

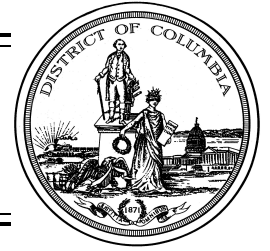
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**COMMITTEE ON FINANCE AND REVENUE**  
JACK EVANS, CHAIRPERSON  
AND ATION: C□2 COMMITTEE BUDGET REPORT

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

**FROM:** Councilmember Jack Evans, Chairman

**DATE:** \_\_\_\_, 2011

**SUBJECT:** **DRAFT** Report and Recommendations of the Committee on Finance and Revenue on the Fiscal Year 2012 Budget Request and Budget Support Act for Agencies Under its Purview.

Having conducted hearings and received testimony on the Mayor's FY 2012 budget recommendations for the agencies under the purview of the Committee on Finance and Revenue, the Committee reports the following recommendations for review and consideration by the Committee of the Whole. The Committee also comments on several sections in the Fiscal Year 2012 Budget Support Act of 2011, as proposed by the Mayor, and as referred to the Committee for comments and makes further recommendations to that Act.

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COUNCIL BUDGET DIRECTOR CERTIFICATION: \_\_\_\_\_ DATE: \_\_\_\_\_

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# I. SUMMARY

## A. FISCAL YEAR 2012 AGENCY OPERATING BUDGET SUMMARY TABLE (Dollars in Thousands)

Proposed Gross Funds Operating Budget, by Revenue Type							
Fund Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
<b>Office of the Chief Financial Officer (minus Office of Budget and Policy)</b>							
Local Funds	113,250	109,379	82,452	88,629	0	88,629	7.5
Dedicated							
Taxes	0	0	0	0	0	0	0
Special							
Purpose	14,736	15,154	33,792	24,932	0	24,932	-26.2
Federal Funds	938	950	0	0	0	0	0
Private Funds	20	9	0	0	0	0	0
Intra-District	6,565	8,631	8,758	7,792	0	7,792	-11.0
<b>GROSS FUNDS</b>	<b>135,509</b>	<b>134,123</b>	<b>125,001</b>	<b>121,353</b>	<b>0</b>	<b>121,353</b>	<b>-3.0</b>
<b>D.C. Lottery and Charitable Games Control Board</b>							
Local Funds	0	0	0	0	0	0	0
Dedicated							
Taxes	0	0	0	0	0	0	0
Special							
Purpose	245,094	230,248	260,250	258,000	0	258,000	-0.9
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	0	0	0	0	0	0	0
<b>GROSS FUNDS</b>	<b>245,094</b>	<b>230,248</b>	<b>260,250</b>	<b>258,000</b>	<b>0</b>	<b>258,000</b>	<b>-0.9</b>
<b>Real Property Tax Appeals Commission</b>							
Local Funds	705	645	1,254	1,631	0	1,631	30
Dedicated							
Taxes	0	0	0	0	0	0	0
Special							
Purpose	0	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	0	0	0	0	0	0	0
<b>GROSS FUNDS</b>	<b>705</b>	<b>645</b>	<b>1,254</b>	<b>1,631</b>	<b>0</b>	<b>1,631</b>	<b>30</b>
<b>Office of Finance and Resource Management</b>							
Local Funds	4,444	4,297	18,357	19,068	0	19,068	3.9
Dedicated							
Taxes	0	0	0	0	0	0	0

Special Purpose	0	0	271	226	0	226	-16.5
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	252,198	250,197	14,201	11,762	0	11,762	-17.2
<b>GROSS FUNDS</b>	<b>256,642</b>	<b>254,495</b>	<b>32,829</b>	<b>31,056</b>	<b>0</b>	<b>31,056</b>	<b>-5.4</b>
<b>Washington Convention and Sports Authority</b>							
Local Funds Dedicated	2,500	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0
Special Purpose	104,299	97,059	98,079	106,529	0	106,529	8.6
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	0	0	0	0	0	0	0
<b>GROSS FUNDS</b>	<b>106,799</b>	<b>97,059</b>	<b>98,079</b>	<b>106,529</b>	<b>0</b>	<b>106,529</b>	<b>8.6</b>
<b>TOTAL GROSS FUNDS</b>	<b>744,749</b>	<b>716,570</b>	<b>517,413</b>	<b>518,569</b>	<b>0</b>	<b>518,569</b>	<b>0.2</b>

Fund Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance *	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
<b>Inter-Committee Funding Transfers (+ = Transfer-In; - = Transfer Out)</b>							
Local Funds Dedicated	113,955	100,752	81,754				
Taxes	0	0	0				
Special Purpose	259,830	287,483	294,290				
Federal Funds	938	0	0				
Private Funds	20	0	0				
Intra-District	6,565	6,933	7,784				
<b>GROSS FUNDS</b>	<b>381,308</b>	<b>395,168</b>	<b>383,828</b>				
<b>NET COMMITTEE ACTION</b>							
Local Funds Dedicated	113,955	100,752	81,754				
Taxes	0	0	0				
Special Purpose	259,830	287,483	294,290				
Federal Funds	938	0	0				
Private Funds	20	0	0				
Intra-District	6,565	6,933	7,784				
<b>GROSS FUNDS</b>	<b>381,308</b>	<b>395,168</b>	<b>383,828</b>				

**Committee Action Detail:**

The Committee has no reported changes to the proposed FY 2012 operating budget table.

## B. FISCAL YEAR 2012 AGENCY FULL-TIME EQUIVALENT TABLE

<b>Proposed Full Time Equivalents, by Revenue Type</b>							
<b>Fund Type</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2012 Mayor</b>	<b>Committee Variance</b>	<b>FY 2012 Committee</b>	<b>Percent Growth FY11 Approved to FY12 Committee</b>
<b>Office of the Chief Financial Officer (minus Office of Budget and Policy)</b>							
Local Funds Dedicated	723.6	733	722	783	0	783	8.5
Taxes Special Purpose	0.0	0	0	0	0	0	0
Federal Funds	74.4	153	140	41	0	41	-71.0
Private Funds	0.0	0	0	0	0	0	0
Intra-District	0.0	0	0	0	0	0	0
Intra-District	34.4	42	43	45.5	0	45.5	5.8
<b>GROSS FTES</b>	<b>832.4</b>	<b>928.0</b>	<b>905.0</b>	<b>869.5</b>	<b>0</b>	<b>869.5</b>	<b>-4.0</b>
<b>D.C. Lottery and Charitable Games Control Board</b>							
Local Funds Dedicated	0.0	0	0	0	0	0	0
Taxes Special Purpose	0.0	0	0	0	0	0	0
Federal Funds	65.2	72.6	77.0	77.0	0	77.0	0
Private Funds	0.0	0	0	0	0	0	0
Intra-District	0.0	0	0	0	0	0	0
<b>GROSS FTES</b>	<b>65.2</b>	<b>72.6</b>	<b>77.0</b>	<b>77.0</b>	<b>0</b>	<b>77.0</b>	<b>0</b>
<b>Real Property Tax Appeals Commission</b>							
Local Funds Dedicated	3.7	4.0	5.0	11.0	0	11.0	120.0
Taxes Special Purpose	0.0	0	0	0	0	0	0
Federal Funds	0.0	0	0	0	0	0	0
Private Funds	0.0	0	0	0	0	0	0
Intra-District	0.0	0	0	0	0	0	0
<b>GROSS FTES</b>	<b>3.7</b>	<b>4.0</b>	<b>5.0</b>	<b>11.0</b>	<b>0</b>	<b>0</b>	<b>120.0</b>
<b>Office of Finance and Resource Management</b>							
Local Funds Dedicated	39.2	46.5	41.2	37.6	0	37.6	-8.7
Taxes Special Purpose	0.0	0	0	0	0	0	0
Federal Funds	0.0	0	0	0	0	0	0

Private Funds	0.0	0	0	0	0	0	0
Intra-District	4.7	4.3	7.8	4.4	0	4.4	-43.9
<b>GROSS FTES</b>	<b>43.9</b>	<b>50.9</b>	<b>49.0</b>	<b>42.0</b>	<b>0</b>	<b>42.0</b>	<b>-14.3</b>
<b>Washington Convention and Sports Authority</b>							
Local Funds	0	0	0	0	0	0	0
Dedicated							
Taxes	0	0	0	0	0	0	0
Special Purpose	36.6	36.7	206	207	0	207	0.05
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	0	0	0	0	0	0	0
<b>GROSS FTES</b>	<b>36.6</b>	<b>36.7</b>	<b>206</b>	<b>207</b>	<b>0</b>	<b>207</b>	<b>0.05</b>

<b>NET COMMITTEE ACTION</b>							
Local Funds	766.5	783.5	768.2	831.6	0	831.6	8.3
Dedicated							
Taxes	0.0	0	0	0	0	0	0
Special Purpose	176.2	262.3	423.0	325.0	0	325.0	-23.2
Federal Funds	0.0	0	0	0	0	0	0
Private Funds	0.0	0	0	0	0	0	0
Intra-District	39.1	46.3	50.8	49.9	0	49.9	-1.8
<b>GROSS FTES</b>	<b>981.8</b>	<b>1092.1</b>	<b>1242.0</b>	<b>1206.5</b>	<b>0</b>	<b>1206.5</b>	<b>-2.9</b>

## C. FISCAL YEAR 2012 AGENCY CAPITAL BUDGET SUMMARY TABLE

*(Dollars in Thousands)*

<b>Mayor's Proposed Fiscal Year 2012-2017 Capital Budget, By Agency</b>								
<b>Code</b>	<b>Project Name</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>6-Year Total</b>
AT	Office of the Chief Financial Officer	6,600	12,600	6,800	5,500	4,200	0	35,700
DA	Real Property Tax Appeals Commission	0	0	0	0	0	0	0
DC	D.C. Lottery & Charitable Games Control Board	0	0	0	0	0	0	0
ESO	Washington Convention and Sports Authority	0	0	0	0	0	0	0
<b>AGENCY TOTAL</b>		<b>6,600</b>	<b>12,600</b>	<b>6,800</b>	<b>5,500</b>	<b>4,200</b>	<b>0</b>	<b>35,700</b>

