue.
- 5. As part of the Committee on Business and Economic ("Committee") Development's FY 2024-25 Performance Oversight Hearing, the Department of Insurance, Securities and Banking submitted responses to the Committee's questions, including appendices. Appendix 14, entitled "Fintech Regulatory Landscape in the District of Columbia and Recommendations for Improvement", described the District's current approach to regulating Earned Wage Access ("EWA") products. Specifically, Section 2.2.5.1 of the Appendix states:

The District of Columbia has not yet implemented specific regulatory requirements for Earned Wage Access (EWA) products. While the <u>DISB</u> oversees consumer lending services, there's currently no requirement for EWA providers to obtain a license with DISB. In order to implement proper regulations of EWA products in the District, it makes sense to wait for the final <u>CFPB rule regarding EWA regulatory framework to be officially published.</u>

In the months since DISB's above-referenced submission, the Consumer Financial Protection Bureau ("CFPB") has still not finalized its proposed interpretative rule on the matter, which was released in July 2024. Given the regulatory gap created by the uncertainty of the CFPB's future guidance, the District of Columbia, like other states, plans to move forward to establish and adopt a regulatory framework for EWA products. To date, sixteen states<sup>5</sup> have introduced legislation proposing a regulatory framework for EWA products, and nine states<sup>6</sup>, including Maryland, have enacted laws on the subject.

In November 2024, the D.C. Attorney General filed a lawsuit against one provider of EWA products, alleging, among other matters, that EWA products amount to lending without a banking license. On May 27, 2025, the allegation was dismissed by Judge Donald W. Tunnage of the Superior Court of the District of Columbia, holding:

And my dismissal is based on the primary jurisdiction argument that I do not believe, for the reasons stated during this hearing, that whether EWA is lending without a license is in the conventional expertise of the judges.<sup>7</sup>

In order to establish needed legal certainty and clarity in this area of the law, the Committee intends to work with DISB to craft a regulatory framework for EWA products during this Council Period.

<sup>&</sup>lt;sup>5</sup> Arizona, Colorado, Connecticut, Indiana, Maryland, Mississippi, Missouri, New Mexico, New York, North Dakota, Oklahoma, Oregon, Texas, Utah, Vermont, and Washington.

<sup>&</sup>lt;sup>6</sup> Arkansas, Kansas, Missouri, Nevada, South Carolina, Wisconsin, Utah, Indiana, and Maryland.

<sup>&</sup>lt;sup>7</sup> Transcript of Hearing, 69:2-6, District of Columbia v. Active Hours, No. 2024 CAB 007303 (D.C. Superior Court, May 27, 2025).

## Department of Small and Local Business Development

#### AGENCY MISSION AND OVERVIEW

The mission of the Department of Small and Local Business Development ("DSLBD") is to support the development, economic growth, and retention of District-based businesses, and promote economic development throughout the District's commercial corridors. DSLBD was established by the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005. Statutorily, DSLBD administers and oversees the Certified Business Enterprise ("CBE") program. DSLBD is also responsible for business development programs, and technical assistance offerings. These programs maximize the opportunities for certified business enterprises to participate in the following:

- 1. The District's contracting and procurement process;
- 2. The District's economic development activities; and
- 3. Federal and private sector business opportunities.

Furthermore, DSLBD fosters business development by offering training and financing assistance to small businesses. To effectuate DSLBD's mission, DSLBD is authorized to issue grants to local businesses, community and neighborhood groups, or nonprofit organizations. DSBLD resources and programs include District Capitalized, Made in DC, the Aspire to Entrepreneurship Program, and the DC Procurement Technical Assistance Center. Each program or resource is available to provide District-based businesses with the knowledge and capacity-building tools necessary to form, develop, and grow.

The Department has four divisions: Commercial Revitalization, Certification (which includes Compliance), Business Opportunities and Access to Capital, and Agency Management. The Commercial Revitalization division provides technical and funding assistance that supports DC Main Streets, Commercial Clean Teams, and the Healthy Foods Programs. The Certification division is responsible for processing and overseeing CBE applications. The Compliance division ensures that District agencies and public-private projects comply with District laws concerning CBE utilization and participation. The Business Opportunities and Access to Capital division provides access to capital and administers the Procurement Technical Assistance Program. Furthermore, this division offers classes and trainings, and facilitates technical assistance for capital acquisition, innovation and equitable development. The Agency Management division provides administrative support to the entire Department.

### **COMMITTEE RECOMMENDATIONS**

Policy Recommendations:

The Committee continues to work closely with the agency to make improvements to the District's Certified Business Enterprise ("CBE") Program, the Main Streets Program, Clean Teams, and

other programs to ensure that small and local District businesses have the tools necessary for economic success.

<u>Certified Business Enterprise Program</u>. The CBE program is the cornerstone of small business engagement in the District, opening doors and providing opportunities for local businesses to perform work with major agencies and private businesses. Despite the opportunities granted to businesses through the CBE program, there is still work the Committee can perform to ensure that CBEs are properly vetted and considered for a variety of projects throughout the District.

- 1. During the agency's performance oversight hearing, DSLBD stated that 31% of all CBE waiver requests in FY24-25 originated from the human services NIGP code (which includes human services consulting and mental health consulting). DSLBD stated that when CBEs are solicited for human services, there is a general lack of capacity amongst the CBEs. The Committee will engage with DSLBD to address this deficiency to ensure more CBEs qualify for human services contracts.
- 2. The Committee recently introduced legislation that supports additional recertification and requirements for CBEs, as well as reporting instructions for material changes, to ensure that CBEs are properly reporting and qualifying for contracts. The Committee will continue to strengthen CBE legislation to ensure that CBEs are vetted to maintain the integrity of the program.

<u>Main Street Program.</u> The Main Street program is a testament to the work DSLBD and the Council has done to strengthen small and local businesses throughout the District. The District is home to 31 Main Streets, serving diverse communities with different programs, objectives, and needs The Committee continues to support the Main Streets Program and the work being done.

- 3. During the agency's performance oversight hearing, the Committee learned that annual reporting requirements are inconsistent amongst Main Streets, which limits the ability for DSLBD to properly evaluate each individual main street's progress. The Committee further learned that there is no residency requirement for Main Streets board members, and the director selection process is sometimes out of step with ANC involvement. The Committee will engage with DSLBD to ensure that Main Street organizations are accurately and timely reporting their financial data so DSLBD and the Council can support each Main Street's individual needs.
- 4. In FY25, this Committee allocated approximately \$1.2 million to the Main Streets program to support and strengthen the existing Main Street programs. Unbeknownst to this Committee, DSLBD provided a blanket amount of grant funding to each Main Street for administrative costs but withheld the remainder of the enhancement to be allocated to each Main Street through a competitive grant process. This directly conflicted with this Committee's intent to provide each Main Street with equal additional funding in FY25, regardless of need. The Committee is in support of the Committee of the Whole

incorporating Councilmember Frumin's subtitle which will specify that Main Street enhancements cannot be subject to a competitive grant process.

5. During the agency's budget oversight hearing, the Committee heard testimony from Main Streets serving Wards 7 and 8 who all expressed a greater need for resources to serve their communities. The Committee has committed \$200,000 to the Pennsylvania Avenue Main Street and \$200,000 to the Deanwood Main Street, both in Ward 7, and will continue to monitor and support the success of these main streets and others east of the river moving forward.



### Destination DC

## AGENCY MISSION AND OVERVIEW

Destination DC serves as the lead organization to successfully manage and market Washington, DC as a premier global convention, tourism and special events destination, with a special emphasis on the arts, cultural and historical communities.

Formerly known as the Washington, DC Convention & Tourism Corporation (WCTC), the organization was renamed in 2008 to reflect the organization's increased emphasis on the city's unique assets. WCTC was established by business and community leaders in April 2001 by merging the Washington, DC Convention and Visitors Association and the DC Committee to Promote Washington. The Washington, DC Convention and Visitors Association was founded in 1931 to promote convention and leisure travel to the nation's capital.

By developing and executing centralized and cohesive sales and marketing strategies, Destination DC generates economic development for the city through tourism and meetings. In 2023, visitor spending totaled \$10.2 billion, representing more than \$2.1 billion in new tax dollars for the District of Columbia.

#### COMMITTEE RECOMMENDATIONS

The Committee continues to work closely with Destination DC to promote sustainable tourism growth that supports local businesses, generates significant tax revenue, and elevates Washington, DC's global image. The Committee further recommends the following:

- 1. The Committee expressed concern with lower-than-expected international visitation for WorldPride 2025, despite significant investments in global marketing. Destination DC noted that efforts to promote the event were challenged by ongoing negative perceptions abroad, particularly in markets like Canada, due to recent divisive national rhetoric. The Committee recommends that Destination DC conduct a comprehensive evaluation of its WorldPride 2025 strategy, including data on international visitor turnout, campaign performance, and geographic reach.
- 2. Destination DC testified that while domestic visitation has rebounded, international tourism remains below pre-pandemic levels, with projected declines of 6.5% in FY 2025. The Committee encourages Destination DC to prioritize international marketing efforts, including maintaining offices in key global markets and pursuing high-return-on investment strategies like digital partnerships and targeted campaigns that have already demonstrated significant impact.
- 3. The Committee supports maintaining the full one percent hotel sales tax dedication (the Tourism Recovery Tax) for Destination DC through March 31, 2027, as originally

committed. This funding stream has been critical to the District's tourism recovery and supports Destination DC's efforts to attract visitors, create jobs, and generate tax revenue. Testimony from Destination DC demonstrated that the Tourism Recovery District directly contributes to record-high visitor spending, job growth, and tax revenue. Eliminating or scaling back this funding mechanism would undercut the District's competitive position in the global travel market and reduce its ability to counter negative perceptions or economic uncertainty in key international markets.

While the Committee supports the Administration's Growth Agenda, redirecting this revenue prematurely would undermine a commitment made to the tourism and hospitality sector and could jeopardize progress made since the pandemic. The Committee recommends that the Council restore the tax dedication as planned to ensure continued investment in the District's tourism economy.

4. The Committee recommends that Destination DC increase its international marketing and perception management efforts to counteract reputational challenges and external rhetoric that have diminished DC's appeal to global travelers in recent years. The agency should continue its investments in overseas representation and target markets most impacted by these perception issues.

## Office of Lottery and Gaming

## AGENCY MISSION AND OVERVIEW

The Office of Lottery and Gaming (OLG) is the regulatory body over all licensed gaming in the District of Columbia, including Lottery, Charitable Gaming, and Sports Wagering. Each year, the DC Lottery transfers millions of dollars to the general fund through player participation in both online and instant games.

Since the Lottery's inception in 1982, the DC Lottery's total contribution has been more than \$1.6 billion to the District's general fund. The DC Lottery's annual transfer to the general fund remains a vital component in aiding the city's economy, thereby benefiting all residents of the District of Columbia, as well as suburban commuters and tourists. The general fund supports services such as education, recreation and parks, public safety, housing, and senior and child services. The DC Lottery directly benefits District players by paying out more than 50 percent of annual sales in prize money. Additionally, the Lottery directly benefit local businesses by providing commissions to retailers licensed to sell DC Lottery games and offering contracting opportunities.

The Office regulates privately operated sports wagering throughout the District, licensing and monitoring these operations and their gaming-related suppliers for compliance with applicable District and federal laws. In addition to license application fees associated with privately operated sports wagering, the District collects a 10 percent tax on operators' monthly gross gaming revenue.

## COMMITTEE RECOMMENDATIONS

## Budget Support Act

Please see the Committee's Budget Support Recommendations on pages 54 and 57 for the Committee's rationale on two OLG-related subtitles, Card Gaming and Commercial Bingo.

### Policy Recommendations

The Committee continues to work closely with the Office of Lottery and Gaming to ensure strong regulatory oversight, enhance consumer protections, and maximize the District's revenue potential from licensed gaming activities. The Committee further recommends the following:

1. The Committee recommends that OLG maintain transparency and accountability throughout the ongoing centralized gaming system procurement process. As the system undergoes evaluation, negotiation, and implementation phases, the Committee requests that OLG provide quarterly updates on its timeline, vendor selection, and procurement integrity, including coordination with the Council prior to contract award approval.

- 2. The Committee recommends that OLG increase its investment in responsible gaming efforts. OLG currently spends \$29,000 annually to support the National Council on Problem Gambling hotline. Given the rapid growth of digital and retail wagering, the Committee recommends that OLG scale its budget and staffing capacity for public education, outreach, and referral services for problem gambling prevention.
- 3. The Committee recommends that OLG monitor the emerging presence of online sweepstakes gaming companies operating in the District. In the absence of specific legislation governing these entities, the Committee urges OLG to continue evaluating regulatory options and, where appropriate, use cease and desist authority to prevent unauthorized gambling operations that may exploit legal grey areas.
- 4. The Committee recommends that OLG continue to collaborate with DSLBD and relevant stakeholders to ensure that the CBE Program operates effectively, especially in the gaming and technology sectors where compliance verification can be complex. OLG should leverage DSLBD's certification and monitoring tools while also developing its own contract-specific performance assessments.
- 5. The Committee recommends that OLG continue evaluating the effectiveness and regulatory needs of its full gaming portfolio, including sports wagering, games of skill, and charitable gaming. As the agency assumes new responsibilities, the Committee encourages OLG to build internal capacity and report any resource or staffing needs to the Committee in advance of future budget cycles.

## Office of the Chief Financial Officer

### AGENCY MISSION AND OVERVIEW

The stated mission of the Office of the Chief Financial Officer ("OCFO") is to provide financial management services to the government and the people of the District of Columbia and to sustain long-term fiscal and economic viability. The OCFO works to provide fiscal and financial stability, accountability, and integrity for the District government.

The OCFO operates through several programs:

**Financial Operations and Systems:** This program carries out the District's accounting operations, including critical functions such as District-wide General Ledger accounting, financial reporting, and pay and retirement services. This program also works closely with the Office of the Inspector General to produce the Annual Comprehensive Financial Report, which shows the District's financial position at the end of each fiscal year. The program also develops accounting policies and procedures and policies that support the System of Accounting and Reporting (SOAR), which is the District's formal book of record, and policies and procedures for other areas through the OCFO.

**Budget Development and Execution:** This program prepares, monitors, analyzes, and executes the District government's budget, including operating, capital, and enterprise funds, in a manner that facilitates fiscal integrity and maximizes services to taxpayers. This program also provides advice to policymakers on the District government's budget and has the primary responsibility for ensuring that the budget is balanced at the time of budget formulation and maintaining that balance throughout the year as the budget is executed.

