District of Columbia
Dedicated Taxes Report

Produced by the
Office of Revenue Analysis

Issued February 2022
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<td>p. 26</td>
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</tbody>
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Acknowledgements

This report is a product of the District of Columbia Office of Revenue Analysis (ORA).

The 2021 report was prepared by Charlotte Otabor, with assistance from Sharain Ward, Nancy Fox, and Robert Zuraski.

Norton Francis
Interim Deputy Chief Financial Officer

Fitzroy Lee
Acting Chief Financial Officer
Introduction

The purpose of this report is to provide background and relevant data about dedicated taxes, which represent an important but little-understood part of the District of Columbia’s general fund. Presently, there are 23 dedicated taxes that earmark revenue to support specific programs or activities as required by law. The dedicated taxes are from the following tax categories: real property tax, sales and use tax, motor fuel tax, public utility tax, toll telecommunications tax, insurance premiums tax, health care provider tax, private sports wager tax, ballpark fee, hospital bed tax and provider fee, ICF-IDD assessment, lottery, and deed taxes.

This report is intended to assist the Mayor, Council, agency directors, and other policymakers in making decisions about dedicated taxes. In addition, the report seeks to inform the public about the purpose and design of these revenue streams so residents can participate more fully in budget discussions and debates. The goal is to provide clear, concise information that will be useful both to policymakers and the layperson.

Definition of Dedicated Taxes

Dedicated taxes refer to District of Columbia tax streams that are earmarked for specific purposes and are therefore not available for general budgeting to support the full range of agencies, programs, and services provided by the D.C. government. For example, the District’s revenue from the sales tax on parking is dedicated to a special fund that is used to make the District’s annual subsidy payment to the Washington Metropolitan Area Transit Authority, which operates the regional Metrorail and Metrobus systems.

In most cases, only a portion of the revenue raised by a tax is dedicated to a particular purpose, and the rest of the revenue is available for unrestricted use. An example is the Housing Production Trust Fund, which receives 15 percent of the revenue generated by the District’s deed recordation and deed transfer taxes. In some instances, 100 percent of the revenue raised is dedicated to a particular purpose. There are eight cases where 100 percent of the tax revenue raised was dedicated in FY 2020. They include Motor Fuel Tax (Highway Trust Fund), Medical Marijuana Tax (Healthy DC), Healthcare Provider Tax (Nursing Facility Quality of Care Fund), Ballpark Fee (Ballpark Fund), Hospital Inpatient Fee and Hospital Outpatient Fee (Hospital Fund and Hospital Provider Fee Fund), ICF-IDD Assessment (Stevie Sellows Quality Improvement Fund), and Parking Tax (WMATA).

Taxes are levied on broad measures like an individual’s ability to pay (such as income, consumption, property, or other measures of wealth), and the revenue generated from taxes largely finance the collective needs of the citizenry. For a dedicated tax, the revenue is raised from taxpayers, and is then earmarked to meet a specific purpose, such as building affordable housing or expanding access to health care.

In the District revenue system, dedicated taxes are like “special-purpose revenue,” in that both revenue sources are earmarked for specific purposes. Unlike dedicated taxes, special purpose revenues are generated by non-tax assessments such as fees and other charges paid by individuals who receive a direct benefit in exchange for the payment (such as a fee for use of a recreation facility) or who pay a fine or penalty (such as a charge for overdue library materials) to discharge
a debt or other obligation. For a dedicated tax, the payment required, and the goods or services provided apply on a general basis, whereas for special-purpose revenue, both the payment and the purpose for which it is used concern a specific individual or individuals.

The Office of Revenue Analysis also prepare a guidebook on special-purpose revenue, called the “District of Columbia Special-Purpose Revenue Funds Report”. The last report published February 2015,\(^1\) describes special-purpose revenue funds in detail.

**Dedicated Taxes in Context**

General fund gross revenue for the District of Columbia government in fiscal year (FY) 2020 totaled $9.41 billion. Dedicated taxes accounted for $648 million, or 6.9 percent of general fund revenue. General taxes, which include income, sales and use, property, and other minor taxes (net of dedicated taxes) provided the bulk of the revenue, raising $7.59 billion (80.6 percent of the total revenue). Other categories of general fund revenue were non-tax revenue (fees, fines, and other assessments that are unrestricted in their use), which provided $522.9 million, or 5.6 percent; special-purpose revenue, which raised $647.9 million, or 6.9 percent; and lottery revenue, which totaled $38.1 million, or 0.4 percent. Table 1 shows the distribution of general fund revenue by source.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Revenue (Net of dedicated taxes)</td>
<td>$7,588,846</td>
<td>80.6%</td>
</tr>
<tr>
<td>Non-Tax Revenue</td>
<td>$522,895</td>
<td>5.6%</td>
</tr>
<tr>
<td>Special-Purpose Fund Revenue</td>
<td>$612,092</td>
<td>6.5%</td>
</tr>
<tr>
<td>Dedicated Taxes **</td>
<td>$647,864</td>
<td>6.9%</td>
</tr>
<tr>
<td>Lottery Revenue</td>
<td>$38,060</td>
<td>0.4%</td>
</tr>
<tr>
<td>Total**</td>
<td>$9,409,757</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

\(1\) This report is available at [www.cfo.dc.gov](http://www.cfo.dc.gov).

**The Importance of Dedicated Taxes**

Although dedicated taxes account for only a small portion of the District’s revenues, they are important policy instruments. Dedicated taxes have provided the funding for major policy and program initiatives in DC, such as building a convention center and baseball stadium and expanding access to affordable health care and housing. Moreover, the District government’s reliance on dedicated taxes has grown in recent years. As recently as FY 2015, $484.8 million in general fund revenue was dedicated.

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\(^1\) This report is available at [www.cfo.dc.gov](http://www.cfo.dc.gov).
tax revenue was dedicated to specific projects.\textsuperscript{2} The $647.9 million for FY 2020 represents about a 34 percent increase in total dedicated tax revenue in five years.


Advantages and Disadvantages of Dedicated Taxes

Dedicated taxes have clear advantages and disadvantages; in fact, these pros and cons are closely connected. As noted earlier, dedicated taxes provide a revenue stream and set aside funds for high-priority initiatives, ensuring at least a base level of financial support. In some cases, dedicated taxes incorporate principles of user financing, which promotes fairness by establishing a link between benefits received and cost of the benefits. For example, the Highway Trust Fund represents an application of the benefit principle because motorists who use the roads and bridges pay for maintaining and improving the infrastructure through the motor fuel tax. User financing can also enhance efficiency: the motor fuel tax, for example, may discourage overuse of roads by making automobile travel costlier. Additionally, dedicated taxes can be used to depoliticize funding decisions by removing funding decisions from the rough and tumble of the political arena.\textsuperscript{3}