<b>Committee's Approved Fiscal Year 2012-2017 Capital Budget, By Agency</b>								
<b>Code</b>	<b>Project Name</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>6-Year Total</b>
AT	Office of the Chief Financial Officer	6,600	12,600	6,800	5,500	4,200	0	35,700
DA	Real Property Tax Appeals Commission	0	0	0	0	0	0	0
DC	D.C. Lottery & Charitable Games Control Board	0	0	0	0	0	0	0
ESO	Washington Convention and Sports Authority	0	0	0	0	0	0	0
<b>AGENCY TOTAL</b>		<b>6,600</b>	<b>12,600</b>	<b>6,800</b>	<b>5,500</b>	<b>4,200</b>	<b>0</b>	<b>35,700</b>

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

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

#### Fiscal Year 2012 Operating Budget Recommendations

**The Committee recommends approval of the FY 2012 budget request of the Office of the Chief Financial Officer in the amount of \$121,353,196. This reflects no change in the Mayor's budget request and a decrease in overall budget from FY 2011 of 3.0 percent.**

#### Fiscal Year 2012 – FY 2017 Capital Budget Recommendations

**The Committee recommends approval of the OCFO's capital budget as proposed, consisting of \$6.6 million in FY 2011, and \$35.7 million in FY 2012 through FY 2017.**

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

#### Fiscal Year 2012 Operating Budget Recommendations

**The Committee recommends approval of the FY 2012 budget request of the D.C. Lottery and Charitable Games Control Board in the amount of \$258,000,000, a decrease of 0.9% of the FY 2011 approved budget, all of which are Special Purpose Revenue Funds.**

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

#### Fiscal Year 2012 Operating Budget Recommendations

**The Committee recommends approval of the FY 2012 budget request of the Commission in the amount of \$1,631,000, an increase of 30% from the FY 2011 approved budget. This reflects the creation of the Real Property Tax Appeals Commission and elimination of the Board of Real Property Assessment and Appeals.**

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

#### Fiscal Year 2012 Operating Budget Recommendations

**The Committee recommends approval of the FY 2012 budget request of the Office in the amount of \$31,056,301, a decrease of 5.4% from FY 2011 approved budget.**

### **5. Washington Convention and Sports Authority**

**The Committee recommends approval of the FY 2012 budget request of the Washington Convention and Sports Authority in the amount of \$106,528,590, an increase**



**of 8.6% from the FY 2011 approved budget, all of which are Special Purpose Revenue Funds.**

Fiscal Year 2012 Operating Budget Recommendations

**The Committee has no FY 2012 operating budget recommendations.**

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## II. AGENCY FISCAL YEAR 2012 BUDGET RECOMMENDATIONS

### A. INTRODUCTION

The Committee presents its recommendations for the District of Columbia's Fiscal Year 2012 budget. Under Council Rules, the committee is responsible for matters relating to taxation and revenue for the operation of the government of the District of Columbia, revenue anticipation notes, tax increment and PILOT financing approvals, industrial revenue bonds, and other matters. The following agencies are within the purview of the Committee:

- Office of the Chief Financial Officer<sup>1</sup>
  - Office of Tax and Revenue
  - Office of Finance and Treasury
  - Office of Revenue Analysis
  - Office of Financial Operations and Systems
  - Office of Integrity and Oversight
  - Economic Development Finance
- Real Property Tax Appeals Commission
- District of Columbia Lottery and Charitable Games Control Board
- Office of Finance and Resource Management
- Multistate Tax Commission
- Washington Convention and Sports Authority

#### **Timelines:**

- **March 7, 2011.** The Committee held a public oversight hearing on the FY 2010/2011 performance of the entities under the Committee's jurisdiction.
- **April 1, 2011.** The Mayor submitted his FY 2012 budget request to the Council.
- **April 13, 2011.** The Committee sent requests for information to the Office of the Chief Financial Officer, the Executive (in relation to the Real Property Tax Appeals Commission), the D.C. Lottery and Charitable Games Control Board, and the Washington Convention and Sports Authority.
- **April 21, 2011.** The Committee held a public hearing on the FY 2012 budget request of the Mayor for the entities under the Committee's jurisdiction.

The Committee believes it's important to note to the public that the oversight function of the Committee and the Council is a continuing activity throughout the year. Of particular importance to this Committee are addressing the findings and recommendations contained in the annual Comprehensive Annual Financial Report, or "CAFR", the "Yellow Book" findings of the CAFR, which contain findings on agency systems and processes; in the annual Management Letter (now called the "Memorandum of Recommendations"), and audits and reports issued by

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<sup>1</sup> Under Council Rules, the Office of Budget and Planning and its budget are under the purview of the Committee of the Whole. The budget recommendations made by the Committee on Finance and Revenue pertain only to the branches of the OCFO under the jurisdiction of the Committee.

the Office of the Inspector General and the D.C. Auditor. Likewise, a focus of the Committee has been on following up on the recommendations of the “Report of Investigation” by the Council’s Office of Tax and Revenue Investigation Special Committee, which was produced for the Council by the WilmerHale law firm and PricewaterhouseCoopers.

Another area of focus is the transition from the Board of Real Property Tax Assessments and Appeals (“BRPAA”) to the newly created Real Property Tax Appeals Commission (the “Commission”). After entertaining a variety of possible reforms to BRPAA, the Council passed legislation instituting this new authority (Bill 18-530). This legislation was introduced by then Council Chairman Vincent Gray and Councilmember Jack Evans. Subsequent to the Committee’s February 18, 2010 public hearing on the measure, the Committee convened a working group consisting of staff from the CFO’s Office of Tax and Revenue, BRPAA staff, and property tax payers to look at a variety of ways to streamline the performance of the Board, improve OTR interaction with the Board’s process, and produce rulings which are more transparent and understandable to the public, while the transition process to the Commission is underway. In order to insure the proper implementation of the Real Property Tax Appeals Commission, the Council passed legislation to delay implementation until October 1, 2011.

The Committee recognizes the critical importance of this real property tax appeal function, and sent the Executive questions as part of the budget process relating to the transition from BRPAA to the Commission and any contingency plans in place in the event the Commission is not fully constituted as of October 1, 2011. In written responses and oral testimony before the Committee, the Executive provided extensive details on the progress being made and gave every assurance that the Commission would be fully operational on schedule. Specifically, nominations for the public seats are expected from the Executive by May 20, 2011, and full-time commissioners are expected to be nominated, confirmed and fully trained by October 1, 2011. The Department of Real Estate Services has identified the approximately 5,000 square feet needed for the Commission by relocating it to the third floor of 441 4<sup>th</sup> Street, NW, from the fourth floor location that BRPAA currently occupies. Finally, the Executive is working with BRPAA officials on transition memoranda and the documentation of relevant policies and procedures needed to assist the new Commission in transitioning into its responsibilities.

Additional areas of focus for the Committee include the continued success of the new lottery contract, as well as the iGaming efforts in the District of Columbia. In the CFO’s office, major projects of interest to the Committee include modernization of the Integrated Tax System, which will start with the replacement of the Real Property System, and SOAR and Budget Modernization, which will replace the District’s current financial system and include a budget development module.

## B. OFFICE OF THE CHIEF FINANCIAL OFFICER

<b>Office of the Chief Financial Officer (minus Office of Budget and Policy) Proposed Gross Funds Operating Budget, by Revenue Type</b>							
Fund Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
<b>Office of the Chief Financial Officer (minus Office of Budget and Policy)</b>							
Local Funds	113,250	109,379	82,452	88,629	0	88,629	7.5
Dedicated							
Taxes	0	0	0	0	0	0	0
Special Purpose	14,736	15,154	33,792	24,932	0	24,932	-26.2
Federal Funds	938	950	0	0	0	0	0
Private Funds	20	9	0	0	0	0	0
Intra-District	6,565	8,631	8,758	7,792	0	7,792	-11.1
<b>GROSS FUNDS</b>	<b>135,509</b>	<b>134,123</b>	<b>125,001</b>	<b>121,353</b>	<b>0</b>	<b>121,353</b>	<b>-3.0</b>

<b>Office of the Chief Financial Officer (minus Office of Budget and Policy) Proposed Full Time Equivalents, by Revenue Type</b>							
Fund Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
<b>Office of the Chief Financial Officer (minus Office of Budget and Policy)</b>							
Local Funds	723.6	733	722	783	0	783	8.5
Dedicated							
Taxes	0.0	0	0	0	0	0	0
Special Purpose	74.4	153	140	41	0	41	-71.0
Federal Funds	0.0	0	0	0	0	0	0
Private Funds	0.0	0	0	0	0	0	0
Intra-District	34.4	42	43	45.5	0	45.5	5.8
<b>GROSS FUNDS</b>	<b>832.4</b>	<b>928.0</b>	<b>905.0</b>	<b>869.5</b>	<b>0</b>	<b>869.5</b>	<b>-4.0</b>