Research and Analysis: This division provides revenue estimates, revenue policy analysis, and analysis supporting economic development. The Office of Revenue Analysis ("ORA") services includes preparation of analysis of revenue sources and development of quarterly revenue estimates that set the hard budget constraint for the District budget. ORA also prepares fiscal impact statements, periodic reports on economic and revenue trends, and the chapter on revenue in each annual Budget and Financial Plan. Additionally, ORA prepares special studies, including on metropolitan and nationwide household tax burden comparisons, a bi-annual Tax Expenditure Study detail on statutory provisions of District taxes, a running historical update of major changes in District revenue laws, an Annual Revenue Data Book, and the monthly Cash Report of District tax collections.

**Tax Administration:** This program provides administration of the District's business, income, excise, and real property tax laws. This includes the Recorder of Deeds, Real Property Tax Administration, Tax Audits and Investigations, and Receipts and Delinquent Collections.

**Information Technology:** This program provides for the development and maintenance financial information systems to support the District's payroll, pension, accounting, tax, budget, treasury,

and web-based financial reporting systems. The principal objectives of the program are to maintain compliance with federal, state, and local regulations.

**Finance and Treasury:** This program manages the financial assets and liabilities of the District government. This includes investing, collecting, safekeeping, disbursing, recording, and acquiring District financial resources. The program includes the Office of Economic Development Finance.

**Integrity and Oversight:** This program maintains the accountability, integrity, and efficiency of the District's financial management and tax administration systems. Through its audit and investigative activities, this program provides the Chief Financial Officer with independent reviews and appraisals of OCFO operations and maintains integrity and security of OCFO employees.

### **COMMITTEE RECOMMENDATIONS**

- 1. The Committee received several testimonies from public witnesses during its budget oversight hearing on the potential merits of the District designing and implementing a Business Activity Tax and a Land Value Tax. The Committee has already started conversations with the Office of the Chief Financial Officer on best practices and models in these areas, and plans to learn more in this Council Period.
- 2. During the Committee's budget oversight hearing with the Office, the issue of "early redemption borrowing" was raised for Nationals Park and why the District incurs a penalty when they repay bonds ahead of schedule. The Office of the Chief Financial Officer subsequently followed up with the Committee and explained that all tax-exempt bonds were repaid early in February 2025. However, the remaining outstanding revenue bonds are all taxable which requires a "make whole premium" to be paid to existing bondholders for prepaying or repaying the bonds early, as well as paying the principal and interest amounts still due. The Committee requests that the Office continue to make itself available to answer questions from the Council on the proposed terms of the RFK Campus Redevelopment project.
- 3. The OCFO plans to release a June revenue estimate after Council Committees have completed their work on the proposed Fiscal Year 2026 Budget and Financial Plan. The OCFO's February 2025 revenue forecast projected an average annual revenue decline of \$342 million from FY 2026 through FY 2028, citing decreases in federal workforce employment and real property tax revenues, and slowing consumer spending as key factors. The Committee intends to work with the OCFO and the Committee of Whole to address any immediate challenges that a similar June forecast could present.
- 4. The Committee introduced B26-252, the "Real Property Assessment and Appeals Schedule Revision Act of 2025" in May 2025 to provide extended assessment notice and first level appeal dates for large-valued real properties so that their final valuations may take into account the prior

year's income and expense information. The Committee plans to work with the Office this fall to advance this critical reform.

5. The Committee received a testimony from a public witness during the Office's performance oversight hearing that the Office of Tax and Revenue's (OTR) tax payment portal may unwittingly be broadly and publicly sharing District residents' sensitive personal data through its online databases. This could pose immediate threats to public safety and individual privacy for many DC residents. The Committee urges the Office to immediately address any potential exposure of residents' personal data and ensure that moving forward all residents' personal data is safeguarded and private.



## Office of the Deputy Mayor for Planning and Economic Development

### AGENCY MISSION AND OVERVIEW

The Office of the Deputy Mayor for Planning and Economic Development ("DMPED") assists the Mayor in the coordination, planning, supervision, and execution of programs, policies, proposals, and functions related to economic development in the District of Columbia. DMPED sets development priorities and policies, coordinates how the District markets itself to job creators, and leads District development, attraction, and retention efforts. DMPED also works to achieve its mission by focusing on outreach to the business community and neighborhood stakeholders and by forging partnerships between government, business, institutions, and communities to foster economic growth for residents of the District of Columbia.

DMPED's cluster agencies include: the Department of Housing and Community Development; the Office of Planning; the Office of Cable Television, Film, Music and Entertainment; the Commission on the Arts and Humanities; the Department of Small and Local Business Development; the Office of Public-Private Partnerships; the Office of Zoning; the Real Property Tax Appeals Commission; the DC Housing Authority; the DC Housing Finance Agency; and the Office of Tenant Advocate.

## **COMMITTEE RECOMMENDATIONS**

- 1. The Committee remains supportive of the Department's efforts to invest in the small and local business community through the State Small Business Credit Initiative and its DC Venture Capital Program. The Committee urges that local, longtime District residents and businesses be included in the Program's final selection group. The Committee requests that the Office keep it abreast of new developments and milestones with this initiative on a quarterly basis.
- 2. The Committee received written testimony and live testimony at its budget oversight hearing from representatives of the Save Chinatown Solidarity Network ("Network") who remain concerned that longtime small businesses and residents in Chinatown are at risk of displacement. Ellyse Zou wrote that, "Over the last decade or so, the 'revitalization' of H St NW, and its surrounding streets, has escalated to the point of creating a neighborhood unrecognizable as being Asian, much less Chinese, at all." The Committee urges the Office to intentionally stay in communication with the Network on its efforts to preserve the cultural identity of Chinatown and that it provide support for businesses seeking to access support through the Chinatown Lease Incentive Grant program.
- 3. At its budget oversight hearing with government witnesses from DMPED, the Committee preliminarily discussed the four buckets of funding that comprise the RFK Campus redevelopment project. The Committee intends to work with the Office as the Committee and Council vet the terms of the deal.

- 4. The Committee has had conversations with Advisory Neighborhood Commission 1A about the Commission's focus on advancing new small business grant opportunities for dense commercial corridors like Columbia Heights, and identifying business attraction and retail incentive funds to fill many vacant retail spaces on Columbia Heights's core corridor. The Commission has expressed its belief that DMPED has focused on Downtown to the detriment of neighborhood corridors. Thus, the Committee requests that DMPED meet with ANC 1A about its plan to activate neighborhood commercial corridors such as in Columbia Heights.
- 5. The Executive introduced B26-205, the "Industrial Revenue Bond Forward Commitment Program Amendment Act of 2025" to streamline the revenue bond approval process and update certain language in the existing revenue bond law. The Committee intends to work with the Office this Council Period to advance this bill through the legislative process.
- 6. The Committee urges in the strongest possible way that the Office continue to work in partnership with Ward 8, and Advisory Neighborhood Commission 8A in particular, on their economic development vision for the ward.

## Washington Convention and Sports Authority (Events DC)

### AGENCY MISSION AND OVERVIEW

The Washington Convention and Sports Authority, also known as Events DC, is the District's sports and entertainment authority with a public mandate to generate economic and community benefits for the residents and businesses of the District of Columbia. Events DC is charged with delivering a premier event experience in the nation's capital and promoting the District as a world-class tourist destination.

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

### **COMMITTEE RECOMMENDATIONS**

- 1. In March 2025, the Committee held a public hearing on the Official Sports Capital of the United States Designation Act of 2025 (B26-119). Throughout the hearing, the Committee heard enthusiastic testimony from District youth, sports professionals, business executives, and community members lauding the Committee's efforts to highlight sports as an economic engine for the District. The Committee believes Events DC is well positioned to support the District's sports capital designation by committing funding and resources to hosting a world class marquee event at the Washington DC Convention Center to attract business professionals, executives, sports owners and agents, and entrepreneurs. The Committee has committed \$500,000 in recurring funding to support Events DC's efforts.
- 2. The Committee recommends that once passed, Events DC fully implement the requirements of the Official Sports Capital of the United States Designation Act of 2025 and develop a long-term strategic plan to grow the District's sports economy. The Committee urges the agency to prioritize equitable access to youth sports, strengthen partnerships with local teams and leagues, and use its venue portfolio to attract high-impact national and international sporting events that generate inclusive economic benefits across all eight wards.
- 3. The Committee recommends that Events DC continue developing the Events DC Academy into a structured workforce pipeline that connects District residents to careers in hospitality and event operations. The Committee urges the agency to track and report participant outcomes, including completion rates, job placements, and partnerships with local training providers, to support long-term workforce development goals.
- 4. The Committee encourages Events DC to ensure targets like its 65% CBE commitment on RFK demolition are extended to other redevelopment projects, and to report annually on performance and challenges encountered to track progress toward intended targets.

5. The Committee recommends that Events DC build on its strong sustainability practices by expanding green operations across its full venue portfolio, and to prioritize renewable energy systems in its existing and new venues moving forward.



## Fiscal Year 2025 Revised Local Budget Recommendations

Full information about recommended current year budget revisions and related adjustments can be found in Attachment A.

## Office of the Deputy Mayor for Planning and Economic Development

Due to unprecedented financial constrains in this year's budget, the Committee closely evaluated the Mayor's subtitles to determine whether additional savings could be identified. As described in greater detail on page 90 of this report, the Committee proposed to appeal Subtitle VII.F, Restaurant Sales Tax Holiday, resulting in an additional \$2,139,000 in FY25 savings.

Subtitle (VII)(F) – Restaurant Sales Tax Holidays Amendment Act of 2025		(\$ thousands)		
	FY 2025	FY 2026	FY 2027 -FY29	Total
Local Funds revenue reduction	\$ (1,925)	(\$4,046)	\$0	(\$5,971)
Dedicated Funds revenue reduction	(\$214)	(\$450)	\$0	(\$664)
Net impact	(\$2,139)	(\$4,496)	\$0	(\$6,635)

## **Budget Support Act Recommendations**

## Recommendations on Mayor's Proposed Subtitles

The Committee provides comments on the following subtitles of the "Fiscal Year 2026 Budget Support Act of 2025":

- 1. TITLE II, SUBTITLE B. GREAT STREETS GRANT DISBURSEMENTS
- 2. TITLE II, SUBTITLE C. NEIGHBORHOOD PROSPERITY FUND
- 3. TITLE II, SUBTITLE D. TECHNOLOGY ECOSYSTEM GRANTS
- 4. TITLE II, SUBTITLE G. CARD GAMING
- 5. TITLE II, SUBTITLE H. COMMERCIAL BINGO
- 6. TITLE II, SUBTITLE I. ECONOMIC REVITALIZATION INITIATIVES
- 7. TITLE II, SUBTITLE J. WASHINGTON DC ECONOMIC PARTNERSHIP
- 8. TITLE II, SUBTITLE L. TRUXTON CIRCLE EMINENT DOMAIN AUTHORITY
- 9. TITLE II, SUBTITLE M. HOUSING IN DOWNTOWN PROGRAM
- 10. TITLE II, SUBTITLE O. QUALIFIED HIGH TECHNOLOGY COMPANIES
- 11. TITLE II, SUBTITLE R. ROBERT F. KENNEDY CAMPUS REDEVELOPMENT
- 12. TITLE II, SUBTITLE S. TRANSFER AND RECORDATION TAX APPEALS
- 13. TITLE II. SUBTITLE T. DOWNTOWN BID TAX
- 14. TITLE III, SUBTITLE A. PUBLIC SERVICES HOTEL OCCUPANCY FEE
- 15. TITLE V, SUBTITLE F. MEDICAL CANNABIS
- 16. TITLE VII, SUBTITLE A. SALES TAX INCREASE DELAY
- 17. TITLE VII, SUBTITLE B. BABY BONDS
- 18. TITLE VII, SUBTITLE C. HOTEL TAX
- 19. TITLE VII. SUBTITLE D. COMBINED REPORTING
- 20. TITLE VII, SUBTITLE E. BALLPARK FEE AND FUND
- 21. TITLE VII, SUBTITLE F. RESTAURANT SALES TAX HOLIDAYS
- 22. TITLE VII, SUBTITLE G. CHILD TAX CREDIT

The legislative language is included in Attachment B. For all subtitles, fiscal impact tables reflect increased revenues as positive numbers and budgeted items as negative numbers.

### TITLE II, SUBTITLE B. GREAT STREETS GRANT DISBURSEMENTS

## Purpose, Effect, and Impact on Existing Law

Currently, grants under the Great Streets Program are required to be disbursed in allotments. The Mayor's proposed subtitle removed this requirement to provide for flexibility in fund disbursement. The subtitle also repeals a requirement for the Mayor to request, and the grantee to provide, receipts confirming the allowable expenditure of grant funds.

### Committee Recommendation and Reasoning

The Committee recommends that this subtitle be retained with revisions. The Committee is sympathetic to the Mayor's request to streamline the process to allow greater flexibility in the disbursement method for the grant funds and believes this subtitle is consistent with the spirit of the law. However, the Committee did not repeal this section of the Code in its entirety which would have eliminated the requirement for grantees to submit receipts as part of their request for grant funds. To maintain good faith and integrity in the grants program, the Committee believes it is imperative that a statutory obligation requiring certain receipt expenditures to be filed prior to receiving the grant funds remain in the Code.

## Section-by-Section Analysis

Sec. 2011 Contains the short title.

Sec. 2012 Amends Section 2-1217.73b(b)(4)(A) of the Code to allow the Mayor to disburse grants under this section in one or more allotments to a grantee.