At the same time, the earmarking of revenues creates potential inefficiencies. Because dedicated taxes support specific programs or services, the amount of money raised reflects the revenue capacity of the tax rather than actual program needs. Even if the dedicated tax is well-designed at first to finance a desired level of expenditures, the relationship between dedicated tax revenue and financing needs may diverge over time and the money raised by the tax may be insufficient or excessive. A good example is the Housing Production Trust Fund, which is financed from a portion of deed recordation and transfer taxes – a highly volatile revenue source – with no clear link between housing needs and the amount of revenue generated. The National Conference of State Legislatures has stated that, “As a general rule, earmarking constitutes a constraint on budgeting, with few if any advantages for state revenue and budgetary management. Earmarking may provide a reliable source of income for a program but not necessarily equal to the demand for services.”\textsuperscript{4}

Another potential disadvantage is that dedicated taxes may fragment the budget into many separate pieces and reduce the amount of revenue that is available to the unrestricted part of the general fund. Budget experts agree that social welfare can be maximized if policymakers can allocate revenue flexibly to the programs that are most valued and beneficial, without restrictions on the use of specific revenue sources. As stated in the District’s Comprehensive Financial Management

\begin{footnotesize}
\textsuperscript{3} Joel Michael (August 2015), \textit{Earmarking State Tax Revenues}, Minnesota House of Representatives Research Department, Policy Brief
\end{footnotesize}
Policy, “Dedicated funds limit the use of the District’s general fund revenue by earmarking a portion of the revenue for special purposes.” In fact, the Mayor and Council have redirected millions of dollars in dedicated tax revenue back to the unrestricted part of the general fund in recent years as part of an effort to close large budget gaps brought about by the economic recession.

**Scope and Structure of the Report**

The body of the report provides summaries of 23 dedicated taxes that are currently authorized by D.C. law. Each summary provides information on the legal authority to earmark revenue for specific programs or services, a seven-year revenue history (FY 2014 to FY 2020) of the dedicated tax, the year of enactment, the agency responsible for program administration, the purpose of the dedicated tax, and a description of the revenue source including applicable rates or percentage allocations. A summary of the key data is presented in Table 2 on the next page.

The Office of Revenue Analysis welcomes comments on this report and will use the feedback to improve future versions. ORA will continue to update this report every two years.

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### Table 2: Summary Data on Dedicated Taxes, Fiscal Years 2014–2020 (in $ thousands)

<table>
<thead>
<tr>
<th>#</th>
<th>Dedicated Tax Fund</th>
<th>Tax Base</th>
<th>Authority for Program</th>
<th>Authority to Dedicate</th>
<th>Revenue FY 2014</th>
<th>Revenue FY 2015</th>
<th>Revenue FY 2016</th>
<th>Revenue FY 2017</th>
<th>Revenue FY 2018</th>
<th>Revenue FY 2019</th>
<th>Revenue FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,2</td>
<td>Tax-Increment Financing and PILOT</td>
<td>Real Property Tax and General Sales Tax</td>
<td>§ 2-1217 and § 1-204.90, § 1-308</td>
<td>§ 2-1217.05 and § 1-204.90</td>
<td>$51,374</td>
<td>$77,734</td>
<td>$67,850</td>
<td>$77,688</td>
<td>$84,913</td>
<td>$97,714</td>
<td>$67,385</td>
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<td>3</td>
<td>Washington Convention Center Fund</td>
<td>Sales Tax on Hotel Rooms, Restaurant Meals, Alcohol on Premises, Rental Cars, and Prepaid Phone Cards</td>
<td>§ 10-1202.08</td>
<td>§ 47-2002.03</td>
<td>$105,451</td>
<td>$116,448</td>
<td>$123,551</td>
<td>$138,128</td>
<td>$141,448</td>
<td>$147,633</td>
<td>$74,067</td>
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<td>4</td>
<td>Ballpark Revenue Fund</td>
<td>Ball Park Fee; Sales Tax on Tickets and Goods Sold at Stadium; Public Utility Tax; Toll Telecommunications Tax</td>
<td>§ 10-1601.01-.08</td>
<td>§ 10-1601.02 and § 47-2762</td>
<td>$61,228</td>
<td>$61,209</td>
<td>$59,574</td>
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<td>$71,762</td>
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<td>5</td>
<td>Healthy Schools Fund</td>
<td>General Sales Tax</td>
<td>§ 38-821.01 - § 38-828.02</td>
<td>§ 38-821.02</td>
<td>$4,266</td>
<td>$4,266</td>
<td>$4,266</td>
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<td>$4,266</td>
<td>$5,110</td>
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<td>General Sales Tax</td>
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<td>§ 47-2002</td>
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<td>$1,170</td>
<td>$1,170</td>
<td>$1,170</td>
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<td>$1,170</td>
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<td>7</td>
<td>WMATA Operating Subsidy</td>
<td>Sales Tax on Parking or Storing of Motor Vehicles</td>
<td>§ 9-1107.01 - .12</td>
<td>§ 47-2002.07</td>
<td>$65,350</td>
<td>$67,446</td>
<td>$72,355</td>
<td>$74,167</td>
<td>$78,506</td>
<td>$79,782</td>
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<td>8</td>
<td>WMATA Dedicated Financing Fund</td>
<td>General Sales Tax</td>
<td>§ 1–325.401</td>
<td>§ 1–325.401</td>
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<td>n/a</td>
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<td>$178,500</td>
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<td>9</td>
<td>Commission on the Arts and Humanities</td>
<td>General Sales Tax</td>
<td>§ 39-205</td>
<td>§ 47-2002(b)</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>$31,956</td>
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## Summary Data on Dedicated Taxes, Fiscal Years 2014 – 2020 (in $ thousands) contd.

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<thead>
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<th>Dedicated Tax Fund</th>
<th>Tax Base</th>
<th>Authority for Program</th>
<th>Authority to Dedicate</th>
<th>Revenue FY 2014</th>
<th>Revenue FY 2015</th>
<th>Revenue FY 2016</th>
<th>Revenue FY 2017</th>
<th>Revenue FY 2018</th>
<th>Revenue FY 2019</th>
<th>Revenue FY 2020</th>
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<tbody>
<tr>
<td>10</td>
<td>Highway Trust Fund</td>
<td>Motor Fuel Tax</td>
<td>§ 9-109.02</td>
<td>§ 9-111.01 and § 9-111.01a</td>
<td>$22,961</td>
<td>$25,256</td>
<td>$25,332</td>
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<td>$26,268</td>
<td>$27,935</td>
<td>$22,472</td>
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<td>12</td>
<td>Nursing Facility Quality of Care Fund</td>
<td>Assessment on Nursing Facilities, or Healthcare Provider Tax</td>
<td>§ 47-1262</td>
<td>§ 47-1261 - 1269</td>
<td>$13,774</td>
<td>$12,854</td>
<td>$17,014</td>
<td>$13,949</td>
<td>$16,800</td>
<td>$14,338</td>
<td>$16,217</td>
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<td>13</td>
<td>Stevie Sellows Quality Improvement Fund</td>
<td>Assessment on ICF/IDDs</td>
<td>§ 47-1271</td>
<td>§ 47-1270 - 1278</td>
<td>$4,938</td>
<td>$5,032</td>
<td>$4,860</td>
<td>$4,913</td>
<td>$5,752</td>
<td>$4,864</td>
<td>$6,831</td>
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<td>14</td>
<td>Hospital Fund</td>
<td>Assessment on Hospitals</td>
<td>§ 44-662.11 – 662.18</td>
<td>§ 44-662.12</td>
<td>$14,099</td>
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<td>$10,400</td>
<td>$10,400</td>
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<td>15</td>
<td>Hospital Provider Fee Fund</td>
<td>Assessment on Hospitals</td>
<td>§ 44-661.11 – 661.19</td>
<td>§ 44-661.12</td>
<td>$17,838</td>
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<td>$6,406</td>
<td>$5,528</td>
<td>$5,511</td>
<td>$5,345</td>
<td>$5,326</td>
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<td>16</td>
<td>Housing Production Trust Fund</td>
<td>Deed Recordation and Deed Transfer Taxes Economic Interest</td>
<td>§ 42-2802</td>
<td>§ 42-2802 - 2804</td>
<td>$46,185</td>
<td>$60,598</td>
<td>$55,878</td>
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<td>$74,322</td>
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<td>Housing Production Trust Fund-debt service</td>
<td>Deed Recordation and Deed Transfer Taxes</td>
<td>§ 1–325.181</td>
<td>§ 1–325.181</td>
<td>$7,824</td>
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<td>Deed Recordation and Deed Transfer Taxes</td>
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<td>$88</td>
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Summary Data on Dedicated Taxes, Fiscal Years 2014 – 2020 (in $ thousands) contd.