**Office of the Chief Financial Officer (minus Office of Budget and Policy)**

**Fiscal Year 2012 Operating Budget, By Comptroller Source Group (Gross Funds)**

Comptroller Source Group		FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
11	Regular Pay	69,929	64,624	62,157	64,786	0	64,786	4.2
12	Regular Pay - Other	1,089	565	334	477	0	477	42.8
13	Additional Gross Pay	3,031	149	0	0	0	0	0
14	Fringe Benefits	13,341	12,942	12,311	14,213	0	14,213	15.4
15	Overtime Pay	384	389	82	0	0	0	0
99	Unknown Payroll Postings	308	0	0		0		0
<b>Personal Services (PS)</b>		<b>88,082</b>	<b>78,669</b>	<b>74,884</b>	<b>79,447</b>	<b>0</b>	<b>0</b>	<b>1</b>
20	Supplies & Materials	571	466	679	522	0	522	-23.2
30	Energy Comm and Bldg Rentals	510	380	0	0	0	0	0
31	Telephone	887	661	0	0	0	0	0
32	Rentals - Land and Structures	11,800	20,136	0	0	0	0	0
33	Janitorial	110	170	0	0	0	0	0
34	Security	1,214	630	0	0	0	0	0
35	Occupancy Fixed Costs	208	276	0	0	0	0	0
40	Other Services & Charges	8,363	7,002	8,017	5,679	0	5,679	-29.2
41	Contractual Services & Other	26,816	24,692	40,859	35,065	0	35,065	-14.2
70	Equipment	3,257	1,041	563	0	0	0	-563
91	Expense Not Budgeted Others	0	0	0	0	0	0	0
<b>Nonpersonal Services (NPS)</b>		<b>53,736</b>	<b>55,454</b>	<b>50,117</b>	<b>41,876</b>	<b>0</b>	<b>41,876</b>	<b>-16.5</b>
<b>GROSS FUNDS</b>		<b>141,817</b>	<b>134,223</b>	<b>125,001</b>	<b>121,353</b>	<b>0</b>	<b>121,353</b>	<b>-3.0</b>

*(Dollars in Thousands)*

**Fiscal Year 2012 Operating Budget, By Program (Gross Funds)**

Agency Program		FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
1000	Agency Management Program	10,030	7,343	7,487	0	7,487	1.9
100F	Agency Financial Operations	1,042	969	1,052	0	1,052	8.6
2000	Financial Operations and Systems	13,337	11,044	10,711	0	10,711	-3.0
4000	Research and Analysis	3,704	3,470	3,621	0	3,621	4.3
5000	Tax Administration	61,861	56,832	56,282	0	56,282	-0.01
6000	Information Technology	23,260	23,027	20,662	0	20,662	-11.3
7000	Finance and Treasury	15,584	16,952	16,740	0	16,740	-2.3
8000	Integrity and Oversight	5,305	4,392	4,799	0	4,799	9.3
<b>GROSS FUNDS</b>		<b>139,957</b>	<b>129,401</b>	<b>126,758</b>	<b>0</b>	<b>126,758</b>	<b>-2.1</b>

*(Dollars in Thousands)*

<b>Mayor's Proposed Fiscal Year 2012 - 2017 Capital Budget, OCFO, By Project</b>								
<b>Code</b>	<b>Project Name</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>6-Year Total</b>
BF211	Soar Modernization	500	0	0	0	0	0	500
CSP08	ITS System Modernization	2,500	12,600	6,000	5,500	3,000	0	30,100
CSP09	ITS System Modernization Master Lease	2,500	0	0	0	0	0	2,500
EQ940	Major Equipment Acquisition	600	0	800	0	1,200	0	2,600
<b>AGENCY TOTAL</b>		<b>6,600</b>	<b>12,600</b>	<b>6,800</b>	<b>5,500</b>	<b>4,200</b>	<b>0</b>	<b>35,700</b>

*(Dollars in Thousands)*

<b>Committee's Proposed Fiscal Year 2012 - 2017 Capital Budget, OCFO, By Project</b>								
<b>Code</b>	<b>Project Name</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>6-Year Total</b>
BF211	Soar Modernization	500	0	0	0	0	0	500
CSP08	ITS System Modernization	2,500	12,600	6,000	5,500	3,000	0	30,100
CSP09	ITS System Modernization Master Lease	2,500	0	0	0	0	0	2,500
EQ940	Major Equipment Acquisition	600	0	800	0	1,200	0	2,600
<b>AGENCY TOTAL</b>		<b>6,600</b>	<b>12,600</b>	<b>6,800</b>	<b>5,500</b>	<b>4,200</b>	<b>0</b>	<b>35,700</b>

*(Dollars in Thousands)*

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

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

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

### **b. Mayor's Proposed Fiscal Year 2012 Operating Budget**

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

**Local Funds:** The proposed local funds budget of the Office of the Chief Financial Officer is \$88,629,000, a decrease of 7.5% from the FY 2011 approved budget.

**Special Purpose Revenue Funds:** The proposed special purpose revenue funds budget of the Office of the Chief Financial Officer is \$24,932,000, a decrease of 26.2% from the FY 2011 approved budget.

**Federal Grant Funds:** There are no proposed federal grant funds.

**Intra-District Funds:** The proposed intra-district funds budget of the Office of the Chief Financial Officer is \$7,792,000, a decrease of 11.1% from the FY 2011 approved budget.

## Committee Analysis and Comments

**The Committee recommends approval of the FY 2012 budget request of the Office of the Chief Financial Officer in the amount of \$121,353,196. This reflects no change in the Mayor's budget request and a decrease in overall budget from FY 2011 of 3.0 percent.**

### **c. Mayor's Proposed Fiscal Year 2012-2017 Capital Budget**

#### Proposed Capital Budget Summary

The proposed FY 2012 through FY 2017 capital budget of the Office of the Chief Financial Officer is as follows:

<b>Mayor's Proposed Fiscal Year 2012 - 2017 Capital Budget, OCFO, By Project</b>								
<b>Code</b>	<b>Project Name</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>6-Year Total</b>
BF211	Soar Modernization	500	0	0	0	0	0	500
CSP08	ITS System Modernization	2,500	12,600	6,000	5,500	3,000	0	30,100
CSP09	ITS System Modernization Master Lease	2,500	0	0	0	0	0	2,500
EQ940	Major Equipment Acquisition	600	0	800	0	1,200	0	2,600
<b>AGENCY TOTAL</b>		<b>6,600</b>	<b>12,600</b>	<b>6,800</b>	<b>5,500</b>	<b>4,200</b>	<b>0</b>	<b>35,700</b>

*(Dollars in thousands)*

<sup>2</sup> Please note: In all instances the funding associated with the Office of Budget and Planning, a component unit of the Office of the Chief Financial Officer, has been deleted from this report as that Office is under the jurisdiction of the Committee of the Whole.

<b>Committee's Proposed Fiscal Year 2012 - 2017 Capital Budget, OCFO, By Project</b>								
<b>Code</b>	<b>Project Name</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>6-Year Total</b>
BF211	Soar Modernization	500	0	0	0	0	0	500
CSP08	ITS System Modernization	2,500	12,600	6,000	5,500	3,000	0	30,100
CSP09	ITS System Modernization Master Lease	2,500	0	0	0	0	0	2,500
EQ940	Major Equipment Acquisition	600	0	800	0	1,200	0	2,600
<b>AGENCY TOTAL</b>		<b>6,600</b>	<b>12,600</b>	<b>6,800</b>	<b>5,500</b>	<b>4,200</b>	<b>0</b>	<b>35,700</b>

*(Dollars in Thousands)*

### **Committee Analysis and Comments**

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

**The Committee recommends approval of the OCFO's capital budget as proposed, consisting of \$6.6 million in FY 2012, and \$35.7 million in FY 2012 through FY 2016.**

#### **e. Summary of Advisory Neighborhood Commission Recommendations Adopted by Resolution**

No formal submissions were received from Advisory Neighborhood Commissions.

## **2. COMMITTEE RECOMMENDATIONS**

### **a. Fiscal Year 2012 Operating Budget Recommendations**

**The Committee recommends approval of the FY 2012 budget request of the Office of the Chief Financial Officer in the amount of \$121,353,196. This reflects no change in the Mayor's budget request and a decrease in overall budget from FY 2011 of 3.0 percent.**

### **b. Fiscal Year 2011 Capital Budget Recommendations**

**The Committee recommends approval of the OCFO's capital budget as proposed, consisting of \$6.6 million in FY 2012, and \$35.7 million in FY 2012 through FY 2017.**



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

<b>D.C. Lottery and Charitable Games Control Board Proposed Gross Funds Operating Budget, by Revenue Type</b>							
Fund Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
<b>D.C. Lottery and Charitable Games Control Board</b>							
Local Funds	0	0	0	0	0	0	0
Dedicated Taxes	0	0	0	0	0	0	0
Special Purpose	245,094	230,248	260,250	258,000	0	258,000	-0.9
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	0	0	0	0	0	0	0
<b>GROSS FUNDS</b>	<b>245,094</b>	<b>230,248</b>	<b>260,250</b>	<b>258,000</b>	<b>0</b>	<b>258,000</b>	<b>-0.9</b>

<b>D.C. Lottery and Charitable Games Control Board Proposed Full Time Equivalents, by Revenue Type</b>							
Fund Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
<b>D.C. Lottery and Charitable Games Control Board</b>							
Local Funds	0.0	0	0	0	0	0	0
Dedicated Taxes	0.0	0	0	0	0	0	0
Special Purpose	65.2	72.6	77.0	77.0	0	77.0	0
Federal Funds	0.0	0	0	0	0	0	0
Private Funds	0.0	0	0	0	0	0	0
Intra-District	0.0	0	0	0	0	0	0
<b>GROSS FUNDS</b>	<b>65.2</b>	<b>72.6</b>	<b>77.0</b>	<b>77.0</b>	<b>0</b>	<b>77.0</b>	<b>0</b>