#### Fiscal Impact

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

## TITLE II, SUBTITLE C. NEIGHBORHOOD PROSPERITY FUND

## Purpose, Effect, and Impact on Existing Law

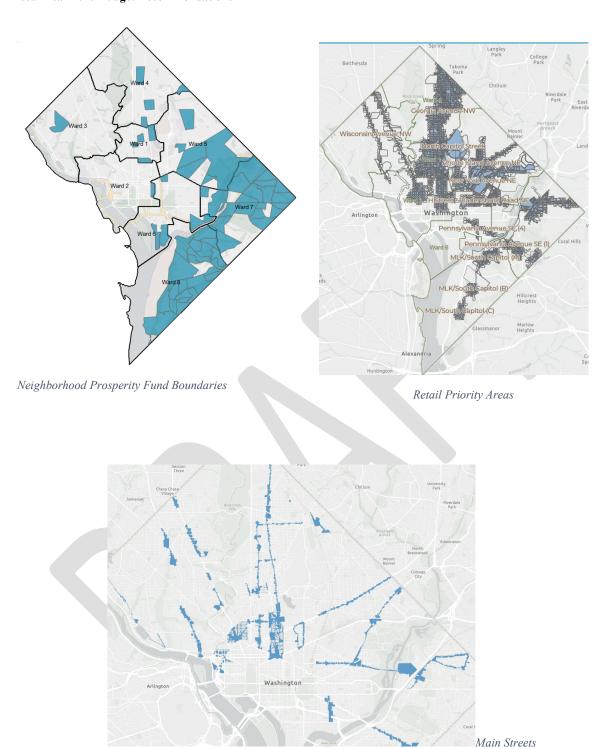
The subtitle changes the definition of a qualifying project for the Neighborhood Prosperity Fund ("Fund") to expand the types of projects that can be eligible for funding to include Retail Priority Areas, or Main Street corridors supported by the Department of Small and Local Business Development.

### Committee Recommendation and Reasoning

The Committee recommends that the subtitle be retained with revisions. The Committee agrees that certain projects outside of the existing Neighborhood Prosperity Fund (NPF) boundary created by the Mayor, should be eligible for the fund, however the blanket expansion as prescribed in the subtitle would conflict with the spirit of the legislation.

As the law is currently written, qualifying projects must be in low-income communities as defined in Section 45D(e) of the Internal Revenue Code. Accordingly, the Mayor has established NPF boundaries in accordance with the definition of "low-income communities" defined in this section of the Internal Revenue Code. Currently, the majority of NPF eligible areas are located in Wards 7 and 8 which generally house the most underserved communities in the region. The subtitle proposed by the Mayor would expand eligible mixed-use and retail projects to Retail Priority Areas and Main Street Corridors without consideration for those communities' incomes. Retail Priority Areas and Main Streets are located throughout the District, and are not solely created using income data. As a result, projects in middle and high-income communities would qualify for the grant program, which may dilute the amount of available funds for higher-need projects.

\*See boundary maps below\*



To better understand the rationale for the expansion, the Committee requested additional information from DMPED. DMPED stated that the subtitle's language could address properties that border an NPF boundary but otherwise would not qualify for funding because the project lies just outside of the official boundary. During the budget oversight hearing, Deputy Mayor Albert noted that the fund could be used to support projects in the Downtown area and believes the subtitle change would streamline the Great Streets and Neighborhood Prosperity Funds. The Main Streets

program did not specifically request this expansion nor was the Department of Small and Local Business Development involved in the subtitle's draft. Notably, DMPED was open to revising the subtitle's language to limit the funds to projects that traditionally serve underserved communities.

The Committee understands DMPED's rationale and desire for the change, however, the Committee believes it is critical that the Neighborhood Prosperity Fund is used to support communities in greater need. As the maps included above indicate, NPF funding primarily serves the District's most vulnerable communities while Retail Priority Areas are spread throughout the District. Although Main Streets are limited, there are existing Main Streets that serve higher income District communities.

The Committee's proposed revision addresses DMPED's concerns that neighboring projects not included in a NPF boundary would not qualify for funding by expanding the boundary of the fund to allow projects abutting a NPF boundary to qualify for the NPF. This will ultimately honor the spirit of the NPF's intent while opening the Fund to additional projects in the District.

#### Section-by-Section Analysis

Sec. 2021 Contains the short title.

Sec. 2022 Amends Section 2012(b)(3) of the Neighborhood Prosperity Initiative Act of 2018 to revise the definition of "qualifying project" under the Neighborhood Prosperity Fund to include mixed-use or retail projects in Retail Priority Areas and Main Street Corridors, provided that the project abuts a Neighborhood Prosperity Fund boundary established by the Mayor.

### Fiscal Impact

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

### TITLE II, SUBTITLE D. TECHNOLOGY ECOSYSTEM GRANTS

## Purpose, Effect, and Impact on Existing Law

This subtitle expands the District's ability to invest in the local technology sector by allowing the Deputy Mayor for Planning and Economic Development to issue grants that support both tech entrepreneurs and workforce training efforts. The intended goal is to grow the number of early-stage technology companies in the District and help residents gain the skills needed to succeed in tech careers.

## Committee Recommendation and Reasoning

The Committee recommends incorporating this subtitle into Title II, Subtitle I – Economic Revitalization Initiatives, and therefore proposes to strike this standalone subtitle. For further analysis of this subtitle, see page 59.

## **Section-by-Section Analysis**

Sec. 2031 Contains the short title.

Sec. 2032 Amends the Deputy Mayor for Planning and Economic Development Limited Grant-Making Authority Act of 2012 to authorize the Deputy Mayor to award grants to entities that support entrepreneurs in starting and growing early-stage technology companies in the District or provide training to District residents for careers in the technology sector. This section also exempts these grants from the requirements of the Grant Administration Act of 2013.

### Fiscal Impact

The subtitle does not have an impact on the budget and financial plan. While it expands the types of entities that can be funded, grant disbursements must remain within available budget. However, the budget and financial plan includes \$13.9 million for these grants within Title II, Subtitle I – Economic Revitalization Initiatives.

## TITLE II, SUBTITLE G. REVISED GAME OF SKILL

## Purpose, Effect, and Impact on Existing Law

The subtitle legalizes poker and blackjack and requires the Office of Lottery and Gaming (OLG) to regulate card gaming in the District. Only locations licensed and approved by OLG as eligible establishments can operate card gaming facilities. To obtain a two-year license, individuals must submit to OLG an application, supporting documentation, background investigations, and onsite inspections and pay an application fee of \$5,000 plus \$2,000 per card gaming location. Licenses can be renewed for \$1,500 plus \$500 for each location. Licensees can request an additional location during the renewal process by paying an additional \$1,000 fee for each new location. Card game suppliers must also be granted a permit by OLG to operate in the District.

The subtitle establishes a 25 percent tax on all gross gaming revenue collected through poker and blackjack. Operators must file a monthly return to the Chief Financial Officer (CFO) indicating the amount of revenue collected for the prior month.

Finally, establishments selling alcohol under an on-premises retailer's license class C/H, D/H, multipurpose facility class CX or DX, or arena CX, must obtain an endorsement from the Alcoholic Beverage and Cannabis Administration (ABCA) to operate a card gaming facility. A card gaming endorsement will cost \$500 per year.

## Committee Recommendation and Reasoning

The Committee has partially retained the subtitle to incorporate revisions to existing game of skill machine legislation, and to exclude sports wagering, lotteries, number games, raffles, commercial bingo, and other future forms of gaming from antiquated District law.

The Committee has received a litany of comments from councilmembers and community members alike voicing apprehension with the administrability and legality of card gaming in the District. As written, the subtitle does not clearly specify whether card gaming, as defined in the subtitle, would include table games or limit card gaming to electronic devices. The Committee proposed this question to the Office of Lottery and Gaming (OLG) during its Budget Oversight Hearing to better understand the intent and execution of the subtitle. Director Randy Burnside and his staff noted that certain forms of card gaming, including some electronic forms of bingo and poker, are prohibited in the District under federal law. When the Committee sought to clarify why permitted gaming technologies could not be included in the subtitle, OLG stated that the rules and limitations of card gaming would instead be promulgated as part of the rules making process. This Committee was unaware of the legal uncertainties tied to card gaming and needs additional time to review the legality of the subtitle before implementation.

Additionally, the Committee is concerned with the lack of funding or programmatic considerations in the subtitle designed to address problem gambling. Nationally, Black and Brown people are at greater risk of developing a gambling addiction, leading to physical and mental health

degradation.<sup>8</sup> The FY26 Operating Budget proposed a \$300,000 recurring sweep in gambling addiction treatment services through the Department of Behavioral Health that this Committee previously allocated, further stunting the District's ability to properly address problem gambling. Although OLG stated during the budget oversight hearing that approximately \$29,000 is sent to the National Council on Problem Gambling to provide District users with access to the problem gambling hotline, the Committee believes that additional resources need to exist before gambling in the District is expanded.

Instead of expanding card gaming in the District at this time, the Committee has proposed language in the subtitle that will revise and strengthen game of skills. Towards the end of Council Period 25, the Committee introduced a bill that would amend Title 36 to extend additional oversight and licensing authority to ABCA and held a hearing on it in December 2024. The bill is intended to streamline the retailer licensure and eliminate inefficiencies for game of skill machines operators.

The Committee retained the Mayor's amendments to Section 16-1702 of the Code, which exempts lotteries, daily number games, sports wagering, and commercial bingo from financial and civil penalties tied to gambling losses. Further, this section allows individuals who lose \$25 or more in gambling to sue to recover their losses within three months. If the individual does not act, another person may file suit to recover triple the amount lost, with any recovery split equally between the plaintiff and the District.

Without this exclusion, District residents are left vulnerable to antiquated laws that can be exploited for financial gain. The committee believes it is critical that the game of skill legislation be incorporated into this subtitle so that game of skill, along with lotteries, daily number games, sports wagering, and commercial bingo, are similarly excluded from this section of the code.

In summary, the Committee seeks to strike the card gaming portion of the subtitle so additional consideration can be paid towards the legality of the subtitle and its administrability. The Committee, however, is incorporating revised game of skill language to ensure that game of skill, along with sports wagering, commercial bingo, lottery, daily numbers and other forms of legalized gambling, are excluded from Section 16-1702 of the Code. The Committee intends to confer with the Executive to introduce a stand-alone bill.

## <u>Section-by-Section Analysis</u>

Sec. 2061 Contains the short title.

Sec. 2062 Amends the D.C. Code so that Section 16-1702 is not applicable to sports wagering, commercial bingo, game of skill, and other games falling under the Sports Wagering Lottery Amendment Act of 2018 and the Laws to legalize Lotteries, Daily Number Games, and Bingo and Raffles for Charitable Purposes.

<sup>&</sup>lt;sup>8</sup> Gateway Foundation. *Gambling Addiction and Race: Who is the Most Affected?* <a href="https://www.gatewayfoundation.org/blog/gambling-addiction-race/">https://www.gatewayfoundation.org/blog/gambling-addiction-race/</a>.

Sec. 2063 Amends Section 25-113.01(e)(1) eliminating the option for an on-site sales and consumption permit holder to obtain a game of skills machine endorsement from ABCA to offer game of skill machines on licensed premises.

Sec. 2064 Amends Section 36-641.08 of the Code so that operators must obtain a retailer's license from ABCA instead of the Office of Lottery and Gaming (turns jurisdiction over to ABCA). The Section also amends Section 36-641.16 to require the Office to notify ABCA if a licensed establishment is the subject of a citation, revocation, or other enforcement action taken by the Office.

## Fiscal Impact

Because the Committee is striking the language incorporating new card gaming expansion in the District, the proposed FTEs for the subtitle have been stricken. As a result, the card gaming subtitle will have no fiscal impact.

## TITLE II, SUBTITLE H. COMMERCIAL BINGO

## Purpose, Effect, and Impact on Existing Law

The subtitle legalizes commercial bingo and requires the Office of Lottery and Gaming (OLG) to regulate the operation of bingo games in the District. Only locations licensed and approved by OLG as eligible establishments can operate commercial bingo. The OLG will establish rules governing application requirements, terms, conditions, and rules for bingo, prize values, premises that can be used to conduct bingo, occasions where bingo may be conducted, and the definition and use of gross receipts from the conduct of bingo. The subtitle allows OLG to issue fines and penalties to card game operators who violate the card gaming laws or rules. The subtitle establishes a 7.5 percent tax on the gross receipts from the sale or charges collected to play commercial bingo.

Establishments selling alcohol under an on-premises retailer's license class C/R, D/R, C/T, D/T, C/H, D/H, C/X, D/X, C/RB, D/RB, C/N, or D/N must obtain an endorsement from the Alcoholic Beverage and Cannabis Administration (ABCA) to operate commercial bingo on the premises.

#### Committee Recommendation and Reasoning

The Committee recommends that this subtitle be retained with technical revisions. Although ORA did not provide a generative tax revenue estimate for the bill, the committee believes that commercial bingo is poised to provide the district with a sizable revenue stream that will provide the District with greater opportunities to fund important services for District residents.

In the State of Maryland, \$17.9 million in tax revenue was generated from electronic instant bingo games as of 2023, demonstrating the demand for this type of gaming. Although ORA asserted that a tax generative estimate could not be provided because the interest in commercial bingo is unknown, nearby examples indicate that commercial bingo will prove to be a formidable tax generator. In Maryland, Bingo World generated \$1,329,673 at licensed establishments from December 2021 to August 2023 and earned \$663,478 in revenue in mobile electronic bingo gaming. The Committee believes these examples demonstrate commercial bingo's potential to drive significant revenue to the District.

Regarding the subtitle, the Committee proposed mostly technical changes. Notably, the Committee revised the language to specifically note that OCFO has the authority to "establish and approve the specific models, types, and technological configurations of electronic bingo devices that may be lawfully operated" to ensure bingo machines in the District are compliant with federal law. Additionally, a 7.5% tax on the gross receipts from the sale or of charges collected to play commercial bingo are included pursuant to section 47-2202(a) of the Code.

<sup>&</sup>lt;sup>9</sup> This figure also includes earnings from "tip jars" which is a game of chance that involves the selling of a packet of tickets to win a prize. Department of Legal Services, Office of Policy Analysis. *Legislators' Guide to Commercial Gambling in Maryland*. December 2023.

#### Section-by-Section Analysis

Sec. 2071 Contains the short title.

Sec. 2072 Amends Title 25 of the Code to define commercial bingo and provides that a commercial bingo endorsement is \$300 per year.

Sec. 2073 Amends Section 2-2501 to revise the definition of electronic bingo to require bingo games played on electronic devices, terminals, or machines to be located in a licensed establishment. Additionally, this section provides that a licensed establishment means a business licensed by ABCA that holds an on-premises retailer's license class C/R, D/R, C/T, D/T, C/H, D/H, C/X, D/X, C/RB, D/RB, C/N, or D/N." and provides that OCFO has the authority to establish and approve the specific models, types, and technological configurations of electronic bingo devices that may be lawfully operated.

Sec. 2074 Amends Sections 47-2002(a) and 47-2202(a) by adding language providing that the rate of tax is 7.5% on the gross receipts from the sale of or charges collected to play commercial bingo.