<table>
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<tr>
<th>#</th>
<th>Dedicated Tax Fund</th>
<th>Tax Base</th>
<th>Authority for Program</th>
<th>Authority to Dedicate</th>
<th>Revenue FY 2014</th>
<th>Revenue FY 2015</th>
<th>Revenue FY 2016</th>
<th>Revenue FY 2017</th>
<th>Revenue FY 2018</th>
<th>Revenue FY 2019</th>
<th>Revenue FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>Department of Behavioral Health Gambling Addiction Program</td>
<td>Private Sports Wager Tax</td>
<td>§ 36–621.15</td>
<td>§ 36–621.15</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>$273</td>
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<tr>
<td>20</td>
<td>Walter Reed Redevelopment Fund</td>
<td>Real Property Tax</td>
<td>§ 2–1227.01- § 2–1227.05 and § 2–1227.07</td>
<td>n/a</td>
<td>n/a</td>
<td>$1,102*</td>
<td>$1,068*</td>
<td>$765</td>
<td></td>
<td></td>
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<tr>
<td>21</td>
<td>Neighborhood Safety and Engagement Fund</td>
<td>Sports Wager Tax Lottery</td>
<td>§ 7–2411 - § 7–2415</td>
<td>n/a</td>
<td>n/a</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>22</td>
<td>Early Childhood Development Fund</td>
<td>Sports Wager Tax Lottery</td>
<td>§ 4–410.04</td>
<td>§ 4–410.04</td>
<td>n/a</td>
<td>n/a</td>
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<td></td>
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<tr>
<td>23</td>
<td>St. Elizabeth’s Redevelopment Fund</td>
<td>Real Property Tax Sales Tax</td>
<td>§ 1–325.361</td>
<td>§ 1–325.361</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>$60**</td>
<td>$46**</td>
<td></td>
</tr>
</tbody>
</table>

*The revenue is recorded as a special purpose fund in FY 2018 and FY 2019
**The revenue is recorded as a special purpose fund through FY 2021

DEDICATED TAXES IN THE DISTRICT OF COLUMBIA
**District of Columbia Dedicated Taxes**

---

**Real Property Tax and Sales Tax**

1, 2 Tax-Increment Financing / Payments in Lieu of Taxes

Authority for Program: D.C. Official Code § 2-1217.01 - § 2-1217.12, § 2-1217.31 - § 2-1217.36d, and § 2-1217.71 - § 2-1217.84 and § 1-204.90, § 1-308.01-.10, § 47-4611, § 47-4613, § 47-4616, § 47-4640

Authority to Dedicate: D.C. Official Code § 2-1217.05 and § 1-204.90

Year Enacted: 1998 (TIF) and 2004 (PILOT)

Administering Agency: Office of the Chief Financial Officer

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>TIF Actual Revenue</td>
<td>$37,441</td>
<td>$58,937</td>
<td>$51,049</td>
<td>$51,862</td>
<td>$50,495</td>
<td>$48,676</td>
<td>$29,544</td>
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<tr>
<td>P.I.L.O.T. Actual Revenue</td>
<td>$13,933</td>
<td>$18,797</td>
<td>$16,801</td>
<td>$25,826</td>
<td>$34,418</td>
<td>$49,038</td>
<td>$37,841</td>
</tr>
<tr>
<td>TIF and P.I.L.O.T. Actual Revenue</td>
<td>$51,374</td>
<td>$77,734</td>
<td>$67,850</td>
<td>$77,688</td>
<td>$84,913</td>
<td>$97,714</td>
<td>$67,385</td>
</tr>
</tbody>
</table>

**DESCRIPTION AND PURPOSE OF FUND:** The D.C. government has the authority to issue tax increment financing (TIF) bonds which are repaid using the incremental property tax or sales tax revenues that result from an economic development project. The purpose of this fund is to set aside the tax increment revenue that is needed to pay the debt service on TIF bonds, establish and maintain TIF reserves, and defray development costs. The issuance of TIF bonds is subject to the District’s debt cap (that is, TIF debt service must be included in the District’s debt cap), which limits annual debt service to 12 percent of general fund expenditures for all tax-supported debt.

A TIF authorization defines the TIF area, the incremental tax revenue that will be collected from the TIF area, and the issuance of TIF bonds. A project site may be designated as a TIF area according to the provisions of the “Tax Increment Financing Authorization Act of 1998” (TIF Act), the “Retail Incentive Act of 2004,” or a legislative act pertaining to a precise project.

To qualify for financing under the TIF Act, a project must be certified by the Chief Financial Officer following a review of financial feasibility, the likely effect on tax revenues, consistency with the District’s Comprehensive Plan, the “special merits” of the project, and other factors. “Special merits” is defined in D.C. law as “economic, cultural, social, or financial factors, apart from the

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6 D.C. Law 12-143, which took effect on September 11, 1998.

7 D.C. Law 15-185, which took effect on September 8, 2004.
criteria established in this subchapter that may justify the approval of a TIF for a project." TIF projects must also be approved by the D.C. Council.

During FY 2020, there were 10 economic development projects that were repaying the TIF bonds. The 10 TIF projects repaying the bonds in FY 2020 were: Bryant Street, City Market at O Street, Forever 21, Gallery Place, Georgia Ave CVS, Howard Theatre, Mandarin Oriental Hotel, Skyland Town Center, The Wharf, and Verizon Center.

DESCRIPTION OF REVENUE SOURCE: The fund receives the incremental real property tax and/or sales tax revenues generated by a TIF project, which are used to repay the TIF bonds. Any amounts remaining in the tax increment accounts for a TIF area at the end of each tax year revert to the general fund if the following payments have been made: 1) principal or interest on TIF bonds; 2) costs of credit or liquidity enhancement; 3) other costs, fees, and expenses of administering and paying the bonds and the funds, trusts, and escrows pertaining to them; and 4) bond reserves.