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

**Fiscal Year 2012 Operating Budget, By Comptroller Source Group (Gross Funds)**

Comptroller Source Group		FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
11	Regular Pay	5,332	5,675	5,909	6,085	0	6,085	3.0
12	Regular Pay - Other	128	62	166	85	0	85	-48.8
13	Additional Gross Pay	43	102	0	0	0	0	0
14	Fringe Benefits	951	1,095	1,073	1,212	0	1,212	13.0
15	Overtime Pay	82	96	123	123	0	123	0
<b>Personal Services (PS)</b>		<b>6,088</b>	<b>6,536</b>	<b>7,271</b>	<b>7,505</b>	<b>0</b>		<b>7505</b>
20	Supplies & Materials	90	62	133	136	0	136	2.3
30	Utilities	44	86	255	19	0	19	-92.4
31	Communications	265	215	308	215	0	215	-30.0
32	Rent	2,299	2,269	2,535	2,403	0	2,403	-5.2
33	Janitorial	6	12	18	11	0	11	-40.3
34	Security	0	5	16	17	0	17	10.1
35	Occupancy Fixed Costs	0	40	13	16	0	16	24.9
40	Other Services & Charges	18,984	16,468	18,334	16,248	0	16,248	-11.4
41	Contractual Services & Other	4,471	3,523	4,515	4,076	0	4076	-9.7
50	Subsidies & Transfers	212,149	200,160	226,300	226,875	0	226,875	0.3
70	Equipment	251	377	554	479	0	479	-13.5
<b>Nonpersonal Services (NPS)</b>		<b>246,659</b>	<b>223,218</b>	<b>252,979</b>	<b>250,495</b>	<b>0</b>	<b>250,495</b>	<b>-1.0</b>
<b>GROSS FUNDS</b>		<b>252,747</b>	<b>230,248</b>	<b>260,250</b>	<b>258,000</b>	<b>0</b>	<b>258,000</b>	<b>-0.9</b>

*(Dollars in Thousands)*

**Fiscal Year 2012 Operating Budget, By Program (Gross Funds)**

Agency Program		FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
1000	Agency Management Program	4,810	7,871	7,858	0	7,858	-0.2
100F	Agency Financial Operations	970	1,117	1,041	0	1,041	-6.8
2000	Instant Games	47,421	46,082	56,953	0	56,953	23.6
3000	On Line Games	173,235	201,297	187,972	0	187,972	-6.6
6000	Gaming Operations Program	3,812	3,883	4,177	0	4,177	7.6
<b>GROSS FUNDS</b>		<b>230,248</b>	<b>260,250</b>	<b>258,000</b>	<b>0</b>	<b>258,000</b>	<b>0.9</b>

*(Dollars in Thousands)*

**1. COMMITTEE ANALYSIS AND COMMENTS**

**a. Agency Mission and Overview**

Simply stated, the mission of the D.C. Lottery and Charitable Games Control Board (“Lottery”) is to generate revenue for the District’s general fund through the sale of lottery games and to regulate charitable gaming. The Lottery has transferred more than \$1.7 billion to the General Fund since its inception, and nonprofit organizations have raised more than \$113 million through charitable gaming. The modernization of the Lottery’s systems, highlighted as a subject of interest in the Committee’s Report last year, has been completed, leading to improved security and reliability of the lottery system and allowing the agency to rebrand itself as the “New D.C. Lottery” as the agency continues to compete for increased market share with neighboring jurisdictions.

**b. Mayor’s Proposed Fiscal Year 2012 Operating Budget**

**Proposed Operating Budget Summary**

*Local Funds:* The Lottery is funded solely through special purpose revenue funds.

*Special Purpose Revenue Funds:* The proposed special purpose revenue funds budget of the D.C. Lottery and Charitable Games Control Board is \$258,000,000, a decrease of 0.9% from the FY 2011 approved budget.

The budget proposal also provides for online gaming, as included in Title VII, Subtitle G of the “Fiscal Year 2011 Supplemental Budget Support Act of 2010” (Law 18-370). The Lottery has now formally begun the process of identifying and securing “Hot Spot” locations, with the goal being to have 20 to 30 locations in operation by late summer. These locations will primarily consist of tourist and commuter hubs such as hotels, the Convention Center, taverns, and similar locations within easy access of high volumes of tourists and commuters in busy commercial areas. The website for online gaming will be functional for free play by early summer, no later than July 1, 2011. Paid play will begin around September 1, 2011 and initially will only be available at hot spot locations, with expansion to the larger District community anticipated before the end of the calendar year. Paid play will only be available within the District boundaries. This online gaming innovation is expected to generate approximately \$2.1 million in additional revenue in 2012. The Lottery will incorporate additional online gaming marketing costs into its regular budget for 2012 and review the need for additional expenditures as part of its 2013 budget.

**Committee Analysis and Comments**

**The Committee recommends approval of the FY 2012 budget request of the D.C. Lottery and Charitable Games Control Board in the amount of \$258,000,000, a decrease of 0.9% of the FY 2011 approved budget, all of which are Special Purpose Revenue Funds.**

**c. Mayor’s Proposed Fiscal Year 2012-2016 Capital Budget**

n/a

d. **Summary of Advisory Neighborhood Commission Recommendations Adopted by Resolution**

No formal submissions were received from Advisory Neighborhood Commissions.

2. **COMMITTEE RECOMMENDATIONS**

a. **Fiscal Year 2012 Operating Budget Recommendations**

**The Committee recommends approval of the FY 2012 budget request of the D.C. Lottery and Charitable Games Control Board in the amount of \$258,000,000, a decrease of 0.9% of the FY 2011 approved budget, all of which are Special Purpose Revenue Funds.**

## D. REAL PROPERTY TAX APPEALS COMMISSION

<b>Real Property Tax Appeals Commission Proposed Gross Funds Operating Budget, by Revenue Type</b>							
<b>Fund Type</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2012 Mayor</b>	<b>Committee Variance</b>	<b>FY 2012 Committee</b>	<b>Percent Growth FY11 Approved to FY12 Committee</b>
<b>Board of Real Property Assessments and Appeals</b>							
Local Funds	705	645	1,254	1,631	0	1,631	30
Dedicated Taxes	0	0	0	0	0	0	0
Special Purpose	0	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	0	0	0	0	0	0	0
<b>GROSS FUNDS</b>	<b>705</b>	<b>645</b>	<b>1,254</b>	<b>1,631</b>	<b>0</b>	<b>1,631</b>	<b>30</b>

<b>Real Property Tax Appeals Commission Proposed Full Time Equivalents, by Revenue Type</b>							
<b>Fund Type</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2012 Mayor</b>	<b>Committee Variance</b>	<b>FY 2012 Committee</b>	<b>Percent Growth FY11 Approved to FY12 Committee</b>
<b>Board of Real Property Assessments and Appeals</b>							
Local Funds	3.7	4.0	5.0	11.0	0	11.0	120.0
Dedicated Taxes	0.0	0	0	0	0	0	0
Special Purpose	0.0	0	0	0	0	0	0
Federal Funds	0.0	0	0	0	0	0	0
Private Funds	0.0	0	0	0	0	0	0
Intra-District	0.0	0	0	0	0	0	0
<b>GROSS FUNDS</b>	<b>3.7</b>	<b>4.0</b>	<b>5.0</b>	<b>11.0</b>	<b>0</b>	<b>0</b>	<b>120.0</b>

## Real Property Tax Appeals Commission

Fiscal Year 2012 Operating Budget, By Comptroller Source Group (Gross Funds)								
Comptroller Source Group		FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
11	Regular Pay	213	229	298	936	0	936	214.3
13	Additional Gross Pay	65	0	0	0	0	0	0
14	Fringe Benefits	47	52	54	188	0	188	246.0
<b>Personal Services (PS)</b>		<b>222</b>	<b>281</b>	<b>352</b>	<b>1,123</b>	<b>0</b>	<b>1,123</b>	<b>219.1</b>
20	Supplies & Materials	7	6	10	20	0	20	100.0
30	Utilities	17	16	0	0	0	0	0
31	Communications	5	4	0	0	0	0	0
32	Rent	3	0	0	0	0	0	0
33	Janitorial	2	9	0	0	0	0	0
34	Security	8	4	0	0	0	0	0
35	Occupancy Fixed Costs	11	11	0	0	0	0	0
40	Other Services & Charges	328	314	883	478	0	478	-45.8
70	Equipment	0	0	9	9	0	9	0
<b>Nonpersonal Services (NPS)</b>		<b>472</b>	<b>365</b>	<b>902</b>	<b>508</b>	<b>0</b>	<b>508</b>	<b>-43.7</b>
<b>GROSS FUNDS</b>		<b>694</b>	<b>645</b>	<b>1,254</b>	<b>1,631</b>	<b>0</b>	<b>1,631</b>	<b>30.0</b>

(Dollars in Thousands)

Fiscal Year 2012 Operating Budget, By Program (Gross Funds)								
Agency Program		FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee	
1000	Agency Management Program	181	139	135	0	135	-2.9	
2000	Real Property Appeal Process	445	1,097	633	0	633	-57.7	
3000	Real Property Outreach Education	20	19	863	0	863	454.21	
<b>GROSS FUNDS</b>		<b>645</b>	<b>1,254</b>	<b>1,631</b>	<b>0</b>	<b>1,631</b>	<b>30.0</b>	

(Dollars in Thousands)

### 1. COMMITTEE ANALYSIS AND COMMENTS

#### a. Agency Mission and Overview

As will be discussed in further detail below, the Board of Real Property Assessments and Appeals (“BRPAA”) is being replaced by a new Real Property Tax Appeals Commission, which

will hear appeals of real property tax assessment decisions made by the Office of Tax and Revenue of the CFO (“OTR”).

**b. Mayor’s Proposed Fiscal Year 2012 Operating Budget**

**Proposed Operating Budget Summary**

**Local Funds:** The proposed local funds budget for the Commission is \$1,631,000, an increase of 30.0%, or \$377,000, from the FY 2011 approved budget.

**Committee Analysis and Comments**

After entertaining a variety of possible reforms to the Board of Real Property Assessments and Appeals, the Council passed legislation instituting a new authority, the Real Property Tax Appeals Commission (Bill 18-530). This legislation was introduced by then Council Chairman Vincent Gray and Councilmember Jack Evans. Subsequent to the Committee’s February 18, 2010 public hearing on the measure, the Committee convened a working group consisting of OTR staff, BRPAA staff, and property tax payers to look at a variety of ways to streamline the performance of the Board, improve OTR interaction with the Board’s process, and produce rulings which are more transparent and understandable to the public. In order to insure the proper implementation of the Real Property Tax Appeals Commission, the Council passed legislation to delay implementation until October 1, 2011.