### Fiscal Impact

The OLG requires additional employees to regulate and enforce laws and rules pertaining to commercial bingo operations. OLG will hire an Investigator/Licensing Specialist and a Compliance Auditor. The total salary and fringe benefit cost of these employees is \$249,000 in fiscal year 2026 and \$1 million over the financial plan.

Subtitle (II)(H) – Commercial Bingo Amendment Act of 2025 Amendment Act of 2025 (\$ thousands)					
	FY 2026	FY 2027	FY 2028	FY 2029	Total
Salary	\$202	\$207	\$211	\$215	\$834
Fringe	\$46	\$48	\$51	\$53	\$198
Total	\$249	\$255	\$261	\$268	\$1,032

ORA did not predict any tax revenue increases from this subtitle because ORA could not determine how many licensees will operate, nor if commercial bingo activity will displace other existing taxable sales.

### TITLE II, SUBTITLE I. ECONOMIC REVITALIZATION INITIATIVES

## Purpose, Effect, and Impact on Existing Law

The Economic Development Special Account ("Fund") is a nonlapsing fund into which is deposited all fees, revenues and other income from real property and other assets formerly under the authority of the National Capital Revitalization Corporation or the Anacostia Waterfront Corporation, the RLA Revitalization Corporation, the Southwest Waterfront Development Corporation, Southwest Waterfront Holdings Corporation and the Economic Development Finance Corporation, as well as any other monies designated by law. The Fund is managed by the Office of the Deputy Mayor for Planning and Economic Development (DMPED) for administering properties under the authority of DMPED, and to provide economic development assistance, including grants and loans, according to code.

The subtitle specifies that a portion of the revenues from a 1 percent sales tax on the sales of hotel nights and similar accommodations will be deposited in the Fund (see also Subtitle VII-C) and it lays out how those revenues may be spent. In fiscal year 2026, approximately \$8 million will be spent for the Gallery Square project, a project to create a public plaza in the Gallery Place/Chinatown neighborhood. \$5 million will be granted to the Washington DC Economic Partnership. \$2.5 million will be allocated for grants DMPED may make under D.C. Official Code \$1-328.04(II). Approximately \$2 million will be allocated for the revitalization of Farragut Square, McPherson Square and Lafayette Park. Smaller amounts are designated for other initiatives, including business attraction, support for businesses impacted by the Capital One arena renovation, reducing commercial vacancies and amenity gaps, preserving Chinatown cultural identity, and planning for the repositioning of federal buildings. The subtitle adds in fiscal year 2027 through fiscal year 2029 use of the Fund to make Vitality Fund deposits, and provides further specific amounts for some of the fiscal year 2026 uses.

## Committee Recommendation and Reasoning

The Committee recommends retaining this subtitle with numerous changes. First, the Committee received written testimony and live testimony at its budget oversight hearing from representatives of the Save Chinatown Solidarity Network ("Network") who remain concerned that longtime small businesses and residents in Chinatown are at risk of displacement. Ellyse Zou wrote that, "Over the last decade or so, the 'revitalization' of H St NW, and its surrounding streets, has escalated to the point of creating a neighborhood unrecognizable as being Asian, much less Chinese, at all." One of the recommendations of the Network is to fund at least \$550,000 yearly in comprehensive support for AAPI-owned small businesses and institutions, including through the Chinatown Lease Incentive Grant program.

When the Committee asked Deputy Albert about that program and whether it was funded in the outyears, she believed that it was. However, it is our understanding that in the Office of Budget and Performance's growth assumptions for the financial plan, the Chinatown Lease Incentive

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<sup>&</sup>lt;sup>11</sup> D.C. Official Code § 2-1225.21.

Grant program is not funded in the outyears. Therefore, the Committee funded the program at \$250,000 in each year of the financial plan. The Committee also added language clarifying eligible uses of the grants to codify that tenant improvement allowances include façade repair and interior and exterior space renovations. The Committee recommends that the Committee of the Whole further consider additional requests from the Network including expanding eligible uses and recipients of the grants and funding technical assistance for the program. The program reportedly has been inaccessible to some long-term small businesses due to lack of technical assistance, gaps in outreach, and regularization requirements.

Second, the Committee acknowledges that Section 2032 of the Deputy Mayor for Planning and Economic Development Limited Grant-Making Authority Act of 2012 has become an unwieldy section that houses District-wide priorities of Council. However, given the condensed budget schedule, the Committee accepted all requests to add to this section and even incorporated a few additions of its own. The Committee will endeavor to work with the Council Budget Office and the Office of the General Counsel to legislatively reorganize this section before the Council takes up the budget again next year. For now, the Committee recommended changes are to:

- Incorporate proposed subtitle Title 2, Subtitle D. Technology Ecosystem Grants;
- Make the Deputy Mayor's authority to issue grants to Capital Factory in Fiscal Year 2024 and Fiscal Year 2025 permanent; 12
- Make the Deputy Mayor's authority to issue grants to the African American Civil War Memorial Freedom Foundation, Inc. to redevelop the African American Civil War Museum permanent;<sup>13</sup>
- Allow the Deputy Mayor to award a grant to the Prince Hall Free & Accepted Mason and Order of the Eastern Star Charitable Educational Foundation, or a commercial tenant of space leased by the Foundation at 1000 U Street, N.W., in order to support the implementation of recommendations for that space and the adjacent plaza made in the Shaw/U Street Cultural Destination District Plan;
- Require the Deputy Mayor to establish a Rhode Island Avenue Support Grant Program and issue \$350K in grants to eligible businesses in FY 26;
- Require the Deputy Mayor to award a \$500,000 grant in FY 25 to a retailer of medical cannabis in Ward 8 that has been in operation since January 2019 for the purpose of continuing current business operations;

<sup>&</sup>lt;sup>12</sup> This had previously only been authorized in emergency and temporary legislation; *see*: B25-894, "Deputy Mayor for Planning and Economic Development Technology Incubator Grant Emergency Act of 2024" and B25-895, "Deputy Mayor for Planning and Economic Development Technology Incubator Grant Temporary Act of 2024"

<sup>&</sup>lt;sup>13</sup> The District, through the Office of the Deputy Mayor for Planning and Economic Development ("DMPED"), has been supporting the development of this site, authorized by continuing rounds of emergency and temporary legislation that has been extended several times. The most recent iteration of this, <u>Act 25-0227</u>, is set to expire on July 10, 2025. This provision would make permanent the grant authority from DMPED to support museum, located at 1925 Vermont Avenue, N.W.

- Require the Deputy Mayor to award a recurring \$400,000 grant to support an organization based and located in the District and founded in 2017 that is an affiliate of a national organization and that promotes and supports the growth of equity impact enterprises;
- Require the Deputy Mayor to award a \$150,000 grant to provide small business support for businesses impacted by construction near Pennsylvania Avenue and Potomac Avenue, SE and along 8<sup>th</sup> Street SE between Pennsylvania Avenue and Virginia Avenue SE.

The Committee largely retains the Executive's Growth agenda throughout the rest of the subtitle except for two changes. The Committee reduced the amount available for the Washington DC Economic Partnership across the financial plan and redirected those funds toward other business and shared Council priorities. The Committee also decreased the \$8.05 million allotted to the Gallery Square Project in the operating budget<sup>14</sup> by \$400,000 and allocated those dollars to DSLBD to support the Pennsylvania Avenue SE Main Street (\$200,000) and the Deanwood Main Street (\$200,000). Within the capital budget, the Committee added the \$400,000 back to the 7<sup>th</sup> Street South Gallery Place project by reducing the East Capitol Gateway project by \$400,000.

<sup>&</sup>lt;sup>14</sup> The Committee has questions about why the Gallery Square project was included in the capital budget and not the operating budget.

### TITLE II, SUBTITLE J. WASHINGTON DC ECONOMIC PARTNERSHIP

## Purpose, Effect, and Impact on Existing Law

Under current law, the Washington Convention and Sports Authority ("Authority" or "Events DC") is required to maintain a non-lapsing Washington Convention Center Marketing Fund ("Marketing Fund") to promote conventions, tourism, and leisure travel in the District and the hosting of sporting events, sports teams, recreational events, and entertainment events in the District. The Authority is required to use the Marketing Fund to contract marketing services with three entities: Destination DC, D.C. Chamber of Commerce, and Greater Washington Ibero American Chamber of Commerce (now known as the Greater Washington Hispanic Chamber of Commerce). The proposed subtitle would expand the list of required marketing services contracts to four by incorporating the Washington DC Economic Partnership as the primary contractor to:

- Foster and enhance economic growth and business prospects in the District;
- Provide support for the retention and expansion of businesses in the District and the attraction of businesses to the District; and
- Market, and provide support for the marketing of, the District as an attractive location to establish, operate, and grow businesses.

## Committee Recommendation and Reasoning

The Committee recommends retaining this subtitle as proposed by the Executive.

During the Committee's budget oversight hearing with the Office of the Deputy Mayor for Planning and Economic Development on June 16, 2025, Chairperson McDuffie asked Deputy Mayor Albert how the services provided by the Washington DC Economic Partnership are proposed to differ from those currently offered by Destination DC. Deputy Mayor Albert responded that the addition of Washington DC Economic Partnership is intended to increase investments in business attraction given that "almost 100% of our marketing dollars out of the Marketing Fund goes to marketing for visitors." Deputy Mayor Albert further stated that businesses generate more jobs and a larger share of the District's revenue than tourism.

Given the fiscal impact statement's suggestion that contract levels of the existing three required contractors would likely have to be reduced to accommodate the Washington DC Economic Partnership and the Executive's proposed elimination of 1% tourism recovery tax dedication to Destination DC in Fiscal Year 2026, the Committee also reached out to Events DC to determine this subtitle's potential impact on Destination DC. The Committee does not believe that Destination DC's operating budget will be negatively impacted by this subtitle in FY 2026.

#### Section-by-Section Analysis

Sec. 2091 Contains the short title.

<sup>&</sup>lt;sup>15</sup> D.C. Official Code § 10–1202.08a; the Washington Convention and Sports Authority is also known as Events DC (June 2011).

Sec. 2092 Amends Section 208a(e) of the Washington Convention Center Authority Act of 1994 to require the Washington Convention and Sports Authority to contract with the Washington DC Economic Partnership for marketing services.

## Fiscal Impact

The subtitle does not have an impact on the budget and financial plan. The Washington Convention Center will have to use its existing marketing budget, or other available funding, to procure the required services, likely by reducing the contract levels of the other three required contractors.

## TITLE II, SUBTITLE L. TRUXTON CIRCLE EMINENT DOMAIN AUTHORITY

## Purpose, Effect, and Impact on Existing Law

This subtitle allows the District to move forward with acquiring Lot 48 in Square 3100, located in the Truxton Circle neighborhood, for the purpose of revitalization or redevelopment. It provides the Mayor with authority to use eminent domain if needed to take control of the property. This tool can help unlock development on a parcel that has remained inactive and underutilized for years.

## Committee Recommendation and Reasoning

The Committee recommends retaining this subtitle with the addition of a findings section that provides background on the Truxton Circle neighborhood and Lot 48. Providing the District with the authority to acquire this specific parcel through eminent domain is a necessary step toward unlocking stalled redevelopment opportunities and addressing long-standing neighborhood concerns around blight and disuse.

## Section-by-Section Analysis

Sec. 2111 Contains the short title.

Sec. 2112 Authorizes the Mayor to exercise eminent domain, in accordance with District law, to acquire Lot 48 in Square 3100 for revitalization or redevelopment purposes.

## Fiscal Impact

The subtitle does not impact the budget and financial plan. The subtitle authorizes eminent domain, but does not require it. If the Mayor exercises eminent domain on the property, the Mayor will need to identify a funding source to pay for the property once a value for the transfer has been determined.

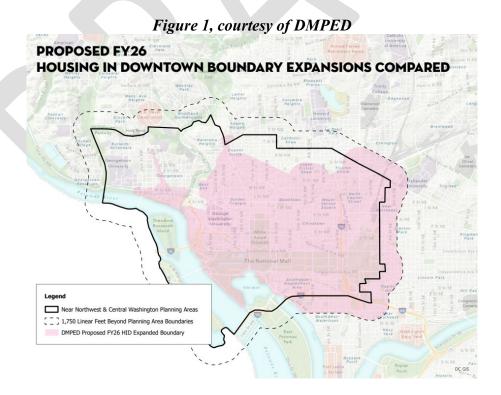
### TITLE II, SUBTITLE M. HOUSING IN DOWNTOWN PROGRAM

## Purpose, Effect, and Impact on Existing Law

The Tax Abatements for Housing in Downtown Act of 2022 allows the Mayor to approve tax abatements for certain real properties that are undergoing changes in use from commercial to residential (that results in at least 10 residential units). The total value of tax abatements that the Mayor may approve is subject to a cap. The subtitle lowers the fiscal year 2027 cap from \$6.8 million to \$5 million. The subtitle also changes the eligible areas for the downtown housing tax abatements.

## Committee Recommendation and Reasoning

The Committee recommends retaining the subtitle with changes. First, the Committee heard from property owners and Council colleagues recommending the inclusion of existing and planned conversion projects just outside the expanded eligible areas in this proposed subtitle. The Committee also heard similar requests from a property owner requesting a base year eligibility change to more accurately reflect property assessments for the Office to Anything Program, which is intended to reposition existing office spaces into new non-residential uses. <sup>16</sup> The Committee incorporated both of those changes into the proposed subtitle after confirming with the Office of the Deputy Mayor for Planning and Economic Development ("DMPED") that this would not disadvantage existing projects in the pipeline for both programs (see Figure 1 for the proposed change to the Housing in Downtown program, excluding Virginia areas).



<sup>&</sup>lt;sup>16</sup> D.C. Official Code § <u>47–870</u> et seq.

The Committee also received testimony during its budget oversight hearing with public witnesses on June 4, 2025, on the proposed reduction to the amount of tax abatement available in Fiscal Year 2027. Jair Lynch, President and CEO of Jair Lynch Real Estate Partners, recommended that the Committee restore full funding to ensure the program can reach its indented scale and deliver maximum impact. Chairperson McDuffie asked Deputy Mayor Albert about the reduction and the Deputy Mayor responded that current market conditions are slow for DMPED's existing pipeline, so they recommend adjusting downward to \$5 million in FY 2027. DMPED does not anticipate that this change will reduce overall conversions in the future. The Committee also reached out to the housing provider community on this issue, and they similarly supported the reduction. Thus, the Committee does not recommend a restoration of allowable tax abatements to \$6.8 million in Fiscal Year 2027.