The authority to issue bonds under the TIF Act expired on January 1, 2014, and under the Retail Incentive Act on September 30, 2015 so that TIF issuances were only authorized under stand-alone legislations. However, the Tax Increment Financing Reauthorization Amendment Act of 2017 reinstated the legislation to allow the issuance of TIF bonds to finance development costs of eligible projects that are approved in accordance with the re-enacted TIF Act. In addition to the authority provided by the re-enacted TIF Act, TIFs can also be authorized through stand-alone legislation.

Payments in Lieu of Taxes (PILOT) agreements are like TIF arrangements for development that affects real estate, and sales taxes. Payments in lieu of taxes made pursuant to the PILOT agreement may be assigned or pledged in connection with the Bonds authorized to be issued. There are currently four PILOT projects: Department of Transportation/Anacostia Waterfront, Southeast Federal Center (Foundry Lofts), Rhode Island Place, and Southeast Federal Center (The Navy Yard).

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8 See D.C. Official Code § 2-1217.01(29).

9 Debt service on Bryant Street in 2020 was paid with capitalized interest – that is, bond proceeds that are set aside to pay interest until the Tax Increment Financing revenue commences, once the project is complete.

Sales Tax

3. Washington Convention Center Fund/ Washington Convention Center Marketing Fund

Authority for Program: D.C. Official Code § 10-1202.08 and § 10–1202.08a
Authority to Dedicate: D.C. Official Code § 47-2002.03 and § 47–2002.03a
Year Enacted: 1994 and 2018
Administering Agency: Washington Convention and Sports Authority

In $ thousands

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</thead>
<tbody>
<tr>
<td>$105,451</td>
<td>$116,448</td>
<td>$123,551</td>
<td>$138,128</td>
<td>$141,448</td>
<td>$147,633</td>
<td>$74,067</td>
<td></td>
</tr>
</tbody>
</table>

DESCRIPTION AND PURPOSE OF FUND: The purpose of the Washington Convention Center Fund was to fund the payment of the costs of the new convention center and the costs of operating the Walter E. Washington Convention Center, which opened in 2003. The allowable costs include expenses necessary for debt service, reserve funds, repair, maintenance, marketing service contracts, and all other expenses of operating the Washington Convention and Sports Authority, which manages the convention center.

For fiscal year 2020 at least $10 million in grants from the Convention Center Fund would be used to support cultural institutions operating in the District of Columbia “provided that funds are available for such purpose and that the Authority first satisfy its current liabilities and legally required reserves, which shall not include the elective purchase or redemption of outstanding indebtedness.”

The Fiscal Year 2021 Budget Support Act of 2020 reduced the grant amount from the Convention Center Fund to support cultural institutions operating in the District of Columbia from a minimum of $10 million to at least $1 million most likely because of the revenue loss due to the Covid 19 pandemic.

The Washington Convention Center Marketing Fund (Marketing Fund) is used 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 funds dedicated to Destination DC are used for the purposes of marketing and promoting the District of Columbia as a destination.

DESCRIPTION OF REVENUE SOURCE: The Funds receive a portion of the sales tax imposed on certain goods and services. The following amounts are deposited into the Fund:

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11 § 10–1202.08(g).
• 4.75 percent of the gross receipts from the sale of hotel rooms or other rooms furnished to transients (as of FY 2018, 0.3 percent of the 4.75 percent of hotel tax is transferred to Destination DC marketing programs through the Marketing Fund), and

• 1 percent of the gross receipts from the sale of the following items: food or drink prepared for immediate consumption; spirituous or malt liquors, beers, and wine sold for consumption on the premises; rental cars; and prepaid telephone cards.13

D.C. law was amended in 2011 to clarify that when hotel accommodations are reserved or booked by a room remarketer (including online travel agencies such as Expedia and Orbitz), the hotel tax must be calculated based on the net charges and additional charges received by the room remarketer (rather than on the amount paid by the room remarketer to the hotel).14

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12 The total tax rate for hotel rooms or other transient accommodations is 14.95 percent. The 4.75 percent portion is deposited into the Convention Center Fund and the other 10.20 percent flows into the general fund.

13 The total sales tax for liquor sold for consumption off premises, and rental vehicles is 10.25 percent. The total sales tax for restaurant meals and drinks, and prepaid telephone cards is 10 percent.

**Sales Tax and Gross Receipts Taxes**

### 4. Ballpark Revenue Fund

Authority for Program: D.C. Official Code § 10-1601.01 - § 10-1601.08  
Authority to Dedicate: D.C. Official Code § 10-1601.02 and § 47-2762  
Year Enacted: 2005  
Administering Agency: Washington Convention and Sports Authority

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<tr>
<td>Actual Revenue</td>
<td>$61,228</td>
<td>$61,209</td>
<td>$59,574</td>
<td>$59,294</td>
<td>$66,938</td>
<td>$71,762</td>
<td>$59,664</td>
</tr>
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</table>

**DESCRIPTION AND PURPOSE OF FUND:** The purpose of the Ballpark Revenue Fund was to finance the construction of a publicly owned baseball stadium for the Washington Nationals baseball team in Southeast D.C. The Council found that, “(S)uch a publicly-owned stadium or arena will contribute to the social and economic well-being of the citizens of the District of Columbia and significantly enhance the economic development and employment opportunities within the District of Columbia.” The 41,546-seat Nationals Park opened in March 2008.

The authorizing statute specifies that the Fund can be used to:

- reimburse the D.C. government and its agencies for pre-development and development costs incurred for the ballpark;
- reimburse the D.C. government for costs relating to the acquisition of real property by purchase, lease, or condemnation for construction of the ballpark;
- pay the costs of demolishing buildings located on the site of the ballpark and the cost of any environmental remediation of the ballpark site;
- pay the costs of designing, constructing, improving, and equipping the ballpark;
- pay the costs of renovating and maintaining Robert F. Kennedy Stadium for use as a ballpark until the new ballpark is completed;
- pay any other costs of the D.C. government associated with financing, designing, constructing, or renovating the ballpark; and
- pay the debt service on bonds issued to construct the stadium.

**DESCRIPTION OF REVENUE SOURCE:** The Fund receives revenue from the following sources: (1) a ballpark fee based on the gross receipts of certain persons or organizations doing business within the District of Columbia, (2) a 10.25 percent tax on the sale of tickets to the stadium and the sale of merchandise and other goods inside the stadium, (3) parking taxes collected from people attending baseball games or professional baseball related events and exhibitions at the

---

15 See D.C. Official Code § 10-1601.01(1).
ballpark, (4) a 1 percent public utility tax on non-residential properties,\textsuperscript{16} and (5) a 1 percent toll telecommunications tax on non-residential properties.\textsuperscript{17}

The ballpark fee is imposed on businesses with annual gross receipts of at least $5 million if they are required to file a business franchise tax return or are required to make unemployment insurance contributions. The ballpark fee is calculated according to the schedule shown below.