The Committee recognizes the critical importance of this real property tax appeal function, and sent the Executive questions relating to the transition from BRPAA to the Commission and any contingency plans in place in the event the Commission is not fully constituted as of October 1, 2011. In written responses and oral testimony before the Committee, the Executive provided extensive details on the progress being made and gave every assurance that the Commission would be fully operational on schedule. Specifically, nominations for the public seats are expected from the Executive by May 20, 2011, and full-time commissioners are expected to be nominated, confirmed and fully trained by October 1, 2011. The Department of Real Estate Services has identified the approximately 5,000 square feet needed for the Commission by relocating it to the third floor of 441 4<sup>th</sup> Street, NW, from the fourth floor location that BRPAA currently occupies. Finally, the Executive is working with BRPAA officials on transition memoranda and the documentation of relevant policies and procedures needed to assist the new Commission in transitioning into its responsibilities.

**The Committee recommends approval of the FY 2012 budget request for the Commission in the amount of \$1,631,000, an increase of 30.0% from the FY 2011 approved budget. This reflects the transition from BRPAA to the Real Property Tax Appeals Commission.**

**c. Mayor’s Proposed Fiscal Year 2012-2016 Capital Budget**

n/a

d. **Summary of Advisory Neighborhood Commission Recommendations Adopted by Resolution**

No formal submissions were received from Advisory Neighborhood Commissions.

2. **COMMITTEE RECOMMENDATIONS**

a. **Fiscal Year 2012 Operating Budget Recommendations**

**The Committee recommends approval of the FY 2012 budget request for the Commission in the amount of \$1,631,000, an increase of 30.0% from the FY 2011 approved budget. This reflects the transition from BRPAA to the Real Property Tax Appeals Commission.**



## E. OFFICE OF FINANCE AND RESOURCE MANAGEMENT

<b>Office of Finance and Resource Management Proposed Gross Funds Operating Budget, by Revenue Type</b>							
<b>Fund Type</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2012 Mayor</b>	<b>Committee Variance</b>	<b>FY 2012 Committee</b>	<b>Percent Growth FY11 Approved to FY12 Committee</b>
<b>Real Property Tax Appeals Commission</b>							
Local Funds	4,444	4,297	18,357	19,068	0	19,068	3.9
Dedicated Taxes	0	0	0	0	0	0	0
Special Purpose	0	0	271	226	0	226	-16.5
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	252,198	250,197	14,201	11,762	0	11,762	-17.2
<b>GROSS FUNDS</b>	<b>256,642</b>	<b>254,495</b>	<b>32,829</b>	<b>31,056</b>	<b>0</b>	<b>31,056</b>	<b>-5.4</b>

<b>Office of Finance and Resource Management Proposed Full Time Equivalents, by Revenue Type</b>							
<b>Fund Type</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2012 Mayor</b>	<b>Committee Variance</b>	<b>FY 2012 Committee</b>	<b>Percent Growth FY11 Approved to FY12 Committee</b>
<b>Real Property Tax Appeals Commission</b>							
Local Funds	39.2	46.5	41.2	37.6	0	37.6	-8.7
Dedicated Taxes	0.0	0	0	0	0	0	0
Special Purpose	0.0	0	0	0	0	0	0
Federal Funds	0.0	0	0	0	0	0	0
Private Funds	0.0	0	0	0	0	0	0
Intra-District	4.7	4.3	7.8	4.4	0	4.4	-43.9
<b>GROSS FUNDS</b>	<b>44.0</b>	<b>50.9</b>	<b>49.0</b>	<b>42.0</b>	<b>0</b>	<b>42.0</b>	<b>-14.3</b>

**Office of Finance and Resource Management**

<b>Fiscal Year 2012 Operating Budget, By Comptroller Source Group (Gross Funds)</b>								
<b>Comptroller Source Group</b>		<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2012 Mayor</b>	<b>Committee Variance</b>	<b>FY 2012 Committee</b>	<b>Percent Growth FY11 Approved to FY12 Committee</b>
11	Regular Pay	3,724	3764	3,847	3,615	0	3,615	-6.0
12	Regular Pay - Other	67	28	24	0	0	0	-100.0
13	Additional Gross Pay	59	11	0	0	0	0	0
14	Fringe Benefits	667	789	784	801	0	801	2.2
15	Overtime Pay	3	8	0	0	0	0	0
<b>Personal Services (PS)</b>		<b>4,409</b>	<b>4,600</b>	<b>4,655</b>	<b>4,416</b>	<b>0</b>	<b>4,416</b>	<b>-5.1</b>
20	Supplies & Materials	49	25	18	6	0	6	-64.3
30	Utilities	96,534	97,709	0	0	0	0	0
31	Communications	29,148	26,974	28,062	26,632	0	26,632	-5.1
32	Rent	126,119	124,940	0	0	0	0	0
33	Janitorial	16	30	0	0	0	0	0
34	Security	27	21	0	0	0	0	0
35	Occupancy Fixed Costs	62	37	0	0	0	0	0
40	Other Services & Charges	125	138	88	1	0	1	-98.6
41	Contractual Services - Other	36	0	0	0	0	0	0
70	Equipment	7	20	6	0	0	0	-100.0
<b>Nonpersonal Services (NPS)</b>		<b>247,245</b>	<b>249,895</b>	<b>28,174</b>	<b>26,640</b>	<b>0</b>	<b>26,640</b>	<b>-5.4</b>
<b>GROSS FUNDS</b>		<b>251,654</b>	<b>254,495</b>	<b>32,829</b>	<b>31,056</b>	<b>0</b>	<b>31,056</b>	<b>-5.4</b>

*(Dollars in Thousands)*

<b>Fiscal Year 2012 Operating Budget, By Program (Gross Funds)</b>								
<b>Agency Program</b>		<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2012 Mayor</b>	<b>Committee Variance</b>	<b>FY 2012 Committee</b>	<b>Percent Growth FY11 Approved to FY12 Committee</b>	
1000	Agency Management Program	979	15,129	15,721	0	15,721	3.9	
2000	Financial Management	252,980	17,130	14,747	0	14,747	14.0	
3000	Resource Management	536	570	588	0	588	3.1	
<b>GROSS FUNDS</b>		<b>254,495</b>	<b>32,829</b>	<b>31,056</b>	<b>0</b>	<b>31,056</b>	<b>5.4</b>	

*(Dollars in Thousands)*

**1. COMMITTEE ANALYSIS AND COMMENTS**

**a. Agency Mission and Overview**

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

**b. Mayor’s Proposed Fiscal Year 2012 Operating Budget**

**Proposed Operating Budget Summary**

**Local Funds:** The proposed local funds budget for OFRM is \$19,068,000, an increase of 3.9% from the FY 2011 approved budget.

**Special Purpose Revenue Funds:** The proposed special purpose revenue funds budget for OFRM is \$226,000, which is a decrease of 16.5% from the FY 2011 approved budget.

**Intra-District Funds:** The proposed intra-District funds budget for OFRM is \$11,762,000, a decrease of 17.2% from the FY 2011 approved budget.

**Committee Analysis and Comments**

**The Committee recommends approval of the FY 2012 budget request of the Office in the amount of \$31,056,301, a decrease of 5.4% from the FY 2011 approved budget.**

**c. Mayor’s Proposed Fiscal Year 2012-2017 Capital Budget**

n/a

**d. Summary of Advisory Neighborhood Commission Recommendations Adopted by Resolution**

No formal submissions were received from Advisory Neighborhood Commissions.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2012 Operating Budget Recommendations**

**The Committee recommends approval of the FY 2012 budget request of the Office in the amount of \$31,056,301, a decrease of 5.4% from the FY 2011 approved budget.**

## F. WASHINGTON CONVENTION & SPORTS AUTHORITY

<b>Washington Convention &amp; Sports Authority Proposed Gross Funds Operating Budget, by Revenue Type</b>							
Fund Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
<b>Board of Real Property Assessments and Appeals</b>							
Local Funds	2,500	0	0	0	0	0	0
Dedicated Taxes	0	0	0	0	0	0	0
Special Purpose	104,299	97,059	98,079	106,529	0	106,529	8.6
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	0	0	0	0	0	0	0
<b>GROSS FUNDS</b>	<b>106,799</b>	<b>97,059</b>	<b>98,079</b>	<b>106,529</b>	<b>0</b>	<b>106,529</b>	<b>8.6</b>

<b>Washington Convention &amp; Sports Authority Proposed Full Time Equivalents, by Revenue Type</b>							
Fund Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
<b>Board of Real Property Assessments and Appeals</b>							
Local Funds	0	0	0	0	0	0	0
Dedicated Taxes	0	0	0	0	0	0	0
Special Purpose	36.6	36.7	206	207	0	207	0.05
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	0	0	0	0	0	0	0
<b>GROSS FUNDS</b>	<b>36.6</b>	<b>36.7</b>	<b>206</b>	<b>207</b>	<b>0</b>	<b>207</b>	<b>0.05</b>

## Washington Convention and Sports Authority

### Fiscal Year 2012 Operating Budget, By Comptroller Source Group (Gross Funds)

Comptroller Source Group		FY 2009 Approved	FY 2010 Proposed	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
11	Regular Pay	11,998	11,362	13,231	13,434	0	13,434	1.5
12	Regular Pay - Other	1,150	1,097	1,047	986	0	986	-5.8
14	Fringe Benefits	3,453	3,297	3,675	3,846	0	3,846	4.7
15	Overtime Pay	492	395	577	569	0	569	-1.4
<b>Personal Services (PS)</b>		<b>17,092</b>	<b>16,151</b>	<b>18,529</b>	<b>18,835</b>	<b>0</b>	<b>18,835</b>	<b>1.7</b>
20	Supplies & Materials	770	549	583	528	0	528	-9.4
30	Energy, Comm. & Building Rental	6,304	0	7,262	6,856	0	6,856	-5.6
31	Telephone, Telegraph Etc	123	6,068	125	125	0	125	0.0
41	Contractual Service Other	0	12,499	13,104	13,495	0	13,495	3.0
50	Subsidies and Transfers	0	6,248	17,191	16,795	0	16,795	-2.3
60	Land & Buildings	10,284	7,864	4,948	12,225	0	12,225	147.1
70	Equipment & Equipment Rental	479	320	362	330	0	330	-8.8
80	Debt Service	35,974	47,360	35,975	37,340	0	37,340	3.8
<b>Nonpersonal Services (NPS)</b>		<b>79,604</b>	<b>80,907</b>	<b>79,550</b>	<b>87,694</b>	<b>0</b>	<b>87,694</b>	<b>10.2</b>
<b>GROSS FUNDS</b>		<b>96,696</b>	<b>97,059</b>	<b>98,079</b>	<b>106,529</b>	<b>0</b>	<b>106,529</b>	<b>8.6</b>