## <u>Section-by-Section Analysis</u>

Sec. 2121 Contains the short title.

Sec. 2122 Amends Chapter 8 of Title 47 of the District of Columbia Official Code to consolidate and expand the geographies of the Housing in Downtown Program to the Near Northwest Area plus 1,750 linear feet in any direction within the District; allow the Mayor to designate District areas with a concentration of commercial office property and high commercial vacancy rates as eligible for the program; reduce the amount of the tax abatement allowed in Fiscal Year 2027 by \$1.8 million to \$5 million; and amend the base year of eligibility of the Office to Anything program to include Tax Year 2026.

## Fiscal Impact

The subtitle will reduce allowable real property tax abatements in fiscal year 2027 by \$1.8 million, increasing available property tax revenue by that amount. The change in the eligible areas for the Housing in Downtown and Office to Anything programs do not affect the maximum amount of tax abatements that can be granted.

#### TITLE II, SUBTITLE O. QUALIFIED HIGH TECHNOLOGY COMPANIES

## Purpose, Effect, and Impact on Existing Law

The District passed a number of tax incentives for qualified high-technology firms (QHTCs) in the New E-Conomy Transformation Act of 2000. 17 A high-technology company is considered "qualified" if it (1) has ten or more employees in the District and (2) derives at least 51 percent of gross revenues earned in the District from technology-related goods and services such as Internet-related services and sales; information and communication technologies, equipment, and systems that involve advanced computer software and hardware; and advanced materials and processing technologies. 18

Between December 31, 2018, and January 1, 2020, a preferential capital gains tax rate of 3 percent applied to the sale or exchange of qualifying capital gains from QHTC investments. The Fiscal Year 2021 Budget Support Act of 2020 suspended this preferred capital gains rate until December 31, 2024, and the Fiscal Year 2025 Budget Support Act of 2024 repealed it.

The subtitle restores a reduced tax rate on capital gains from the sale or exchange of a QHTC, subject to a pre-certification and a certification by the Mayor and subject to maximum revenue loss amounts. The investment must have been made on or between April 10, 2015, and June 25, 2024, or after September 30, 2025; held by the investor for at least 24 continuous months; and not have been publicly traded at the time of investment.

## Committee Recommendation and Reasoning

In November 2018, the Office of the Chief Financial Officer issued a review of economic development tax expenditures which reported that roughly \$184 million was foregone in corporate franchise tax revenues from QHTCs, that the economic benefits attributable to the incentives are inconclusive, and that gains in DC's high tech sector and some payrolls cannot be attributed to QHTC.<sup>19</sup> The report also revealed that some companies took disproportionately large amounts of QHTC credits without evidence of commensurate economic benefit to the District. The report concluded with a variety of recommendations on how QHTC could be amended to better target incentives, cap benefits, and include a claw back provision, among other things:

"The QHTC program demonstrates how poorly designed incentives can have significant fiscal costs for a jurisdiction, require additional administrative resources and preclude an evaluation of results. To obtain better results, the QHTC could be amended in a variety of ways including: better targeting incentives, revisiting the definition of "high technology," capping the amount of credits a firm can receive both annually and overall; implementing claw back provisions to recoup revenue if a company leaves the District; continuing data tracking and monitoring, and finally, increasing transparency and accountability of incentives by making recipient names and credit amounts public."

<sup>&</sup>lt;sup>17</sup> Effective April 13, 2001 (D.C. Law 13-256; D.C. Official Code § 47-1817.01 et. seg.).

<sup>&</sup>lt;sup>18</sup> Prior to 2020, only two employees were required.

<sup>&</sup>lt;sup>19</sup> Office of Revenue Analysis, Review of Economic Development Tax Expenditures, November 2018.

-Office of Revenue Analysis, pg. 148<sup>20</sup>

During the Committee's budget office oversight hearing with the Office of the Chief Financial Officer ("OCFO"), Chairperson McDuffie asked if CFO Lee believed that any of OCFO's 2018 recommendations had been incorporated into the proposed subtitle. CFO Lee did not believe that they had been incorporated. Subsequently, the OCFO also advised the Committee that the proposed subtitle is not administrable because it is not feasible to track the cumulative amount of the annual "reduction of tax revenue" for all investors for the purposes of administering the caps. For example, the "reduction of tax revenue" that a particular investor may realize as a result of the reduced 3% rate is dependent on several variables, including:

- a) The total amount of the investor's taxable income, the marginal rates applied to that total income and the total resulting tax due; and
- b) The amount of QHTC capital gains income and the resulting tax due at 3%; and
- c) The remaining amount of the investor's taxable income (not including the QHTC capital gains income), the potentially lower marginal rates applied to that reduced amount of income and the resulting tax due.

Variables (a) and (c) above will not be known to the Mayor during the pre-certification or certification process. To the extent they are knowable by OTR, those variables cannot be known unless and until an individual investor actually files an income tax return (and/or an amended tax return) and that tax return is manually reviewed and, if necessary, adjusted. Thus, there is a not a feasible way to track the cumulative amount of the annual "reduction of tax revenue" for all investors in real time for purposes of administering the annual caps.

At the Committee's budget oversight hearing with the Office of the Deputy Mayor for Planning and Economic Development's budget oversight hearing, Deputy Mayor Albert similarly recognized that there are issues with administering the subtitle as proposed. After further consulting with OCFO and the Council's Office of the Budget Director, the Committee decided to retain the subtitle as proposed given that fixing the subtitle would require more time than currently allotted to the Committee. The Committee intends to incorporate recommendations made by the OCFO and ultimately address the administrability challenges within the subtitle.

### Section-by-Section Analysis

Sec. 2141 Contains the short title.

Sec. 2142 Amends Chapter 18 of Title 47 of the District of Columbia Official Code to require a QHTC to have been certified as eligible by the Mayor and to add a new section containing the reduced tax on capital gains from the sale or exchange of a QHTC investment provisions including a pre-certification process with the Mayor.

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<sup>&</sup>lt;sup>20</sup> Ibid.

## Fiscal Impact

The subtitle specifies the maximum revenue reductions from the reduced capital gains tax rate, which may be certified by the Mayor. These amounts are the cost of the subtitle. Income tax revenue will be lowered by \$2.2 million in fiscal year 2026 and a total of \$19.5 million through fiscal year 2029.

Subtitle (II)(O) – Qualified High Technology Company Incentives  Amendment Act of 2025  (\$ thousands)					
	FY 2026	FY 2027	FY 2028	FY 2029	Total
Income tax revenue (loss)	(\$2,195)	(\$2,195)	(\$7,313)	(\$7,832)	(\$19,535)

## TITLE II, SUBTITLE R. ROBERT F. KENNEDY CAMPUS REDEVELOPMENT

## Purpose, Effect, and Impact on Existing Law

The subtitle authorizes bond issuances, establishes funds, and sets legal authorities to facilitate redevelopment and management of the approximately 180 acres of waterfront property located at the former RFK Stadium site in Ward 7, as outlined in a term sheet entered into between the District and Pro-Football, LLC, the owners of the Washington Commanders football team.<sup>21</sup> The plan calls for a mixed-use development, including construction of a District-owned stadium for athletic and entertainment use, adjacent public sports and recreation facilities (a "sportsplex"), parking, infrastructure, residential housing, commercial and retail space, and other community amenities.

## Committee Recommendation and Reasoning

The Committee intends to hold a hearing soon on this proposed subtitle through standalone legislation. Therefore, the Committee recommends retaining the subtitle as proposed with no changes at this time.

### Section-by-Section Analysis

Sec. 2179

Sec. 2171	Contains the short title.
Sec. 2172	Contains the definitions.
Sec. 2173	Includes the findings on the administrative jurisdiction of the RFK Campus, the existence of a term sheet for the development of the Stadium and supporting facilities, and the redevelopment of a portion of the RFK Campus.
Sec. 2174	Contains the Development and Financing Agreement.
Sec. 2175	Details the lease of the Development Site; easements over the RFK Campus; and the sale of Stadium Seat Rights.
Sec. 2176	Outlines the Assignment and transfer of stadium, parking facilities, and Stadium Seat Rights.
Sec. 2177	Establishes the RFK Campus Infrastructure Fund.
Sec. 2178	Establishes the District Sports Fund.

Establishes the RFK Campus Parking Facilities Fund.

<sup>&</sup>lt;sup>21</sup> Term Sheet for the Redevelopment of a Portion of the Robert F. Kennedy Stadium Campus between the District and Pro-Football, LLC, dated April 28, 2025, which memorializes the terms of the disposition and development of the site.

Sec. 2180 Establishes the RFK Campus Reinvestment Fund. Sec. 2181 Amends the Washington Convention Center Authority Act of 1994 to authorize the Washington Convention and Sports Authority to issue bonds to finance the construction of RFK Campus parking facilities. Sec. 2182 Authorizes the Mayor or any District government instrumentality or authority to issue bonds to finance the RFK Campus Infrastructure Project and the RFK Campus Parking Facilities Project. Sec. 2183 Contains the Bond Financing and Closing Documents. Amends Section 47-1002 of the District of Columbia Official Code to detail the Sec. 2184 Property, possessory interest, and recordation tax exemptions. Sec. 2185 Amends Chapter 20 of Title 47 of the District of Columbia Official Code to provide for the Football stadium sales taxes. Amends Section 7(a) of the District of Columbia Comprehensive Plan Act of 1984 Sec. 2186 Land Use Element Amendment Act of 1984 to include the Limited zoning exemption. Sec. 2187 Amends Section N101.20 of Title 12A of the District of Columbia Municipal Regulations (12A DCMR § N101.20) to establish a Stadium Designated Entertainment Area.

## Fiscal Impact

Sec. 2188

The subtitle authorizes District bond issuances to support the RFK redevelopment with net proceeds not to exceed \$675 million. The proposed budget and financial plan has sufficient funding to support this borrowing and remain within required statutory debt limitations. The Infrastructure Bonds, not to exceed \$500 million in net proceeds, will be supported by revenue from the Ballpark Fee (to be renamed the Stadium Facilities Fee), once the bonds for Nationals Park are paid off. Final payment of the Nationals Park bonds is expected to occur by the end of fiscal year 2026. Upon the repayment of the Nationals Park bonds, revenues from the Ballpark Fee, then renamed the sports facilities fee, will be redirected to the RFK Campus Infrastructure Fund.

1994 to make a conforming amendment.

Amends Section 204(m) of the Washington Convention Center Authority Act of

The parking facility bonds, not to exceed \$175 million in net proceeds, will be supported by sales tax streams at the stadium. Currently, there are no sales tax revenue collections on the RFK campus nor an existing football stadium, so redirection of future stadium sales tax collections does not

have a fiscal impact. Further, exempting the stadium and parking facilities from real property and deed and recordation taxes, does not have a fiscal impact.

The subtitle also authorizes the issuance of no more than \$181 million in bonds by Events DC. Events DC plans to restructure a portion of its current outstanding debt and will be able to support the bond issuance for the RFK parking contribution from its existing tax revenue streams. The debt cap analysis includes debt service for the planned bond issuance.



#### TITLE II, SUBTITLE S. TRANSFER AND RECORDATION TAX APPEALS

## Purpose, Effect, and Impact on Existing Law

When real property is transferred for no or nominal consideration, the Office of Tax and Revenue's Recorder of Deeds must compute the deed transfer tax and the recordation tax based on the fair market value for the property. The Recorder of Deeds has by regulation defined "nominal consideration" as an amount that bears no reasonable resemblance to the fair market value of the property transferred and provided further that consideration paid which equals less than 30% of the fair market value of the property is deemed to be nominal. In these cases, the Recorder of Deeds uses the assessed value of the property for the current tax year as the estimate of the property's fair market value and computes the transfer and recordation taxes accordingly.

The subtitle amends the District of Columbia Real Estate Deed Recordation Tax Act and the transfer tax law so that in cases where property transfers for no or nominal consideration, the transferor or transferee may appeal the fair market value used for calculation of the transfer and recordation taxes to the Office of Tax and Revenue. The subtitle specifies an appeal must be filed within 45 days of the transfer.

## Committee Recommendation and Reasoning

The Committee recommends retaining the subtitle with revisions. As the Committee evaluated this subtitle, the Committee engaged with both the Office of the Chief Financial Officer and the Executive to determine the best course of action for the implementation of this proposed appeals process. The Committee learned that, in practice, the Office of Tax and Revenue (OTR) has traditionally used the real property's assessed value for the current tax year to determine the recordation and transfer taxes for no or nominal consideration transactions. OTR stressed that in the majority of instances, a property's assessed value and fair market value are virtually the same. This, however, posed a myriad of concerns to the Executive and members of the District's real estate community because current market trends have dramatically reduced the fair market value of commercial real estate properties, leaving some assessed values significantly out of step with the property's fair market value. The Mayor's subtitle takes into consideration the realities of the District real estate market and provides an alternative evaluation process for transfer and recordation taxes.

Although the Office of the Chief Financial Officer prefers to maintain its current process for recordation and transfer tax evaluations, the Committee agrees with the Executive that shifting market conditions warrant an alternative reviews process. Furthermore, the Real Property Tax Appeals Commission (RPTAC) was informed by OTR that a nominal number of properties would be subject to the proposed appeals language. Although RPTAC requested that OTR continue their current practices because, as they noted, the current practice is more expeditious, the Committee

<sup>&</sup>lt;sup>22</sup> Brexton CRE Team. *The Pulse of DC's Commercial Real Estate Market*. <a href="https://www.brextoncre.com/post/dc-commercial-real-estate-market">https://www.brextoncre.com/post/dc-commercial-real-estate-market</a> (2025).

continues to agree with the Executive that existing market conditions should be taken into consideration.

The Committee does propose a revision to the Executive's proposed appeals process timeline. In the subtitle, an aggrieved party has 90 days from the imposition of the fair market determination to appeal the determination to the District of Columbia Superior Court. Notably, an aggrieved party is required to make a good faith effort to immediately appeal the fair market value determination first to RPTAC, and OTR may contest RPTAC's appeals determination as well. As written, the subtitle does not provide any exceptions or take into consideration any administrative delays on behalf of OTR or RPTAC, which may exclude an aggrieved party from exercising their rights to appeal the fair market value determination to the Superior Court through no fault of their own.—The Committee revised the language such that a transferor or transferee may appeal the fair market determination to the Superior Court within 45 days after the final fair market value determination is issued by RPTAC. The Committee's proposed change would start the clock for the Superior Court appeals process after the Commission has delivered its final fair market value determination, reducing any burden on the Commission or OTR to evaluate the case in a quickened manner.