<table>
<thead>
<tr>
<th>D.C. Gross Receipts</th>
<th>Ballpark Fee</th>
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<tbody>
<tr>
<td>Less than $5,000,000</td>
<td>$0</td>
</tr>
<tr>
<td>$5,000,000 to $8,000,000</td>
<td>$5,500</td>
</tr>
<tr>
<td>$8,000,001 to $12,000,000</td>
<td>$10,800</td>
</tr>
<tr>
<td>$12,000,001 to $16,000,000</td>
<td>$14,000</td>
</tr>
<tr>
<td>$16,000,001 and greater</td>
<td>$16,500</td>
</tr>
</tbody>
</table>

The authorizing statute provides that if the Chief Financial Officer (CFO) estimates that the amount to be collected by the ballpark fee in the current year is less than $14 million, plus any amount necessary to replenish reserve funds in accordance with the ballpark financing documents, and any amount necessary to avoid a project shortfall in debt service on the bonds, then the CFO may increase the ballpark fee schedule by proportional amounts to prevent the shortfall.

In addition, the statute provides that if at the end of a fiscal year, the balance of cash and investments in the Fund exceeds the balance of liabilities as well as required sinking fund deposits required to be paid from the Fund, the excess money must be used to pay any principal and interest accrued on the bonds, in advance of the scheduled maturity. The advance repayment of principal and interest must be consistent with any financing documents concerning the bond issuance.

The Fiscal Year 2021 Budget Support Act of 2020 requires any excess balance of cash and investments in the Fund that accrues during Fiscal Year 2020, Fiscal Year 2021, or Fiscal Year 2022 be deposited in the unrestricted fund balance of the General Fund during the fiscal year in which it accrues. The temporary change in the statute is a result of the economic downturn caused by the Covid 19 pandemic.

\textsuperscript{16} The base rate for the public utility tax is 10 percent both for residential and non-residential properties. Non-residential owners pay an additional 1 percent that is dedicated to the Ballpark Revenue Fund.

\textsuperscript{17} The base rate for the toll telecommunications tax is 10 percent both for residential and non-residential properties. Non-residential owners pay an additional 1 percent that is dedicated to the Ballpark Revenue Fund.
Sales Tax

5. Healthy Schools Fund

Authority for Program: D.C. Official Code § 38-821.01 - § 38-828.02
Authority to Dedicate: D.C. Official Code § 38-821.02
Year Enacted: 2011 (the Healthy Schools Act took effect in 2010, but sales tax revenue was not dedicated until October 1, 2011)
Administering Agency: Office of the State Superintendent of Education

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<tbody>
<tr>
<td>Actual Revenue</td>
<td>$4,266</td>
<td>$4,266</td>
<td>$4,266</td>
<td>$4,266</td>
<td>$4,666</td>
<td>$4,266</td>
<td>$5,110</td>
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</tbody>
</table>

DESCRIPTION AND PURPOSE OF FUND: The purpose of the Healthy Schools Fund is to support improved school nutrition and health programs. To this end, the Fund may be used for the following purposes: (1) to increase the reimbursement rates for school breakfasts and lunches, (2) to eliminate copayments charged to students who qualify for reduced-price meals, (3) to implement the breakfast-in-the-classroom program, (4) to increase the serving of locally-grown and unprocessed foods, (5) to increase physical activity in schools, and (6) to support school gardens.

DESCRIPTION OF REVENUE SOURCE: D.C. law states that the Fund shall receive an annual deposit of $4.266 million in general sales tax revenue. The amount was increased to $4.666 million with the FY 2018 Budget Support Act of 2017. The Healthy Schools Funding Clarification Act of 2019 however, increased the dedication amount to $5.110 million beginning in FY 2020. The Healthy Schools Fund Restoration Amendment Act of 2020 additionally increased the dedication amount to $5.590 million and became effective in FY 2021.
Sales Tax

6. Alcoholic Beverage Regulation Administration
Reimbursable Detail Subsidy Program

Authority for Program: Title 23, Chapter 7 of the D.C. Municipal Regulations
Authority to Dedicate: D.C. Official Code § 47-2002(b)
Year Enacted: 2011
Administering Agency: Alcoholic Beverage Regulation Administration

In $ thousands

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<tr>
<td>Actual Revenue</td>
<td>$1,170</td>
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<td>$1,170</td>
<td>$1,170</td>
<td>$1,170</td>
<td>$1,170</td>
</tr>
</tbody>
</table>

DESCRIPTION AND PURPOSE OF FUND: The purpose of the Fund is to allow the Alcoholic Beverage Regulation Administration (ABRA) to reimburse the Metropolitan Police Department (MPD) a percent of the total cost of services provided by MPD officers who work on details at ABRA licensees.

An alcoholic beverage licensee, group of licensees, or Business Improvement District acting on behalf of licensees must enter into an agreement with MPD to establish the reimbursable detail. MPD officers may work reimbursable details at ABRA licensees on Friday and Saturday nights, and on D.C. or federal holidays, from 11:30 p.m. to 5:00 a.m. MPD must submit monthly invoices to ABRA documenting the amount owed by each licensee.

ABRA will reimburse a percentage of the cost, if it has “sufficient funds earmarked” for this purpose. Any invoices not paid by ABRA either for good cause or a lack of sufficient funds left in the subsidy program remain the responsibility of the licensee.

DESCRIPTION OF REVENUE SOURCE: The Fund receives a fixed amount of the sales tax on alcohol purchased for off-premises consumption. The amount was originally set at $460,000 in 2011, but was increased to $1,170,000 in 2013.

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18 See section 718.1(b) of Title 23 of the D.C. Municipal Regulations.
19 See section 8143 of D.C. Law 19-21, the “Fiscal Year 2012 Budget Support Act of 2011,” effective September 14, 2011.
20 See section 3(a) of D.C. Law 19-310, the “Omnibus Alcoholic Beverage Regulation Amendment Act of 2012,” effective May 1, 2013.
Sales Tax

7. Washington Metropolitan Area Transit Authority Subsidy

Authority for Program: D.C. Official Code § 9-1107.01 - § 9-1107.12
Authority to Dedicate: D.C. Official Code § 47-2002.07
Year Enacted: 2011
Administering Agency: None (subsidy payment to regional transit authority)

In $ thousands

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</thead>
<tbody>
<tr>
<td>Actual Revenue</td>
<td>$65,350</td>
<td>$67,446</td>
<td>$72,355</td>
<td>$74,167</td>
<td>$78,506</td>
<td>$79,782</td>
<td>$52,311</td>
</tr>
</tbody>
</table>

DESCRIPTION AND PURPOSE OF FUND: The purpose of this fund is to finance the District’s annual operating subsidy to the Washington Metropolitan Area Transit Authority (WMATA), which operates the Metrorail and Metrobus systems in the national capital area.

The District of Columbia; State of Maryland; Arlington County, Virginia; Fairfax County, Virginia; City of Alexandria, Virginia; Fairfax City, Virginia; and City of Falls Church, Virginia, all make annual contributions to support WMATA operations.

DESCRIPTION OF REVENUE SOURCE: The fund receives all of the revenue from the 18 percent tax imposed on the sale of or charges for the parking or storing of motor vehicles or trailers, except for the parking or storing of vehicles or trailers on a parking lot owned or operated by WMATA and located adjacent to a WMATA station or passenger stop. In addition, the fund receives all fees generated from off-street parking meters, except those dedicated to two special-purpose revenue funds: (1) the Pay-by-Phone Transaction Fee Fund, and (2) the D.C. Circulator Fund.