(Dollars in Thousands)

### Fiscal Year 2012 Operating Budget, By Program (Gross Funds)

Agency Program		FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	Percent Growth FY11 Approved to FY12 Committee
1000	Agency Management Program	98,079	106,529	0	106,529	8.6
<b>GROSS FUNDS</b>		<b>98,079</b>	<b>106,529</b>	<b>0</b>	<b>106,529</b>	<b>8.6</b>

(Dollars in Thousands)

## 1. COMMITTEE ANALYSIS AND COMMENTS

### a. Agency Mission and Overview

On October 1, 2009, the Washington Convention Center Authority merged with the DC Sports and Entertainment Commission, creating the Washington Convention and Sports Authority (Authority), an umbrella organization with the strategic vision of bringing economic and community benefits to Washington, D.C. through the attraction and promotion of conventions, trade shows as well as hospitality, athletic, entertainment and cultural events. The Authority supports citywide events such as the National Cherry Blossom Festival and the DC Jazz Festival's "Jazz in the 'Hoods" program, as well as the Washington International Horse

Show and D.C.'s newest sporting sensation, the Washington Kastles. The Authority also sponsors well-regarded endurance events such as the Capital Criterion pro cycling race and the Nation's Triathlon.

**b. Mayor's Proposed Fiscal Year 2012 Operating Budget**

**Proposed Operating Budget Summary**

*Local Funds:* The WCSA only uses special purpose revenue funds.

*Special Purpose Revenue Funds:* The proposed special purpose revenue funds budget for WCSA is \$106,529,000, which is an increase of 8.6% from the FY 2011 approved budget.

**Committee Analysis and Comments**

**c. Mayor's Proposed Fiscal Year 2012-2017 Capital Budget**

The Committee directs WCSA to fund \$4 million of needed capital improvements to the Fort Dupont Ice Arena, located in Ward 7, in fiscal year 2011. One of WCSA's statutory purposes is to encourage and support youth activities in the District, including sports activities pursuant to D.C. Code § 10-1202.02(b)(7), and the Mayor's budget provides funding for construction of a Youth Baseball Academy facility with WCSA funds to further that purpose. Similarly, the Fort Dupont Ice Arena, the District's only public indoor ice rink, provides a venue for a substantial number of youth activities, including a free "Kids On Ice®" community ice skating program serving children ages 5 to 18; summer camps for children that include skating lessons; and a Living Classroom Afterschool Program, which offers fun, educational and rewarding weekday afternoon activities free of charge to students ages 9 to 12.

**d. Summary of Advisory Neighborhood Commission Recommendations Adopted by Resolution**

No formal submissions were received from Advisory Neighborhood Commissions.

**Committee Analysis and Comments**

**The Committee recommends approval of the FY 2012 budget request of the WCSA in the amount of \$106,529,000, an increase of 8.6% from the FY 2011 approved budget.**

**c. Mayor's Proposed Fiscal Year 2012-2017 Capital Budget**

n/a

**d. Summary of Advisory Neighborhood Commission Recommendations Adopted by Resolution**

No formal submissions were received from Advisory Neighborhood Commissions.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2012 Operating Budget Recommendations**

**The Committee recommends approval of the FY 2012 budget request of the WCSA in the amount of \$106,529,000, an increase of 8.6% from the FY 2011 approved budget.**

**III. FISCAL YEAR 2012 BUDGET REQUEST ACT APPROPRIATION  
LANGUAGE RECOMMENDATIONS**

The Committee on Finance does not have FY 2012 Budget Request Act recommendations.

**IV. FISCAL YEAR 2012 BUDGET SUPPORT ACT RECOMMENDATIONS**

Council Chairman Kwame A. Brown introduced Bill 19-203, the “Fiscal Year 2012 Budget Support Act of 2011”, at the request of the Mayor. The bill contains a number of subtitles under the jurisdiction of the Committee on Finance and Revenue as detailed below.

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

The Committee on Finance and Revenue was assigned comments on the following subtitles of the “Fiscal Year 2012 Budget Support Act of 2011” as proposed by the Mayor:

**TITLE VII, FINANCE AND REVENUE**

1. SUBTITLE A. EXEMPTIONS AND ABATEMENT INFORMATION REQUIREMENTS
2. SUBTITLE B. PROCEDURE FOR REMITTANCE OF HOTEL TAXES BY ONLINE VENDORS

**TITLE VIII, REVENUE ENHANCEMENTS**

3. SUBTITLE A. COMBINED REPORTING
4. SUBTITLE B. ITEMIZED DEDUCTION LIMITATION AMENDMENT ACT
5. SUBTITLE C. APPORTIONMENT OF BUSINESS INCOME
6. SUBTITLE D. SALES TAX AMENDMENTS
7. SUBTITLE E. PARKING TAX
8. SUBTITLE F. CIGARETTE SALES TAX
9. SUBTITLE G. TAX PENALTY SAFE HARBOR

- 10. SUBTITLE H. MINIMUM CORPORATE AND UNINCORPORATED FRANCHISE TAX
- 11. SUBTITLE I. BANK ACCOUNT TAX OFFSET
- 12. SUBTITLE J. STANDARD DEDUCTION WITHHOLDING EXCLUSION ACT
- 13. SUBTITLE K. DETERMINATION OF CALCULATED RATE FOR FISCAL YEAR 2012
- 14. SUBTITLE L. WITHHOLDING TAX ON DISTRIBUTION FROM RETIREMENT ACCOUNTS
- 15. SUBTITLE M. INCOME TAX RATE CHANGE
- 16. SUBTITLE O. COMMUNITY BENEFITS FUND AMENDMENT

**TITLE VII. FINANCE AND REVENUE**

**1. SUBTITLE A. EXEMPTIONS AND ABATEMENT INFORMATION REQUIREMENTS ACT OF 2011**

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

The proposed subtitle would provide new requirements on properties that request or receive tax exemptions or abatements approved by the Council. Certain property owners would be required to file annual eligibility certification with the Office of the Chief Financial Officer confirming that the property is still being used for the purpose for which the original abatement or exemption was created. Should the OCFO not receive the certification on any year, the exemption or abatement would terminate. The proposed legislation would result in increased staffing costs of approximately \$285,371 in FY 2012 and \$1.15 million over the four year financial plan. These costs include the staff cost of performing the additional OCFO analyses and annual certifications.

**b. Committee Reasoning**

**The Committee recommends rejection of this proposed subtitle. While the proposal merits further study, the current fiscal climate does not present the right conditions for implementing a new program with an additional cost of \$1.15 million over the financial plan period. The Chief Financial Officer reported to the Committee during the budget process that the Fiscal Year 2012 cost of \$285,371 to implement the program has not in fact been funded within the Mayor’s budget proposal, but would be funded by a subsequent reprogramming request later in the year. The Committee recommends that such funding instead be directed to the Deputy Mayor for Planning and Economic Development to be given as a grant to an organization engaged in Earned Income Tax Credit Outreach marketing efforts.**

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

n/a

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



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

**2. SUBTITLE B. PROCEDURE FOR REMITTANCE OF HOTEL TAXES BY ONLINE VENDORS**

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

The proposed subtitle would amend the tax code to provide the procedure for collecting the transient accommodations tax from online vendors, known as room remarketers, requiring the transient accommodations tax to be based on the net charges and additional charges received by the room remarketer. It would require the room remarketer to collect and remit the transient accommodations tax to the operator who actually provided the accommodation (i.e. hotel, inn, tourist camp, etc.). This operator would then be required to file returns and remit the tax to the Office of Tax and Revenue. The proposed subtitle is a procedural change, and does not impact the District’s budget and financial plan.

**b. Committee Reasoning**

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

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

n/a

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

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

**TITLE VIII, REVENUE ENHANCEMENTS**

**3. SUBTITLE A. COMBINED REPORTING**

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

This proposed subtitle requires passing legislation to make corporations taxable in the District of Columbia determine the income apportioned or allocable to the District of Columbia by reference to the income and apportionment factors of all commonly controlled corporations organized within the United States, with which they are engaged in a unitary business for tax years beginning after December 31, 2010. The fiscal impact of the proposed legislation was incorporated in the District’s budget and financial plan when Combined Reporting Reform Authorization Act of 2009 was enacted. The current budget and financial plan includes General Fund revenue of \$22.6 million in FY 2012, and \$80.8 million over the four-year financial plan

period due to the Combined Reporting reform. The proposed legislation ensures that the projected increases in business income tax collections can indeed be realized.

**b. Committee Reasoning**

**The Committee recommends rejection of this proposed subtitle, and recommends adoption of an alternative subtitle that provides for elimination of this revenue enhancement, with technical amendments as suggested by the General Counsel.**

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

n/a

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

The Committee recommends adopting an alternative subtitle to provide that this revenue enhancement will not take effect if sufficient funds are identified. While funding is not available at this time, if the OCFO concludes in a revised quarterly revenue estimate that the revised revenue projection exceeds the annual revenue estimates by an amount sufficient to fund the initial amount contemplated by this subtitle for fiscal year 2012, then this proposed combined reporting revenue enhancement will automatically be repealed. See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**4. SUBTITLE B. ITEMIZED DEDUCTION LIMITATION AMENDMENT ACT OF 2011**

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

The proposed subtitle would limit the itemized deductions taxpayers can claim on their tax returns. Specifically, a taxpayer with a District adjusted gross income (AGI) over \$200,000 (\$100,000 in the case of a separate return by a married individual) would be required to reduce itemized deductions by 5 percent of the difference between his or her AGI and \$200,000 (\$100,000, if married, filing separately). Estates and trusts would be exempted from these limitations. By limiting itemized deductions taxpayers can claim on their income tax returns, the proposed subtitle would increase General Fund revenue by \$16.72 million in FY 2012 and by \$82.77 million in the four-year financial plan period.