#### Section-by-Section Analysis

Sec. 2191 Contains the short title.

Sec. 2192 Amends Section 42-1104 of the DC Code to add a subsection that provides that a transferor or transferee may file a petition for review of the determination of fair market value in accordance with the appeals process outlined in Section 47-825.01a(e) of the Code.

Sec. 2193 Amends Section 47-825.01a of the Code to allow a party to appeal the assessment and classification or the fair market value of the property, as appropriate, when the amount is used to determine transfer or recordation taxes for no or nominal consideration transactions. Sec. 2193 further provides that an aggrieved party has to appeal the final fair market value determination issued by RPTAC within 45 days to exercise their appeals rights to the District of Columbia Superior Court.

#### Fiscal Impact

The subtitle does not have an impact on the proposed budget and financial plan. The Office of Chief Financial Officer provided that OTR and the Recorder of Deeds can implement the subtitle's new procedures, including processing any appeals brought by transferors or transferees, without additional resources.

#### TITLE II, SUBTITLE T. DOWNTOWN BUSINESS IMPROVEMENT TAX

## Purpose, Effect, and Impact on Existing Law

Under current law, the maximum amount the Downtown Business Improvement District Tax (BID Tax) can be raised in a given year by the BID's board is three percent. The subtitle increases the maximum growth in the tax rate in a given year to five percent. The subtitle only authorizes an increase of up to five percent, but it is the BID's Board that determines the rate within that constraint.

# Committee Recommendation and Reasoning

The Committee recommends that the subtitle be retained without revisions. The Committee was informed by DMPED that the proposed BID tax increase was specifically requested from the Downtown BID, and no other BIDs have requested similar tax increases. The Committee understands that, ultimately the Downtown BID Board must approve any tax rate increases which provides an additional safeguard for the tax increase. The Committee did not receive any testimony from businesses in the Downtown BID boundary opposing the subtitle.

# Section-by-Section Analysis

Sec. 2201 Contains the short title.

Sec. 2202 Amends Section 2-1215.51 to allow the Business Improvement District to implement a 5% annual increase in the Downtown BID tax.

#### Fiscal Impact

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

#### TITLE III, SUBTITLE A. PUBLIC SERVICES HOTEL OCCUPANCY FEE

## Purpose, Effect, and Impact on Existing Law

This subtitle establishes an \$0.80 per-night fee on all occupied hotel rooms in the District, including short-term and vacation rentals. The fee is separate from existing hotel and sales taxes and is intended to generate dedicated revenue to support public services such as the District's 911 and 311 systems. The revenue will be deposited into a newly created Public Services Telecommunications Fund. This subtitle adds new provisions to the Emergency and Non-Emergency Telephone Calling Systems Fund Act of 2000 to create the fee, define its application, and establish how it will be administered and enforced.

#### Committee Recommendation and Reasoning

While the goals of supporting emergency and non-emergency public services are important, the Committee does not recommend imposing yet another tax on the District's hotel and hospitality industry, especially at a time when the Executive is proposing to cut the 1% dedication to Destination DC from the existing hotel sales tax. As noted in the Hotel Tax section of this report, this change would eliminate a commitment made to the industry through March 31, 2027, and redirect the funds to the Economic Development Special Account and the General Fund. Adding a new occupancy fee on top of this redirection would place further strain on an industry that is already among the most heavily taxed in the District.

In testimony, Solomon Keene, President and CEO of the Hotel Association of Washington, D.C., emphasized that this is the fourth time such a fee has been proposed by the Executive and that the Council has rejected similar proposals in the past. He emphasized that the hotel industry took the initiative to support tourism recovery through the self-assessed 1% TRD surcharge, delivering significant returns in terms of visitor spending, job creation, and tax revenue. Mr. Keene warned that layering a new public services fee while simultaneously withdrawing the agreed-upon dedication to Destination DC would not only undermine trust within the industry but also jeopardize the District's competitive position in attracting domestic and international travelers.

The Committee recommends that the Committee of the Whole identifies funding to strike this subtitle.

# Section-by-Section Analysis

Sec. 3001 Contains the short title.

Sec. 3002 Amends the Emergency and Non-Emergency Telephone Calling Systems Fund Act of 2000, effective October 19, 2000 (D.C. Law 13-172; D.C. Official Code § 34-1801 et seq.), by adding new Sections 603a and 603b. Section 603a imposes a fee of \$0.80 per occupied hotel room night and defines applicable terms, while Section 603b establishes the Public Services Telecommunications Fund and outlines how fee revenue may be used and how remaining funds will be treated at the end of each fiscal year.

# Fiscal Impact

The subtitle will increase special purpose revenue by \$6.9 million in fiscal year 2026 and a total of \$28.1 million over the four-year financial plan. As noted in the Fiscal Impact Statement, revenue will support the operations of the 911 and 311 systems, including personnel, technology hardware, software and software maintenance, contractual support, outreach, training, supplies, and equipment costs, with any unspent funds transferred to the General Fund at fiscal year-end.

Subtitle (III)(A) – Public Services Hotel Occupancy Fee Amendment Act of 2025  Total Revenue Increase  (\$ thousands)										
	FY 2026	FY 2027	FY 2028	FY 2029	Total					
Total Revenue Increase \$6,948 \$7,020 \$7,061 \$7,100 \$28,129										

## TITLE V, SUBTITLE F. MEDICAL CANNABIS

## Purpose, Effect, and Impact on Existing Law

The Medical Cannabis Social Equity Fund ("Fund") was established in fiscal year 2023 to receive all proceeds from the tax on gross receipts from the sales of medical cannabis in amounts above the amount certified for the Healthy DC and Health Care Expansion Fund in the approved budget and financial plan, including 100% of medical cannabis sales taxes beginning in fiscal year 2027.

In addition, the Fund was to receive revenue from the issuance of fines to unlicensed establishments selling cannabis. The first \$100,000 of such fines are designated to be deposited in the Litigation Support Fund, and amounts thereover are currently designated for the Fund. The subtitle repeals the Fund and repeals the dedication of medical cannabis fine revenue (from unlicensed establishments) and sales tax revenue to the Fund. It also repeals the dedication of the first \$100,000 of fine revenue from unlicensed establishments. All revenue from the tax on gross receipts of medical cannabis sales and all fine revenue from unlicensed establishments will be deposited in the General Fund.

## Committee Recommendation and Reasoning

The Committee was not able to identify \$6 million to strike the subtitle and restore the Medical Cannabis Social Equity Fund and the social equity grant and loan program at the Department of Small and Local Business Development. The Committee has long observed the need to establish a well-funded social equity program that would provide an opportunity for marginalized groups to fairly compete in the medical cannabis industry. The Social Equity Fund is intended to address the need for upfront capital for medical cannabis businesses, and especially for social equity applicants. The Committee continues to believe that the medical cannabis sales tax should be used to achieve equity in the medical cannabis program and recommends that the Council identify funding to support the Fund in Fiscal Year 2026.

The Committee recommends striking the Executive's proposed repeal of the reduced fee patient program. Currently, medical cannabis patients who are Medicaid or DC Alliance recipients or have low income can apply to receive medical cannabis at a reduced rate. This program is only available to District residents who meet these requirements. Although this program disproportionately impacts current and prospective retailers in Ward 7 and 8 who serve more patients who are eligible for this program, the Committee does not believe that eliminating the program in its entirety is the right answer to a complicated problem. Although both the number of reduced fee patients and total reduced sales have declined as sales to non-residents has grown, the Alcoholic Beverage and Cannabis Administration still reports an average of 914 unique reduced fee patients per month in 2025 (See the Reduced Sale Program Statistics table below).

A few years ago, this Committee and the Committee of the Whole considered providing financial relief for licensed retailers whose reduced fee sales makes up 15% or more of their total sales to qualifying patients in a calendar year. The Committee recommends that the Committee of the Whole consider incorporating similar language in this Budget Support Act given that at least one

retailer of medical cannabis in Ward 8 that has been in operation since January 2019 still faces a high rate of reduced fee patient sales.

Reduced Sale Program Statistics Source: Alcoholic Beverage and Cannabis Administration										
	Total Percentage Average # of un									
	Reduced	of Total	reduced fee patients per							
	Sales	Sales	month							
2022	\$3,906,822	11%	1,111							
2023	\$4,177,014	10%	1,341							
2024	\$2,454,024	8%	935							
2025	\$930,977	5%	914							

#### Section-by-Section Analysis

Sec. 5051 Contains the short title.

Sec. 5052 Amends the Legalization of Marijuana for Medical Treatment Initiative of 1999 to redirect revenue collected from the issuance of fines to unlicensed establishments from the Litigation Support Fund and Medical Cannabis Social Equity to the General Fund, and to repeal the Medical Cannabis Social Equity Fund and the social equity grant and loan program at the Department of Small and Local Business Development.

Sec. 5053 Amends Section 8(d) of the Medical Cannabis Amendment Act of 2022 to redirect collected from the issuance of fines to commercial property owners from the Litigation Support Fund and Medical Cannabis Social Equity to the General Fund.

Sec. 5054 Amends Title 47 of the District of Columbia Official Code to require the proceeds of the medical cannabis sales tax above the amount certified in the approved Fiscal Year 2023 budget for Fiscal Year 2026 to be deposited in the General Fund and to make a conforming gross receipts amendment.

#### Fiscal Impact

The subtitle increases Local Fund revenue by redirecting fines and tax revenue that would be deposited into the Medical Cannabis Social Equity Fund. Local Fund revenue will increase by \$1.98 million in fiscal year 2027 and \$6.0 million over the financial plan.

Subtitle (V)(F) – Medical Cannabis Amendment Act of 2025 (\$ thousands)									
	FY 2026	FY 2027	FY 2028	FY 2029	Total				
Additional Local Fund Revenue	\$0	\$1,975	\$2,014	\$2,055	\$6,044				



## TITLE VII, SUBTITLE A. SALES TAX INCREASE DELAY

# Purpose, Effect, and Impact on Existing Law

This subtitle delays a previously approved increase to the District's general sales tax rate. Under current law, the sales tax was scheduled to rise from 6.0% to 6.5% beginning October 1, 2025, and to 7.0% on October 1, 2026. This subtitle eliminates the intermediate 6.5% rate and maintains the 6.0% rate through September 30, 2026, with the full increase to 7.0% still taking effect as scheduled on October 1, 2026. The change amends two sections of the District's Official Code to reflect the revised timeline. This delay reduces the sales tax burden on consumers in fiscal year 2026 while preserving the long-term revenue goal established in prior legislation.

## Committee Recommendation and Reasoning

The Committee recommends retaining this subtitle as proposed. Postponing the regressive sales tax increase offers near-term economic relief to consumers and businesses, while preserving flexibility in the District's long-term fiscal planning. The delay helps avoid added financial pressure during a period of economic uncertainty, particularly for small businesses, consumers, and the hospitality and retail sectors. Most importantly, this revenue reduction is already incorporated into the Mayor's FY26 budget and financial plan.

#### Section-by-Section Analysis

Sec. 7001 Contains the short title.

Sec. 7002 Amends Title 47 of the District of Columbia Official Code to delay the implementation of the general sales tax rate increase from October 1, 2025, to October 1, 2026.

# Fiscal Impact

By forgoing part of the tax increase that was included in the fiscal year 2025 through fiscal year 2028 approved budget and financial plan, the subtitle decreases Local Fund sales tax revenue by \$67.5 million in fiscal year 2026 only. The impact of this revenue reduction is included in the proposed fiscal year 2026 through fiscal year 2029 budget and financial plan.

#### TITLE VII, SUBTITLE B. BABY BONDS

## Purpose, Effect, and Impact on Existing Law

The Child Wealth Building Act of 2021 (and the subsequent Child Wealth Building Amendment Act of 2022 and inclusion of funding in the Fiscal Year 2022 Local Budget Act of 2021) established a Child Trust Fund, a District-funded special fund for children born in the District who are covered by Medicaid to receive funds for educational and other purposes.<sup>23</sup> The Act provided for an initial contribution for all eligible children in their birth year and additional annual deposits for each year that the child lives in the District and meets eligibility requirements until the age of 18.

The Fiscal Year 2025 Budget Support Act of 2024 allocated tax revenue from sports gaming to the Trust Fund. The subtitle repeals the Child Wealth Building Act of 2021 and repeals the dedication of sports wagering tax revenue to the Child Trust Fund. The subtitle is effective September 30, 2025.

## Committee Recommendation and Reasoning

The Committee was not able to identify \$85 million to restore the Baby Bonds program across the financial plan and strike the subtitle. The Committee recommends that the Council and the Committee of the Whole identify funds to restore the program in FY 2026 and across the financial plan.

When this Committee first marked up the Child Wealth Building Act in July 2021, the Committee's committee report stated the following:

"Research shows that, at the median, white families have ten times more wealth than African American families and eight times the wealth of Latino families. Since the beginning of 2017, the collective wealth of white households has increased by nearly \$12 trillion nationwide. Meanwhile, the collective wealth of Black and Latino households has grown by only \$1 trillion. Here, in the nation's capital, the median wealth of a white household is 81 times that of a Black household. That translates to \$284,000 in wealth for white families and a paltry \$3,500 for Black families. This inequity is not an accident; it is the result of decades of systemic racism and the purposeful exclusion of Black people from wealth-building opportunities, both public and private. It is only through economic circumstances resulting from generational wealth accumulated under institutional racism that leaves communities of color at such an economic disadvantage.

Wealthier families are at an advantage due to the capital they hold, since they can provide for elite education and access to capital to start businesses, finance otherwise expensive medical care, or withstand financial hardship resulting from emergencies, among other things. Those families continue to leverage their wealth from generation to generation,

<sup>&</sup>lt;sup>23</sup> Effective February 18, 2022 (D.C. Law 24-53; D.C. Official Code § 4-681.01 et seq.).

based on advantageous tax laws and easier access to powerful institutions. Seed capital programs, such as Baby Bonds, are an economical approach to bridge the racial wealth gap. Baby Bonds seek to deliver a pathway that will begin to provide economic security independent of a child's family financial status. Much more will be needed in the very near future to make a significant dent in this disparity, but Baby Bonds should be viewed as a first step, a "baby step" if you will, toward racial financial equity."