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21 This fund is a non-lapsing Fund that receives all the transaction fees paid by motorists who use the pay-by-phone system for parking fees. See D.C. Official Code § 50-921.14.

22 Pursuant to Subtitle VI-L of Bill 20-199, the “Fiscal Year 2014 Budget Support Act of 2013,” revenue generated by parking meters along the National Mall will be deposited into the D.C. Circulator Fund, which is authorized by D.C. Official Code § 50-921.33.
Sales Tax

8. Washington Metropolitan Area Transit Authority Dedicated Financing Fund

Authority for Program: D.C. Official Code § 1–325.401
Authority to Dedicate: D.C. Official Code § 1–325.401
Year Enacted: 2018
Administering Agency: Office of the Mayor

In $ thousands

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<tbody>
<tr>
<td>Actual Revenue</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>$178,500</td>
<td>$178,500</td>
</tr>
</tbody>
</table>

DESCRIPTION AND PURPOSE OF FUND: The purpose of this fund in Fiscal Year 2019 is to finance the District’s payment to the Washington Metropolitan Area Transit Authority (WMATA) that operates the Metrorail and Metrobus systems in the national capital area. After FY 2019, with an agreement in place between the District and WMATA, the Fund is to be a grant for WMATA for the purposes of WMATA capital improvements, including payment on borrowings for such capital improvements.

DESCRIPTION OF REVENUE SOURCE: The fund receives all its revenue from the general retail sales tax. The revenue collected is capped at $178.5 million in Fiscal Years 2019 and 2020, with the dedication growing by 3 percent annually, beginning in FY 2021 until it expires in FY 2059. The Fiscal Year 2022 Budget Support Act of 2021 however removed the 3 percent escalator clause for the WMATA dedicated payment.
**Sales Tax**

9. **Commission on the Arts and Humanities Fund**

Authority to Dedicate: D.C. Official Code § 47-2002(d)  
Year Enacted: 2019  
Administering Agency: Commission on the Arts and Humanities

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<tbody>
<tr>
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<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>$31,956</td>
<td>$32,289</td>
</tr>
</tbody>
</table>

**DESCRIPTION AND PURPOSE OF FUND:** The purpose of the dedication to the Arts and Humanities Fund ("Fund") is to finance the administration, improvement, and maintenance of property and programs managed by the Commission. Beginning FY 2020, at most 23 percent of the fund will be used for administrative costs, and at least 77 percent of the fund would be used for the following purposes:

(A) 17% for grants to fund capital projects in support of either the Arts and Humanities Cohort or the National Capital Arts Cohort;  
(B) 50% for grants to support the Arts and Humanities Cohort;  
(C) 28% for grants to support the National Capital Arts Cohort to be allocated as follows:  
   (i) 70% will be distributed equally to each organization that belongs to the National Capital Arts Cohort; and  
   (ii) 30% will be distributed proportionally to each organization that belongs to the National Capital Arts Cohort, in an amount based on that organization's share of the total annual income for the prior year, not including District funds, of all organizations that belong to the National Capital Arts Cohort; and  
(D) 5% for the Humanities Grant Program.\(^{23}\)

**DESCRIPTION OF REVENUE SOURCE:** The Fund receives 5 percent of retail sales and use tax revenue collected that has not been dedicated to legislatively proposed or existing tax increment financing districts or pledged to the benefit of holders of District Bonds or notes that exists by October 30, 2018.

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\(^{23}\) See D.C. Official Code § 39-205(c-1).
Motor Fuel Tax

10. Highway Trust Fund

Authority for Program: D.C. Official Code § 9-109.02  
Authority to Dedicate: D.C. Official Code § 9-111.01 and § 9-111.01a 
Year Enacted: 1997  
Administering Agency: D.C. Department of Transportation

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<tbody>
<tr>
<td>Actual Revenue</td>
<td>$22,961</td>
<td>$25,256</td>
<td>$25,332</td>
<td>$26,099</td>
<td>$26,268</td>
<td>$27,935</td>
<td>$22,472</td>
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</table>

DESCRIPTION AND PURPOSE OF FUND: The purpose of the Highway Trust Fund is to finance the District’s required match for federal highway aid. Like other jurisdictions, the District combines funding from local revenue with federal matching funds to construct, repair, and maintain eligible roads and bridges. Approximately 400 of the 1,020 miles of streets and highways in the District of Columbia, as well as 229 bridges, are eligible for federal aid.

DESCRIPTION OF REVENUE SOURCE: The Fund serves as the depository for motor fuel tax revenue, as well as fees (such as the motor fuel importer’s license fee) and penalties for non-compliance with motor fuel tax collection requirements. The motor fuel tax rate is $0.235 per gallon. All the revenue from the tax would continue to be deposited into the Fund.

In addition, D.C. law includes a provision to prevent shortfalls in the Fund and to transfer surpluses in the Fund. First, revenue collected from public rights-of-way user fees, charges, and penalties (which are dedicated to the Local Transportation Fund) may be transferred annually to the Fund, provided that local monies in the Fund shall not exceed 22 percent of proposed annual federal highway aid expenditures. Second, any excess monies remaining in the Fund after local match requirements have been met, and revenue derived from the surcharge may be deposited into the Capital Improvements Program, which is used to renovate, repair, and maintain local transportation infrastructure that is not eligible for federal aid.

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24 Motor vehicle fuels include gasoline, diesel fuel, benzol, benzene, naphtha, kerosene, heating oils, all liquefied petroleum gases, and all combustible gases and liquids suitable for the generation of power for the propulsion of motor vehicles.

25 See D.C. Official Code § 9-111.01a.
Insurance Premiums and Sales Taxes

11. Healthy D.C. and Health Care Expansion Fund

Authority for Program: D.C. Official Code § 4-631 - § 4-638
Authority to Dedicate: D.C. Official Code § 31-3514.02, § 31-3403.01, § 31-3501, and § 47-2002
Year Enacted: 2007
Administering Agency: Department of Health Care Finance

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<tbody>
<tr>
<td></td>
<td>$39,868</td>
<td>$44,805</td>
<td>$45,083</td>
<td>$46,303</td>
<td>$47,948</td>
<td>$48,731</td>
<td>$48,946</td>
</tr>
</tbody>
</table>

DESCRIPTION AND PURPOSE OF FUND: The purpose of the Healthy D.C. and Health Care Expansion Fund is to provide affordable health care to eligible D.C. residents. The Mayor is authorized to contract with one or more health insurers to administer the program, which provides preventive health care, health screenings, dental care, emergency care, and hospital care.

The authorizing statute requires that participants (1) have lived in the District for six months before applying for benefits, (2) reside in a household with income at or less than 400 percent of the federal poverty standard, and (3) have lacked health insurance for the prior six months or lost health insurance during that period due to loss of a job or several other reasons stated in the statute. There are no exclusions for pre-existing conditions. An individual who qualifies for other public health insurance programs such as the D.C. Health Care Alliance, Medicare, or Medicaid is not eligible for Healthy D.C.