**b. Committee Reasoning**

**The Committee recommends rejection of this proposed subtitle, and recommends adoption of an alternative subtitle that provides for elimination of this revenue enhancement, with technical amendments as suggested by the General Counsel.**

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

n/a

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

The Committee recommends adopting an alternative subtitle to provide that this revenue enhancement will not take effect if sufficient funds are identified. While funding is not available at this time, if the OCFO concludes in a revised quarterly revenue estimate that the revised revenue projection exceeds the annual revenue estimates by an amount sufficient to fund the amount of revenue contemplated by this subtitle for fiscal year 2012, then this proposed decoupling revenue enhancement will automatically be repealed. See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**5. SUBTITLE C. APPORTIONMENT OF BUSINESS INCOME ACT OF 2011**

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

The proposed subtitle would amend District’s tax code to change the calculation used to apportion to the District the net business income of entities that have incomes derived from sources both within and outside of the District. The current formula equally weighs property, payroll, and sales factors for the business entity. Under the proposed legislation, the sales factor would be weighed twice. Increasing the weight of the sales factor increases the business income apportionments for the District because the District is generally a destination for sales, and not a producer and exporter of taxable goods and services. Thus, taxable sales constitute the larger share of a company’s taxable transactions compared to real property and payroll, which tend to be larger for manufacturing firms. The proposed legislation will increase General Fund revenue by \$7.23 million in FY 2012 and by \$29.75 million over the four-year financial plan period.

**b. Committee Reasoning**

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

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

n/a

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

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

**6. SUBTITLE D. SALES TAX AMENDMENTS ACT OF 2011**

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

The proposed subtitle would amend the District’s tax code to make the Revenue Enhancement Act of 2009 tax increase permanent, raising the rate from 5.75 percent to 6 percent.

Additionally, the proposed subtitle would include in the sales tax base ticket sales for live theatre events, including live performances. Permanently setting the general sales tax rate to 6 percent will not have an effect in FY 2012 (since under current law, the general sales tax rate for FY 2012 is already at 6 percent), but it would increase General Fund revenues by \$48.39 million in the four-year financial plan period. Including ticket sales for live theatre events in the general sales base will increase General Fund revenues by \$2.3 million in FY 2012 and \$9.78 million in the four-year financial plan period.

**b. Committee Reasoning**

**The Committee recommends rejection of this proposed subtitle, and recommends adoption of an alternative subtitle that provides for elimination of this revenue enhancement, with technical amendments as suggested by the General Counsel. In particular, the Committee is strongly opposed to the Mayor’s proposal to tax live theater.**

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

n/a

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

The Committee recommends adopting an alternative subtitle to provide that this revenue enhancement will not take effect if sufficient funds are identified. While funding is not available at this time, if the OCFO identifies in a revised quarterly revenue estimate that the revised revenue projection exceeds the annual revenue estimates contemplated by this subtitle for fiscal year 2012, then this proposed revenue enhancement will automatically be repealed. See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**7. SUBTITLE E. PARKING TAX**

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

The proposed subtitle would increase the current parking tax rate from 12 percent to 18 percent. The legislation would increase the parking tax revenue that is dedicated to WMATA by \$18.24 million in FY2012 and \$78.33 million in the four-year financial plan period. This proposed subtitle would take effect July 1, 2011, increasing tax collections by \$3 million for FY 2011.

**b. Committee Reasoning**

**The Committee recommends rejection of this proposed subtitle, and recommends adoption of an alternative subtitle that provides for elimination of this revenue enhancement, with technical amendments as suggested by the General Counsel.**

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

n/a

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

The Committee recommends adopting an alternative subtitle to provide that this revenue enhancement will not take effect if sufficient funds are identified. While funding is not available at this time, if the OCFO concludes in a revised quarterly revenue estimate that the revised revenue projection exceeds the annual revenue estimates contemplated by this subtitle for fiscal year 2012, then this proposed revenue enhancement will automatically be repealed. See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**8. SUBTITLE F. CIGARETTE SALES TAX**

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

The proposed subtitle would impose a surcharge of 36 cents per pack on cigarettes at the wholesale level, and exempt cigarettes from sales tax at the retail level. The proposed surcharge of 36 cents is the equivalent of 6 percent sales tax on a pack of cigarettes sold at an average price of \$6. The provision requires that this surcharge is recalculated annually (starting March 31, 2012) to reflect the changes in the average price of cigarettes. The intent of taxing at the wholesale level instead of retail is to prevent leakage at the retail level and to simplify the administration of the tax. This legislation would create fewer tax payers because there are fewer wholesalers. Exempting cigarettes from the sales tax at the retail level would decrease General Fund revenue by \$4.32 million, while the proposed surcharge at the wholesale level would increase revenue by \$5.40 million, generating a net General Fund revenue increase of \$1.08 million. In the four-year financial plan period, the General Fund revenue is expected to increase by \$4.22 million over what was projected if the retail level sales tax were maintained.

**b. Committee Reasoning**

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

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

n/a

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

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

**9. SUBTITLE G. TAX PENALTY SAFE HARBOR**

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

The proposed subtitle would amend the District’s tax code to increase this penalty-free “safe harbor” to 110 percent of the taxpayer’s prior year liability. Under current law, any taxpayer who has paid estimated payments equal to 100 percent of his or her prior tax liability does not get assessed an underpayment penalty when the taxpayer’s current year liability exceeds estimated payments. The provision would be effective starting tax year 2012. The proposed subtitle would increase General Fund revenue by \$15 million in FY 2012 and by \$16.80 million in the four-year financial plan period. During FY 2012, given the expectations of economic growth, filers would increase their estimated payments to avoid a penalty. Starting the next fiscal year, however, the increases in estimated payments would be counterbalanced by lower final payments.

**b. Committee Reasoning**

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

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

n/a

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

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

**10. SUBTITLE H. MINIMUM CORPORATE AND UNINCORPORATED FRANCHISE TAX**

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

The proposed subtitle would amend the District’s tax code to increase the minimum franchise tax paid by corporations and unincorporated businesses, effective December 31, 2010. Under current law, corporations and unincorporated businesses pay a minimum tax of \$100 if their income tax obligation calculated based on the income tax form is less than \$100. Under the proposed legislation, a corporation or an unincorporated entity would be required to pay a minimum income tax of \$250 if its gross income is less than or equal to \$1 million, and \$1,000 if its gross income is greater than \$1 million. The proposed subtitle will increase General Fund revenue by \$12 million in FY 2012 and \$48 million in the four-year financial plan period.

**b. Committee Reasoning**

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

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

n/a

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

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

**11. SUBTITLE I. BANK ACCOUNT TAX OFFSET**

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

The proposed subtitle would require that a District bank or financial institution disclose to the Office of Tax and Revenue (OTR), up to four times a year, any bank account asset information of a delinquent taxpayer with holdings in that bank or financial institution. OTR would use this information to identify delinquent taxpayers with assets available for settling outstanding tax liability. By improving collections from delinquent taxpayers, the proposed subtitle will increase income tax revenue by \$3 million in FY 2012 and \$27 million in the four-year financial plan period.

**b. Committee Reasoning**

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

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

n/a

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

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

**12. SUBTITLE J. STANDARD DEDUCTION WITHHOLDING EXCLUSION ACT**

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

The proposed subtitle would amend the District’s tax code to require that employers exclude standard deductions from their withholding calculations, starting January 1, 2012. As a result, employers would have to withhold a higher amount of District income taxes from each employee’s paycheck. The proposed subtitle will increase income tax collections by \$40.95 million in FY 2012 and \$49.73 million in the four-year financial plan period. The collections significantly decline after the first year because the higher withholdings for a given tax year would be counterbalanced by a similar amount of deductions in the taxpayers’ tax returns for the previous year’s withholding.

**b. Committee Reasoning**

**The Committee recommends rejection of this proposed subtitle, and recommends adoption of an alternative subtitle that provides for elimination of this revenue enhancement, with technical amendments as suggested by the General Counsel.**

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

n/a

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

The Committee recommends adopting an alternative subtitle to provide that this revenue enhancement will not take effect if sufficient funds are identified. While funding is not available at this time, if the OCFO concludes in a revised quarterly revenue estimate that the revised revenue projection exceeds the annual revenue estimates contemplated by this subtitle for fiscal year 2012, then this proposed revenue enhancement will automatically be repealed. See Appendix C for the Committee's Budget Support Act legislative language recommendations.

**13. SUBTITLE K. DETERMINATION OF CALCULATED RATE FOR FISCAL YEAR 2012**

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

The proposed subtitle suspends this calculated rate in Fiscal Year 2011, fixing the tax rate on the assessed value of up to \$3 million dollars to \$1.65 per \$100 of assessed value. The Small Business Commercial Property Tax Relief Act of 2008 requires that, starting October 1, 2009, the real property tax rate on assessed value of up to \$3,000,000 on Class II property would be recalculated should the total real property tax revenues from Class II property exceed the previous fiscal year's collections by more than 10 percent. Under this provision, the current tax rate of \$1.65 per \$100 of assessed value could go down, but no lower than 90 cents on \$100 of assessed value.