Since then, it has been a challenge to get the Executive to preserve funding and the independent Office of the Chief Financial Officer to implement the program as required by law. The Committee is deeply disappointed that a program intended to reduce the racial wealth gap, has instead, been frequently pitted against short-term programs that often further cycles of generational poverty. Perhaps, the announcement of "Baby Bonds" at the federal level will finally spur the implementation of the program here in the District.<sup>24</sup>

# Section-by-Section Analysis

Sec. 7011 Contains the short title.

Sec. 7012 Repeals the Child Wealth Building Act of 2021.

Sec. 7013 Repeals the sports wagering tax dedication to the Child Trust Fund.

Sec. 7014 Repeals the exclusion of Child Trust Fund dollars from the computation of District gross income.

Sec. 7015 Contains the applicability clause.

## Fiscal Impact

By repealing the dedication to the Child Trust Fund, the subtitle increases sports wagering tax revenue available for Local Funds by \$16.2 million in fiscal year 2025 and a total of \$85.0 million across the financial plan.

Subtitle (VII)(B) – Baby Bonds Amendment Act of 2025 (\$ thousands)										
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total				
Local Fund Revenue Increase	\$16,196	\$16,346	\$16,497	\$16,650	\$19,341	\$85,030				

<sup>&</sup>lt;sup>24</sup> Chantelle Lee, <u>What Parents Should Know About the \$1,000 'Trump Accounts' for Babies</u>, Time Magazine, June 10, 2025.

## TITLE VII, SUBTITLE C. HOTEL TAX

## Purpose, Effect, and Impact on Existing Law

In the Fiscal Year 2024 Budget Support Act of 2023, the sales tax rate on hotel and similar accommodations was increased by one percent and the sales tax dedication to Destination DC was increased by this amount (from 0.3%). This additional one percent tax was set to expire March 31, 2027.<sup>25</sup> The subtitle repeals the expiration of the additional one percent rate and ends the dedication to Destination DC. The majority of revenue from the one percent hotel sales tax rate will be directed to the Economic Development Special Account at the Office of the Deputy Mayor for Planning and Economic Development. A portion of the revenue will be reserved for Local Funds (as shown in the chart below).

#### Committee Recommendation and Reasoning

Since 2017, gross receipts from transient lodgings or accommodations have been subject to a dedicated tax of 0.3 percent, which is transferred to Destination DC to fund marketing and promotion activities. On Jan 19, 2023, the Council enacted a temporary bill that increased this tax to 1.3 percent between April 1, 2023, through March 31, 2027. Like the existing 0.3 percent tax, the increment would be dedicated to Destination DC to promote the District as a travel destination and to support tourism recovery ("Tourism Recovery Tax"). The Fiscal Year 2024 Budget Support Act of 2023 made this time-limited hotel surtax permanent.

This Committee led the effort to enact this Tourism Recovery Tax on both an emergency and temporary basis and, recommended adoption of the changes on a permanent basis. While the Committee is supportive of the Executive's Growth Agenda and hopes it succeeds, the Committee believes that District government made a commitment to Destination DC and the hotel industry to maintain this tax dedication through March 31, 2027. Since it was unable to identify the funds to strike this subtitle and fund the Growth Agenda with other revenue streams, the Committee recommends that the Committee of the Whole and the Council restore the tourism recovery tax through March 31, 2027, as planned. For now, the Committee revised the proposed language to include updated changes to the allocated amounts deposited into the General Fund to reflect changes made to Title II, Subtitle I – Economic Revitalization Initiatives.

#### Section-by-Section Analysis

Sec. 7021 Contains the short title.

Sec. 7022 Amends Title 47 of the District of Columbia Official Code to make permanent the 1% hotel surtax, eliminate its dedication to Destination DC, and dedicate most of those funds to the Economic Development Special Account and dedicate the rest to the General Fund as local funds.

<sup>&</sup>lt;sup>25</sup> D.C. Official Code § 47–2002.03a

## Fiscal Impact

By repealing the sunset of the one percent hotel sales tax rate, the subtitle increases dedicated tax revenues beginning in fiscal year 2027, providing \$63.2 million over the four year financial plan. The subtitle also provides that revenues currently dedicated to Destination DC will instead be partially used for Local Funds with the rest dedicated to the Economic Development Special Account. In fiscal year 2026, \$2.2 million will go to Local Funds and \$23.5 million will go to the Economic Development Special Account, with \$19.5 million available for Local Funds over the financial plan and \$80.9 million total across the plan for the special account.

Subtitle	Subtitle (VII)(C) – Hotel Surtax Amendment Act of 2025										
(\$ thousands)											
	FY 2026	FY 2027	FY 2028	FY 2029	Total						
Increase of Revenue Through Extension of the 1% hotel sales tax	\$0	\$10,752	\$25,953	\$26,472	\$63,177						
Total Revenue from 1% hotel sales tax	\$25,701	\$22,286	\$25,953	\$26,472	\$100,412						
Reserved for Local Funds by Mayor	(\$2,195)	(\$2,195)	(\$7,313)	(\$7,832)	(\$19,535)						
Dedicated to Economic Development Special Account	\$23,506	\$20,091	\$18,640	\$18,640	\$80,877						
Local Revenue Increase by CBED	(\$2,028)	(\$1,547)	(\$1,589)	(\$1,642)	(\$6,806)						

## TITLE VII, SUBTITLE D. COMBINED REPORTING

## Purpose, Effect, and Impact on Existing Law

The subtitle defers a corporate income tax deduction associated with the enactment of combined reporting. If combined reporting requirements resulted in an increase in a publicly traded company's net deferred tax liability, the combined group would have been eligible for a tax deduction equal to 1/7th of the increase in net deferred tax liability, beginning in 2025. Under the subtitle, the deduction will only be available beginning in tax year 2030.

# Committee Recommendation and Reasoning

The Committee recommends that the subtitle is retained without changes. This Committee approved a combined reporting subtitle in FY25 which transitioned the District from the "Joyce" to the "Finnegan" method, which treats C-corporations and its shareholders as a single taxpayer. Although the Chief Financial Officer testified that the switch to the "Finnegan" method will generate additional revenue, the subtitle ultimately may result in a tax deduction for certain companies that have increased net deferred tax liability. This subtitle proposes a delayed tax deduction which moves the tax deduction out of this financial plan, providing the District with additional tax revenue during a notably constrained financial period.

#### Section-by-Section Analysis

Sec. 7031 Contains the short title.

Sec. 7032 Amends Section 47-1810.08(b) by delaying the tax deduction resulting from an increase in a company's net deferred tax liability to tax years after December 31, 2029, and waives tax interests from underpayment of estimated taxes for tax year 2020 or tax year 2025.

#### Fiscal Impact

The subtitle increases business income tax revenue beginning in fiscal year 2025 by \$7.4 million annually, for a total of \$37.2 million across the financial plan.

Subtitle (VII)(D) – Combined Reporting Tax Deduction Delay Congressional Review Emergency Amendment Act of 2025 (\$ thousands)									
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total			
Local Fund Revenue Increase	\$7,440	\$7,440	\$7,440	\$7,440	\$7,440	\$37,200			

## TITLE VII, SUBTITLE E. BALLPARK FEE AND FUND

## Purpose, Effect, and Impact on Existing Law

In 2004, the District established a Ballpark Fee to support debt ("Ballpark Revenue Bonds") issued to build Nationals Park stadium. Corporations and unincorporated businesses doing business in the District pay a fee between \$5,500 and \$16,500 annually, depending on the size of their gross receipts and subject to a minimum of \$5,000,000 of gross receipts.

The Ballpark Fee is deposited into the District's Ballpark Revenue Fund. The subtitle renames the Ballpark Fee the "Sports Facilities Fee" and removes the sunset of the fee that was to take effect upon full repayment of the Ballpark Revenue Bonds. The subtitle directs that the Sports Facilities Fee will be deposited into an RFK Campus Infrastructure Fund upon repayment of the Ballpark Revenue Bonds. <sup>26</sup> Finally, the subtitle amends transfers that were authorized from the Ballpark Revenue Fund to the general fund to align with the proposed budget and financial plan.

#### Committee Recommendation and Reasoning

The Committee recommends retaining the subtitle as proposed with two minor changes to fix a potential loophole in the law and to strike language that was inadvertently included in the subtitle. The first change would ensure that the law is clear and closes a potential loophole that could be used to circumvent the payment of the ballpark fee. The exclusion of income derived from the "ownership/beneficial interest in other feepayers" operates to make sure that DC gross receipts are not double-taxed if distributed from one feepayer to another. However, it is important that the law be clear that the exclusion only applies if the "other feepayer" has also paid the ballpark fee on that same income that was distributed to the taxpayer.

The Committee recommends that the proposed revenue stream generated by the sports facilities fee advance as the Council considers the Robert F. Kennedy Campus Development term sheet and development and financing agreement. The Committee intends to hold a hearing soon on the Robert F. Kennedy Campus Redevelopment subtitle through standalone legislation.

#### Early Redemption Borrowing

During the Committee's budget oversight hearing with the Office of the Chief Financial Officer, the Council raised the issue of "early redemption borrowing" (see fiscal impact section below) and asked the CFO to explain why the district incurs a penalty when they repay bonds ahead of schedule. The Office of the Chief Financial Officer subsequently followed up with the Committee and explained that all tax-exempt bonds were repaid early in February 2025. However, the remaining outstanding revenue bonds are all taxable which requires a "make whole premium" to be paid to existing bondholders for prepaying or repaying the bonds early, as well as paying the principal and interest amounts still due.

<sup>&</sup>lt;sup>26</sup> Established in subtitle II-R, Robert F Kennedy Campus Redevelopment Act of 2025.

#### Section-by-Section Analysis

Sec. 7041 Contains the short title.

Sec. 7042 Amends Chapter 27B of Title 47 of the District of Columbia Official Code to establish a sports facilities fee which will be deposited in the RFK Campus Infrastructure Fund after all principal and interest on the bonds used to finance Nationals Park stadium has been repaid.

Sec. 7043 Amends Section 102(d) of the Ballpark Omnibus Financing and Revenue Act of 2004 to alter transfers that were authorized from the Ballpark Revenue Fund to the General Fund to align with the proposed budget and financial plan.

# Fiscal Impact

The District had planned to fully repay the Ballpark Revenue Bonds in fiscal year 2028, so no Ballpark Fee revenue was included in the revenue estimates for fiscal year 2029. Extending the fee past the date of repayment of the Ballpark Revenue Bonds provides for revenue for the RFK Campus Infrastructure Fund, and to the extent those revenues are not required for debt service and a transfer would not violate a bond covenant, the fee may be used for other purposes. As part of the proposed bond issuance to build infrastructure associated with the proposed football stadium ("RFK Infrastructure Bonds"), repayment of the Ballpark Revenue Bonds will be accelerated to the end of fiscal year 2026 through the use of additional debt ("early redemption borrowing"). In fiscal year 2027, the fee will be used to repay the early redemption borrowing. In fiscal year 2028 and fiscal year 2029, the fee will be available for general purposes due to the planned structuring of the RFK Infrastructure Bonds, providing a total of \$110.6 million of revenue for Local Funds over the financial plan. Bonds, providing a total of \$110.6 million of revenue for Local Funds over the financial plan.

The subtitle further eliminates two transfers from the Ballpark Revenue Fund to Local Funds that were authorized for fiscal years 2027 and 2028, eliminating a total of \$69.25 million from Local Fund Resources that had been included in the previously approved fiscal year 2025 through fiscal year 2028 budget and financial plan.

Subtitle (VII)(E) – Ballpark Fee and Fund Amendment Act of 2025 (\$ thousands)									
	FY 2026	FY 2027	FY 2028	FY 2029	Total				
Local Funds revenue increase, extension of fee	\$0	\$0	\$54,699	\$55,916	\$110,615				

<sup>&</sup>lt;sup>27</sup> See Sec. 2167. RFK Campus Infrastructure Fund.

<sup>&</sup>lt;sup>28</sup> The projected size of the bond issuance includes a "capitalized interest" fund to pay debt service through fiscal year 2029.

Subtitle (VII)(E) – Ballpark Fee and Fund Amendment Act of 2025 (\$ thousands)									
	FY 2026	FY 2027	FY 2028	FY 2029	Total				
Reduction in Local Fund									
resources from Ballpark	(\$0)	(\$34,060)	(\$35,190)	(\$0)	(\$69,250)				
Revenue Fund transfers									
Net Impact	\$0	(\$34,060)	\$19,509	\$55,916	\$41,365				



## TITLE VII, SUBTITLE F. RESTAURANT SALES TAX HOLIDAYS

# Purpose, Effect, and Impact on Existing Law

The subtitle exempts sales of food and beverages at restaurants from sales taxes on three specific days: August 29, 2025, January 18, 2026, and May 22, 2026.

## Committee Recommendation and Reasoning

The Committee recommends that this subtitle be struck in its entirety. The Committee is generally concerned that the fiscal impact associated with the subtitle exceeds the financial benefit to the District and the restaurants this subtitle aims to serve.

Studies have shown that sales tax holidays are generally ineffective and fail to cultivate expected results despite the impact the holidays often have on a state's ability to generate revenue. In a study conducted by the Institute on Taxation and Economic Policy, the sales taxes were described as regressive since both wealthier and low-income residents benefit from the tax, without income considerations, and the sales tax holiday is overwhelmingly likely to pose administrative challenges for governments and businesses.<sup>29</sup>

To develop a more comprehensive understanding of the Executive's intent and rationale for the subtitle, the Committee engaged the Executive in a number of pointed questions during Budget Oversight. The Committee specifically asked the Executive to discuss the revenue that could be generated should the sales tax holidays be implemented into law. The Executive did not provide the Committee with specifics regarding the fiscal impact of this subtitle. Additionally, when the Executive was asked why the dates identified in the subtitle were selected, the Committee was informed that the dates correlate with holidays, however the reason why these specific holidays were selected was not explained in detail.

The Committee is sympathetic to the struggles of District area restaurants, particularly in light of ongoing concerns with higher rent, crime, rising wages due to I-82, and the effects of a reduced federal workforce, <sup>30</sup> and is committed to supporting restaurants and nightlife during this transition period. The Committee, however, is more concerned that the fiscal impact generated by this subtitle is not justified based upon existing research and DMPED's rationale for the subtitle. For these reasons, the Committee recommends that the subtitle be stricken.

#### Section-by-Section Analysis

Sec. 7051 Contains the short title.

Sec. 7052 Amends Section 47-2005 of the Code to impose a sales tax exemption on food and beverage sales on August 29, 2025, January 18, 2026, and May 22, 2026.