A health insurer that eliminates or restricts the availability of a health insurance plan offered in the District of Columbia in order to shift beneficiaries to Healthy D.C. is subject to a fine of not less than $10,000. Premium costs for participants are limited to 3 percent of household income for those with household incomes less than 300 percent of the federal poverty level, and 5 percent for participants with household incomes above 300 percent of the federal poverty level.

DESCRIPTION OF REVENUE SOURCE: Revenue sources for the Fund include (1) insurance premiums taxes paid by Group Hospital and Medical Services, Inc. (GHMSI), 26 27 (2) insurance premiums taxes paid by health maintenance organizations, 28 (3) annual appropriations, if any, (4)

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26 GHMSI is the District’s only non-profit hospital and medical services corporation, originally chartered as a “charitable and benevolent institution” by the U.S. Congress in 1939. GHMSI is a subsidiary of CareFirst, Inc., and does business as “CareFirst BlueCross Blue Shield.”

27 See D.C. Code § 31–3506.01.

28 The formula for allocating insurance premiums taxes paid by HMOs is as follows: 75 percent is dedicated to the Healthy D.C. and Health Care Expansion Fund and 25 percent is deposited into the general fund, except that all of the revenues generated from HMO contracts with the D.C. Medicaid, Health Care Alliance, or Healthy D.C. programs are dedicated to the Healthy D.C. and Health Care Expansion Fund.
federal grants, (5) fines and penalties paid by insurers who violate Healthy D.C. program rules, (6) grants, gifts, or subsidies, and (7) sales tax on purchases of medical marijuana.  

29 In 2009, GHMSI agreed to make an annual payment of $5 million for five years as part of its community benefit obligations under D.C. law. The payments commenced in FY 2010. FY 2014 was the final year of payments as agreed.
Health Care Assessment

12. Nursing Facility Quality of Care Fund

Authority to Dedicate: D.C. Official Code § 47-1262
Authority for Program: D.C. Official Code § 47-1261 - § 47-1269
Year Enacted: 2004
Administering Agency: Department of Health Care Finance

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<tbody>
<tr>
<td>Actual Revenue</td>
<td>$13,774</td>
<td>$12,854</td>
<td>$17,014</td>
<td>$13,949</td>
<td>$16,800</td>
<td>$14,338</td>
<td>$16,217</td>
</tr>
</tbody>
</table>

DESCRIPTION AND PURPOSE OF FUND: The primary purpose of the Nursing Facility Quality of Care Fund is to finance quality of care initiatives at District of Columbia nursing facilities. The authorizing statute requires that, “No less than 90% of the Fund shall be used solely to fund quality of care initiatives.”

Quality of care initiatives are defined in the statute as activities that “include a case mix reimbursement methodology,” an annual audit of the income and expenses of the Fund, and to the extent that amounts in the Fund remain, “other programs designed to promote and foster the improved care, safety, and health of residents in Medicaid-certified nursing facilities.” A case-mix reimbursement methodology is a prospective Medicaid rate payment system that adjusts for resident needs and three different types of facilities (freestanding nursing facilities, hospital-based nursing facilities, and nursing facilities owned by the District of Columbia).

DESCRIPTION OF REVENUE SOURCE: The primary source of revenue for the Fund is a uniform annual assessment per licensed bed of each nursing facility in the District of Columbia. The Mayor has the authority to determine the uniform amount by regulation, but the total assessment for a nursing facility cannot exceed 6 percent of annual net resident revenue. Since the enactment of the law, the assessment has been set at 6 percent.

The Fund also receives interest and penalty revenue from nursing facilities that fail to pay the full amount of an assessment by the required date. An unpaid balance accrues interest at the rate of 1.5 percent per month or any fraction thereof, and the administrative penalty equals 5 percent of the monthly assessment for each month, or any fraction thereof, that the failure to file continues. The total administrative penalty cannot exceed 25 percent of the nursing facility’s annual assessment.

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30 See D.C. Official Code § 47-1262 (b).
31 See D.C. Official Code § 47-1261(8).
Health Care Assessment

13. Stevie Sellows Quality Improvement Fund

Authority to Dedicate: D.C. Official Code § 47-1271
Authority for Program: D.C. Official Code § 47-1270 - § 47-1278
Year Enacted: 2010
Administering Agency: Department of Health Care Finance

In $ thousands

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<tbody>
<tr>
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<td>$5,032</td>
<td>$4,860</td>
<td>$4,913</td>
<td>$5,752</td>
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DESCRIPTION AND PURPOSE OF FUND: The purpose of the Stevie Sellows Quality Improvement Fund is to fund quality-of-care improvements worth up to $2.50 per hour³², or a higher amount set by regulation, at intermediate care facilities for people with intellectual or developmental disabilities (ICF-IDDs). The Fund may also be used to defray the costs of the Department of Health Care Finance (DHCF) to administer the Fund. Administrative costs are limited to 10 percent of the Fund’s total revenues in any fiscal year.

The authorizing statute defines quality-of-care improvements as “improving the quality of care for consumers with developmental disabilities by efforts to reduce turnover and increase the qualifications of the employees, excluding managers, administrators, and contract employees, such as an increase in salaries or benefits, or an increase in training and educational opportunities.”³³ To receive payments from the Fund, an ICF-IDD must submit to DHCF a legally binding commitment to fund quality-of-care improvements as well as proof of a mechanism to enforce the commitment. Any amounts remaining in the Fund after quality-of-care improvements and administrative costs have been paid for shall be used to increase the Medicaid reimbursement rate for ICF-IDDs.

DESCRIPTION OF REVENUE SOURCE: The primary source of revenue for the Fund is an assessment of 6 percent of annual gross revenue of each ICF-IDD. The Mayor may raise the assessment up to the maximum allowed by federal law if the revenue is insufficient to fund the quality-of-care disbursements that ICF-IDDs are entitled to receive under the authorizing statute. ICF-IDDs operated by the federal government are exempt from the assessment.

In addition, the Fund is authorized to receive all interest earned on the assessments, and all interest and penalties collected from facilities that fail to pay the full amount on time. Interest accrues on any unpaid balance at the rate of 1.5 percent per month, or any fraction thereof, and administrative penalties are set at 5 percent of the monthly assessment for each month, or fraction thereof, that the failure to file continues. The total administrative penalty may not exceed 25 percent of an ICF-IDD’s annual assessment. If an ICF-IDD knowingly provides false information in any report needed to administer the Fund, it shall be subject to a penalty of up to $10,000.

³² The amount of “$2.50 per hour” is not defined with respect to any unit of measurement, such as an hour of patient care, in the statute.

³³ See D.C. Official Code § 47-1270(5).
Health Care Assessment

14. Hospital Fund

Authority for Program: D.C. Official Code § 44-664.11 - § 44-664.18
Authority to Dedicate: D.C. Official Code § 44-664.12
Year Enacted: 2010
Administering Agency: Department of Health Care Finance

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<tr>
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<td>$8,948</td>
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DESCRIPTION AND PURPOSE OF FUND: The sole purpose of the Hospital Fund is to finance Medicaid services. The Medicaid program pays for medical services, including doctor visits, hospitalization, and dental care for low-income and disabled individuals. The statutory authority for the Fund expired on September 30, 2014 and was reinstated for Fiscal years 2016 through 2029.