**b. Committee Reasoning**

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

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

n/a

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



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

**14. SUBTITLE L. WITHHOLDING TAX ON DISTRIBUTION FROM RETIREMENT ACCOUNT**

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

The proposed subtitle would amend the District’s tax code to allow withholding of District tax at the highest income tax rate on early distributions residents receive from various retirement accounts, so long as the said distributions are subject to mandatory withholding of federal income tax. Retirement accounts affected by the proposed legislation include qualified employee plans, qualified employee annuity plans, defined contribution plans, tax sheltered annuity plans, individual retirement accounts, hybrid of two or more of these plans, or any similarly situated plan as defined by § 3405 of the Internal Revenue Code. Under current law, no amount is withheld for D.C. taxes from early distributions. The proposed subtitle will increase income tax collections by \$9 million in FY12 and by \$11.16 million over the four year financial plan period.

**b. Committee Reasoning**

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

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

n/a

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

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

**15. SUBTITLE M. INCOME TAX RATE CHANGE**

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

The proposed subtitle would amend District’s tax code to create a new income tax bracket for D.C. residents with a taxable income of \$200,000 or more. The tax rate for these taxpayers would be \$15,800, plus 8.9 percent of their taxable income over \$200,000. Under current law, these tax payers pay \$2,200, plus 8.5 percent of their taxable income over \$40,000. The proposed legislation will increase income tax collections by \$18.67 million in FY 2012 and by \$135.34 million over the four-year financial plan period.

**b. Committee Reasoning**

**The Committee recommends rejection of this proposed subtitle, and recommends adoption of an alternative subtitle that provides for elimination of this revenue enhancement, with technical amendments as suggested by the General Counsel.**

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

n/a

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

The Committee recommends adopting an alternative subtitle to provide that this revenue enhancement will not take effect if sufficient funds are identified. While funding is not available at this time, if the OCFO concludes in a revised quarterly revenue estimate that the revised revenue projection exceeds the annual revenue estimates contemplated by this subtitle for fiscal year 2012, then this proposed revenue enhancement will automatically be repealed. See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

**16. SUBTITLE O. COMMUNITY BENEFITS FUND AMENDMENT**

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

The proposed subtitle would make Section 202 of the Ballpark Omnibus Financing and Revenue Act of 2004, which creates the Community Benefits Fund, subject to the inclusion of its fiscal effect in an approved budget and financial plan. Transfers to the Community Benefit Fund of real property and sales tax increment collected in the DC Ballpark TIF area were suspended by past legislation through FY 2013. This provision would indefinitely suspend these transfers.

**b. Committee Reasoning**

**The Committee recommends rejection of this proposed subtitle, and recommends adoption of an alternative subtitle that would preserve the Community Benefits Fund, with technical amendments as suggested by the General Counsel.**

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

n/a

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

The Committee recommends amending this subtitle to preserve the Community Benefits Fund for its intended purpose. While funding is not available at this time, if the OCFO identifies in a revised quarterly revenue estimate that the revised revenue projection exceeds the annual revenue estimates contemplated by this subtitle for fiscal year 2012, then this proposed revenue enhancement will automatically be repealed. See Appendix C for the Committee’s Budget Support Act legislative language recommendations.

## **B. COMMITTEE RECOMMENDATIONS FOR ADDITIONAL BUDGET SUPPORT ACT SUBTITLES**

The Committee on Finance and Revenue recommends the adoption of the following new subtitles in the “Fiscal Year 2012 Budget Support Act of 2011” by the Committee of the Whole:

1. SUBTITLE \_\_ –LOTTERY WININGS REDEMPTION AMENDMENT ACT OF 2011.
2. SUBTITLE \_\_ —REAL PROPERTY TRANSFER TAX EXEMPTION ACT OF 2011.
3. SUBTITLE \_\_ —FIRST CONGREGATIONAL UNITED CHURCH OF CHRIST  
PROPERTY TAX ABATEMENT TECHNICAL AMENDMENT ACT OF  
2011.
4. SUBTITLE\_\_ - CHIEF FINANCIAL OFFICER QUARTERLY REVENUE ESTIMATE  
DIRECTION ACT OF 2011
5. SUBTITLE\_\_ - NEIGHBORHOOD INVESTMENT FUND ACT OF 2011

1. **SUBTITLE \_\_ –LOTTERY WINNINGS REDEMPTION AMENDMENT ACT OF  
2011**

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

The proposed subtitle would shorten the time period for claiming a winning lottery ticket from 12 months to six months. It is estimated that the general fund receives \$3 million annually from unclaimed lottery prizes. Shortening the time for redemption will have a positive fiscal impact of an estimated \$1 million in FY12. Of these funds, \$471,864 will be used to fund the Kelsey Gardens Redevelopment Project Real Property Limited Tax Abatement Assistance Act of 2009 over the remainder of the financial plan period, while the remainder will revert to the Lottery to be used for marketing efforts.

b. **Committee Reasoning**

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

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

n/a

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

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

2. **SUBTITLE \_\_ —REAL PROPERTY TRANSFER TAX EXEMPTION ACT OF  
2011**

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

The proposed subtitle would amend Chapter 9 of Title 47 of the District of Columbia Official Code to clarify the rules with respect to the taxation of gifts of real property made by a property owner to the District of Columbia, at its request, where there is no consideration for the transfer. The April 18, 2011 Fiscal Impact Statement issued by the OCFO indicates funds are sufficient in the FY2011 through FY2014 budget and financial plan to implement the provisions of the proposed legislation.

**b. Committee Reasoning**

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

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

n/a

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

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

**3. SUBTITLE --FIRST CONGREGATIONAL UNITED CHURCH OF CHRIST PROPERTY TAX ABATEMENT TECHNICAL AMENDMENT ACT OF 2011**

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

The proposed subtitle would amend the First Congregational United Church of Christ Property Tax Abatement Amendment Act of 2010, enacted as part of the Fiscal Year 2011 Budget Support Act of 2010, to make a technical correction to the list of lots designated exempt from transfer tax. This subtitle exempted lots known as the First Congregational United Church of Christ (“First Congregational”) property from the real property tax. It also exempted the transfer of certain lots owned by First Congregational to 733 10th & G LLC (“733”) from the transfer tax. The proposed legislation would add to the transfer tax exemption list Lots 837, 7014, and 7011, Square 375 and any other lots created from Lots 823 and 831, Square 375 solely to complete the transaction between First Congregational and 733. The May 2, 2011 Fiscal Impact Statement issued by the OCFO indicates funds are sufficient in the FY2011 through FY2014 budget and financial plan to implement the provisions of the proposed legislation.

**b. Committee Reasoning**

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

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

n/a

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

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

**4. SUBTITLE CHIEF FINANCIAL OFFICER QUARTERLY REVENUE ESTIMATE CLARIFICATION ACT OF 2011.**

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

The proposed subtitle would clarify the manner in which the Office of the Chief Financial Officer shall address revised quarterly revenue estimates.

b. **Committee Reasoning**

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

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

n/a

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

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

**5. SUBTITLE NEIGHBORHOOD INVESTMENT FUND REINSTATEMENT ACT OF 2011.**

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

The proposed subtitle would restore funding for the Neighborhood Investment Fund.

b. **Committee Reasoning**

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

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

n/a

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

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

**6. SUBTITLE CIRCULATOR FARE PRESERVATION ACT OF 2011.**

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

The proposed subtitle would reverse the Mayor's proposed Circulator fare increase.

**b. Committee Reasoning**

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

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

n/a

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

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

**7. SUBTITLE PARKING METER ACT OF 2011.**

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

The proposed subtitle would reverse the recent increases in parking meter rates, as well as the extension of hours and days of enforcement.

**b. Committee Reasoning**

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

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

n/a

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

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

**8. SUBTITLE REIMBURSABLE DETAIL ACT OF 2011.**

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

The proposed subtitle would fund the reimbursable detail program administered by the Alcoholic Beverage Regulation Administration.

**b. Committee Reasoning**

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

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

n/a

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

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

**V. COMMITTEE ACTION AND VOTE**

The Committee on Finance and Revenue met on \_\_\_ at \_\_\_ a.m. in the Council Chambers to consider and vote on the Mayor’s FY 2012 Budget Request for the agencies under its jurisdiction, the provisions of the FY 2012 Budget Support Act of 2011 referred to the Committee for comment, as well as the Committee’s Budget Support Act recommendations, and the draft Committee’s report. Chairperson Evans determined the presence of a quorum consisting of himself and Councilmembers \_\_\_

**Fiscal Year 2012 Budget Request Act Recommendations**

Chairman Evans moved the Committee’s recommendations on the FY 2012 budget requests of the agencies under the Committee’s purview for discussion.

Chairman Evans asked if there was further discussion. Hearing none, he called for a vote on the Committee’s Fiscal Year 2012 Budget Request Act recommendations, with leave for staff

to make technical and conforming changes to reflect the Committee's actions. The Members voted as follows:

Members in favor:                    \_\_\_  
Members opposed:                    \_\_\_  
Members voting present:            \_\_\_  
Members absent:                     \_\_\_

The Committee's Fiscal Year 2012 Budget Request Act recommendations are adopted by a vote of \_ yes, \_ no, \_ present, \_ absent.

### **Fiscal Year 2012 Budget Support Act Recommendations**

Chairman Evans moved the Committee's Fiscal Year 2012 Budget Support Act recommendations for approval and opened the floor for debate. Chairman Evans described each of each of Committee's Budget Support Act subtitles.

Chairman Evans asked if there was further discussion. Hearing none, he called for a vote on the Committee's Fiscal Year 2012 Budget Support Act recommendations, with leave for staff to make technical and conforming changes to reflect the Committee's actions.

The Members voted as follows:

Members in favor:                    \_\_\_  
Members opposed:                    \_\_\_  
Members voting present:            \_\_\_  
Members absent:                     \_\_\_

The Committee's Fiscal Year 2012 Budget Support Act recommendations are adopted by a vote of \_ yes, \_ no, \_ present, \_ absent.

Business having concluded, the meeting was adjourned at \_\_ a.m.

## **VI. ATTACHMENTS**

- A. March 7, 2011 Fiscal Year 2010/2011 Performance Oversight Hearing Witness List and Testimony.
- B. April 21, 2011 Fiscal Year 2011 Budget Hearing Witness List and Testimony.
- C. FY 2012 Budget Support Act legislative language recommendations.