<sup>&</sup>lt;sup>29</sup> Guzman, Marco. *Sales Tax Holidays: An Ineffective Alternative to Real Sales Tax Reform.* Institute on Taxation and Economic Policy, 2023.

<sup>&</sup>lt;sup>30</sup> Sidman, Jessica. *How Much Trouble Are DC Restaurants Really In?* https://www.washingtonian.com/2025/04/03/how-much-trouble-are-dc-restaurants-really-in/ (2025).

# Fiscal Impact

Subtitle (VII)(F) – Restaurant Sales Tax Holidays Amendment Act of 2025 (\$ thousands)										
		FY 2025	FY 2026	FY 2027 -FY29	Total					
Local revenue reduce	Funds ction	\$ (1,925)	(\$4,046)	\$0	(\$5,971)					
Dedicated revenue reduce	Funds ction	(\$214)	(\$450)	\$0	(\$664)					
Net impact		(\$2,139)	(\$4,496)	\$0	(\$6,635)					

#### TITLE VII, SUBTITLE G. CHILD TAX CREDIT

#### Purpose, Effect, and Impact on Existing Law

The Child Tax Credit Amendment Act of 2024 in the Fiscal Year 2025 Budget Support Act of 2024 established a fully refundable child tax credit for District families with dependent children under the age of 6 during the tax year. Starting with tax year 2025, a credit of \$420 per child for up to three children was available. The credit would have increased by a cost-of-living adjustment annually from 2026. The subtitle repeals the child tax credit.

# Committee Recommendation and Reasoning

The Committee was not able to identify \$60.79 million to restore the Child Tax Credit across the financial plan and strike the subtitle. At the request of the Office of the Chief Financial Officer, the Committee made a drafting change to the subtitle to reflect the intended repeal of the credit. The Committee recommends that the Council and the Committee of the Whole identify funds to restore the program in FY 2026 and across the financial plan.

# Section-by-Section Analysis

Sec. 7062 Amends Section 47-1806.17 of the District of Columbia Official Code to repeal the Child Tax Credit.

# Fiscal Impact

The subtitle increases income tax revenue by \$14.6 million in fiscal year 2026 and \$60.8 million across the financial plan.

Subtitle (VII)(G) – Child Tax Credit Amendment Act of 2025 (\$ thousands)									
	FY 2026	FY 2027	FY 2028	FY 2029	Total				
Revenue increase, individual income taxes	\$14,595	\$15,050	\$15,418	\$15,727	\$60,790				

# Recommendations for New Subtitles

The Committee provides comments on the following subtitles of the "Fiscal Year 2026 Budget Support Act of 2025":

- 1. Clean Hands Technical
- 2. 1000 U Street NW Property Tax Clarification
- 3. Nonprofit Workforce Housing Properties
- 4. Reservoir Park Tax Exemption
- 5. Interactive Wayfinding Kiosk

The legislative language is included in Attachment C.



#### **CLEAN HANDS TECHNICAL**

## Purpose, Effect, and Impact on Existing Law

Under current law, an applicant for almost any license or permit issued by the District must certify that they do not owe certain outstanding debts. This requirement applies to applicants for everything from an occupational license or licensure to start a business. In addition to its expansive scope, the type of debt that will prevent an applicant from certifying Clean Hands is also broadly defined. For example, owing anything from outstanding service charges to the DC Water and Sewer Authority to parking fines will prevent an applicant from obtaining Clean Hands certification. This requirement is burdensome for many applicants, especially following the economic consequences resulting from the COVID-19 pandemic.

In the Fiscal Year 2025 Budget Support Act of 2024, this Committee led the Council in increasing the minimum threshold for allowable debt, so that applicants owing \$1,000 or less in certain debts will still be able to obtain Clean Hands certification. Unfortunately, Department of Motor Vehicles ("DMV") debts are not included. The Committee recognized the inequity in excluding DMV debts; however, the estimated fiscal impact to District revenues made inclusion cost prohibitive.

# Committee Reasoning

The Office of the Chief Financial Officer confirmed to the Committee at its performance oversight hearing and in follow-up conversations that the Office of Tax Revenue does not use DMV-related debts for Clean Hands determinations. The Committee recommends this subtitle to codify the existing practice of excluding DMV debts from Clean Hands determinations. This would allow residents to continue to receive occupational licenses in a timely manner even if they owe parking and traffic debts above the Clean Hands debt threshold.

#### Section-by-Section Analysis

Sec. XXXI Contains the short title.

Sec. XXX2 Amends Section 47-2862(a)(7) to exclude DMV debts from Clean Hands determinations.

#### Fiscal Impact

This subtitle has no fiscal impact.

## **1000 U STREET NW PROPERTY TAX CLARIFICATION**

# Purpose, Effect, and Impact on Existing Law

Councilmember Nadeau introduced B25-746, the "1000 U Street NW Property Tax Clarification and Limited Grantmaking Amendment Act of 2024". The bill amended current law to provide a real property tax exemption to the Prince Hall Free & Accepted Mason and Order of the Eastern Star Charitable Educational Foundation on the property it owns at 1000 U Street NW, known for tax and assessment purposes as Lots 0037 and 0828 within Square 0333 (the "Property"). The Applicant is the transferee of the organization that was granted the exemption under the current version of D.C. Official Code § 47-1045.

In general, the Bill would exempt the Property from real property tax as long as the Property is owned by the Applicant or its successor in interest.

#### Committee Reasoning

The Committee held a hearing on this bill in Council Period 25 on September 16, 2024. The Tax Abatement Financial Analysis determined that "the exemption is financially necessary to meet the Applicant's fiscal needs. Given the Applicant's current financial condition, forgiveness of past due taxes and exemption from future real property tax liability is necessary for the Applicant to continue to own the Property and carry out its activities."<sup>32</sup> The Committee recommends inclusion of this subtitle to fully fund the needed tax relief.

#### Section-by-Section Analysis

Sec. XXXI Contains the short title.

Sec. XXX2 Amends Chapter 10 of Title 47 of the District of Columbia Code to clarify that the real property tax abatement granted by § 47-1045 remains in effect, to update the organization name to the Prince Hall Free & Accepted Mason and Order of the Eastern Star Charitable Educational Foundation, to correct the tax lots subject to the abatement, and to forgive unpaid tax liability and refund any payments made to the payor.

# Fiscal Impact

<sup>31</sup> Bill 25-746, 1000 U Street NW Property Tax Clarification and Limited Grantmaking Amendment Act of 2024

<sup>&</sup>lt;sup>32</sup> Office of the Chief Financial Officer, <u>Tax Abatement Financial Analysis- "1000 U Street NW Property Tax Clarification and Limited Grantmaking Amendment Act of 2024"</u>, September 16, 2024.

Subtitle XX – 1000 U Street NW Property Tax Clarification (\$ thousands)									
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total			
Revenue Loss	(\$2,841)	(3,171)	(\$332)	(\$337)	(\$346)	(\$4,188)			



#### **NONPROFIT WORKFORCE HOUSING PROPERTIES**

## Purpose, Effect, and Impact on Existing Law

In the Fiscal Year 2020 Budget Support Act of 2019, the Council established a Nonprofit Workforce Housing Tax Exemption to stimulate private sector development of workforce housing. The eligibility requirements were amended by the Council in two subsequent Budget Support Acts.<sup>33</sup> Since that time, the Committee has learned that no nonprofit owners have successfully been certified as eligible for the exemption, and two owners seeking the exemption for three properties have been denied by the Office of Tax Revenue for different reasons.

#### Committee Reasoning

The Committee recommends the inclusion of this subtitle to address mechanical and technical issues that were raised by OTR in those denial letters, and incentivize workforce housing as the Council intended. The Committee intends to hold a hearing on this issue, including on two pieces of legislation that were introduced to address this issue on a case by case basis and provide retroactive relief to SOME's ("So Others Might Eat") properties in Ward 3 and Ward 4.<sup>34</sup> While the Committee has accepted funding to provide tax refunds to SOME for its property in Ward 3, for now, the Committee has prioritized funding this fix for all owners and properties throughout the financial plan.

# Section-by-Section Analysis

Sec. XXXI Contains the short title.

Sec. XXX2 Amends Section 47-1005.03 of the District of Columbia Code to make changes to the eligibility requirements for the tax exemption and add an effective date for the exemption.

#### Fiscal Impact

Subtitle XX – Nonprofit Workforce Housing Properties										
	FY 2026	FY 2027	FY 2028	FY 2029	Total					
Revenue Loss	(\$225,276)	(\$794,516)	(\$819,015)	(\$855,010)	(\$2,693,817)					

<sup>&</sup>lt;sup>33</sup> D.C. Law 23-68, <u>Fiscal Year 2020 Budget Support Clarification Amendment Act of 2019</u> and D.C. Law 24-45, <u>Fiscal Year 2022 Budget Support Act of 2021</u>.

<sup>&</sup>lt;sup>34</sup> B26-125, <u>2607 Connecticut Avenue NW Timeline Extension and Tax Forgiveness Act of 2025</u> and B26-237, <u>4111</u> Kansas Avenue NW Timeline Extension and Tax Forgiveness Act of 2025

#### **RESERVOIR PARK TAX EXEMPTION**

## Purpose, Effect, and Impact on Existing Law

This subtitle would provide a real property tax exemption for 20 years for the real property and any improvements constructed thereon, at Parcel 2 West and Parcel 4 within the Reservoir District; known for tax and assessment purposes as Lots 814 and 815 in Square 3128, and Lots 809 and 810 in Square 3128, respectively.

The project would yield 449 units of housing and one-third of the rental housing units would be set aside as affordable for households earning an average of 80% Area Median Income. The owner would be required to enter into an agreement with the District that requires the Owner, or its designee or assignee, to, at a minimum, contract with certified business enterprises for at least 35% of the contract dollar volume of the construction of the project.

#### Committee Reasoning

The Committee recommends the inclusion of this subtitle in the Budget Support Act. The completion of this project is a priority for Ward 5 residents and this Committee. The Reservoir District is a planned community strategically located between Washington Hospital Center, McMillan Reservoir, and Trinity University. It stands to deliver:

- 449 new residential units, including a mix of studios, one-, two-, and three-bedroom apartments;
- **150 moderate-income units**, priced affordably for families earning an average of 80% of the area median income;
- A full-service grocery store, ensuring much-needed access to fresh food for residents in the surrounding neighborhoods;
- **Significant job creation**, including approximately 600 construction jobs and 85 permanent jobs for District residents; and
- A LEED Gold-certified sustainable development, contributing to the District's environmental goals.

The developer has already obtained strong support from ANC 5E, ANC 1E, the Bloomingdale Civic Association, and the McMillan Advisory Group. It is clear that this development will have a significant impact on the surrounding community and their support reflects a shared recognition of the project's capacity to improve the neighborhood and expand access to essential housing.

At the Committee's budget oversight hearing for public witnesses on June 4, 2025, Ruth Hoang, Senior Vice President of Development of Jair Lynch Real Estate Partners, testified that this project cannot move forward without the tax abatement as the grocer with which there is an MOU will only move forward if the financing is in place before the Fall. This subtitle would ensure that this project can move forward in a timely manner.

# Committee on Business and Economic Development Fiscal Year 2026 Budget Recommendations

# Section-by-Section Analysis

Sec. XXXI Contains the short title.

Sec. XXX2 Amends Chapter 46 of Title 47 to add a new section for the Tax Exemption for

Reservoir District provisions including definitions and exemption terms starting on

October 1, 2029.

# Fiscal Impact

This subtitle has no fiscal impact.



#### INTERACTIVE WAYFINDING KIOSK

## Purpose, Effect, and Impact on Existing Law

This subtitle authorizes the District to enter into a master license agreement with a single provider for the installation and operation of interactive wayfinding kiosks in public space, primarily in commercial districts and other eligible locations. The kiosks are envisioned to serve as digital access points for civic, commercial, and public safety information, including public transit and wayfinding information, emergency alerts, job postings, and directories of local businesses and community services. The kiosk program will come at no cost to the District, and the District will receive a share of advertising revenue generated by the kiosks. This subtitle does not amend existing law, but establishes a new regulatory and operational framework to guide the proposal, approval, installation, and oversight of interactive wayfinding kiosk infrastructure.

#### Committee Reasoning

The Committee recommends this subtitle to establish a framework for modernizing public space infrastructure that enables the District to pursue revenue-generating technology while advancing its capacity to deliver real-time information about city services, amenities, and economic opportunities across neighborhoods. In addition to enhancing connectivity and digital access, the interactive wayfinding kiosk network will generate revenue for the District, drive foot traffic to commercial corridors, and support economic vibrancy citywide. By creating a process to license a single provider, the District can ensure standardization, maintenance, and oversight of the kiosk network.

The Committee recommends this subtitle as a practical approach to complementing ongoing investments in public space technology and building a more connected, service-oriented city.

#### Section-by-Section Analysis

Sec. XXXI Contains the short title.

Sec. XXX2 Contains the definitions.

Sec. XXX3 Authorizes the Mayor to enter into a Master License Agreement with a single-source provider of interactive wayfinding kiosks.

Sec. XXX4 Allows the Mayor to issue rules governing interactive wayfinding kiosks in the District.

#### Fiscal Impact

The subtitle has no fiscal impact.

## **Committee Action and Vote**

On June 25, 2025, the Committee on Business and Economic Development held a markup to consider, the "Report and Recommendations of the Committee on Business and Economic Development on the Fiscal Year 2026 Budget for Agencies Under Its Purview". The markup was called to order at XX p.m. Chairperson McDuffie recognized a quorum consisting of himself and Councilmembers XXX.

Chairperson McDuffie, without objection, moved the Committee Report with leave for staff to make technical and conforming changes. **SUMMARIZE DISCUSSION.** After discussion, the Committee voted X-X to approve the Committee Print and Committee Report with the members voting as follows:

YES: Chairperson McDuffie and Councilmembers

NO:

PRESENT:

ABSENT: Councilmember

## **Attachments**

Attachment A: Consolidated Entry Report of Recommended Changes to Agency Budgets

and Revenues for Agencies under the Committee's Purview

Attachment B: Recommended Legislative Language for the Mayor's Proposed Budget

Support Act Subtitles under the Committee's Purview

Attachment C: Recommended Legislative Language for the Committee Proposed Budget

Support Act Subtitles under the Committee's Purview

Attachment D: Fiscal Year 2025 Performance Oversight Hearing Witness Testimony

Attachment E: Fiscal Year 2025 Budget Oversight Hearing Witness Testimony