DESCRIPTION OF REVENUE SOURCE: The Fund receives revenue primarily from a hospital fee based on its inpatient net patient revenue filed between October 1 and September 30 of the period 3 fiscal years prior to the fiscal year the fee is assessed.

In addition, Fund revenue may include “interest and penalties collected under this subchapter”, and “other amounts collected under this subchapter.”

St. Elizabeth’s Hospital (the District’s public psychiatric facility), the United Medical Center, (which is owned and operated by the D.C. government), and hospitals operated by the federal government are not covered by these provisions.

For Fiscal Year 2021 the rate is 0.345% of Total Inpatient Net Patient Revenue.

The authorizing statute became effective May 1, 2013 and was sunset on September 30, 2014. The statute was later reinstated for Fiscal Years 2016 through 2029.

Health Care Assessment

15. Hospital Provider Fee Fund

Authority for Program:  D.C. Official Code § 44-664.01 -§ 44-664.09
Authority to Dedicate:  D.C. Official Code § 44-664.02
Year Enacted:  2013
Administering Agency:  Department of Health Care Finance

In $ thousands

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DESCRIPTION AND PURPOSE OF FUND: The Hospital Provider Fee Fund has the following purposes: (1) to make Medicaid outpatient access payments to hospitals, (2) to pay administrative expenses incurred by the Department of Health Care Finance (DHCF) to implement the program, limited to $150,000 annually, and (3) to make refunds to hospital providers under certain conditions.35

The authorizing statute provides that, “The Fund shall not be used to replace any moneys appropriated to the Medicaid program.”36

DESCRIPTION OF REVENUE SOURCE: Bill 20-199, the “Fiscal Year 2014 Budget Support Act of 2013,” provides that the Fund receive revenue from a hospital provider fee assessed on its gross outpatient receipts of every hospital in the District of Columbia.

The hospital provider fee will be applied at the uniform rate needed to generate an amount equal to the sum of the following: (1) the maximum non-federal share of total spending allowed for private hospitals in the District by the Medicaid program, (2) the maximum non-federal share of total spending allowed for District-owned hospitals by the Medicaid program, and (3) DHCF’s administrative expenses to administer the hospital provider fee program subject to the $150,000, pro-rated annual limit. St. Elizabeth’s Hospital (the District’s public psychiatric facility) is exempt from the fee requirement.

For Fiscal Year 2021, the rate is 0.0952% of Total Outpatient Gross Revenue.

The authorizing statute became effective May 1, 2013 and was sunset on September 30, 2014. The statute was later reinstated for Fiscal Years 2016 through 2029.

35 Refunds must be issued if DHCF reduces Medicaid payment rates, if the fees are not eligible for federal matching funds, or if the federal government determines that the provider fee is impermissible. See section 5075(b) of Bill 20-199, the “Fiscal Year 2014 Budget Support Act of 2013.”

36 § 5073 of the Fiscal Year 2014 Budget Support Emergency Act of 2013 (D.C. Act 20-130, July 30, 2013, 60 DCR 11384, 20 DCSTAT 1827)
Deed Recoradation and Transfer Taxes

16, 17. Housing Production Trust Fund and Housing Production Trust Fund Debt Service

<table>
<thead>
<tr>
<th>Authority to Dedicate:</th>
<th>D.C. Official Code § 42-2802</th>
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<tr>
<td>Authority for Program:</td>
<td>D.C. Official Code § 42-2802 - § 42-2804</td>
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<tr>
<td>Year Enacted:</td>
<td>2002</td>
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<tr>
<td>Administering Agency:</td>
<td>Department of Housing and Community Development</td>
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<tr>
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HPTF- Debt Service

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<tr>
<td></td>
<td>$7,824</td>
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<td>$7,825</td>
<td>$7,822</td>
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<td>$6,293</td>
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</table>

DESCRIPTION AND PURPOSE OF FUND: The purpose of the Housing Production Trust Fund is to produce housing for targeted populations. At least 50 percent of the funds disbursed each year must be used to provide housing opportunities for very low-income households (those with household income between 30 percent and 50 percent of the area median). In addition, at least 40 percent of the funds disbursed each year must be used to provide housing for extremely low-income households (those with household income less than or equal to 30 percent of the area median). Finally, at least 50 percent of the funds disbursed each year must be used to provide rental housing (this category overlaps with the other categories described above).

The Fund may be used to finance pre-development loans for non-profit housing developers; loans to provide housing for low-income elderly persons with special needs; bridge loans and gap financing to reduce the costs of residential development; construction of new housing or the rehabilitation or preservation of existing housing; site acquisition; construction loan guarantees; collateral; or operating capital. Additionally, the fund can be used to secure bonds issued for the benefit of the New Communities Initiative or other purposes consistent with the Housing Production Trust Fund uses, capped at $16 million. Council authorization is required to secure financing for the New Community Initiative or other purposes consistent with the Housing Production Trust Fund uses for any amount above $16 million. The Fund may also be used to defray administrative costs, which are capped at 15 percent of revenues. In addition, $4 million and at most $18 million may be made available to the Workforce Housing Land Trust and the Rent Supplement Fund, respectively.

DEDICATION OF REVENUE SOURCE: The Fund’s primary source of revenue is a transfer of 15 percent of annual deed recordation and transfer tax revenue. As of September 30, 2020, the Fund had a balance of $116.22 million.38

37 The “Workforce Housing Land Trust” is a non-profit organization chosen by the D.C. government to administer a pilot program to develop affordable housing for people who work in the District of Columbia.

Deed Recordation and Transfer Taxes

18. West End Library and Fire Station Maintenance Fund

Authority to Dedicate: D.C. Official Code § 1–325.181
Authority for Program: D.C. Official Code § 1–325.181
Year Enacted: 2011
Administering Agency: Department of General Services and the District of Columbia Public Library

In $ thousands

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<tbody>
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<td>$88</td>
<td>$2,254</td>
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DESCRIPTION AND PURPOSE OF FUND: The sole purpose of the West End Library and Fire Station Maintenance Fund (Maintenance Fund) is to fund the operating expenses of the West End Library and West End Fire Station. The operating expenses include providing supplemental maintenance service; common-area maintenance service; insurance; and capital improvements for the West End Library and West End Fire Station.

The Maintenance Fund supplements other revenues annually appropriated for the operation of branch libraries and fire stations, including the West End Library and West End Fire Station, and used solely to ensure that both West End facilities are maintained in a manner that is consistent with the high-quality conditions of the larger buildings of which they are a part. The Maintenance Fund is first used to pay for the operating expenses of the West End Library and West End Fire Station before other District funds are used. However, the Fund cannot be used to supplant other local funds typically appropriated for the operation of branch libraries and fire stations.

DEDICATION OF REVENUE SOURCE: The Fund’s primary source of revenue is a transfer of 85 percent of annual deed recordation and transfer tax revenue attributable to the new buildings constructed on Lots 836, 837, and 855 in Square 37 (or such successor record or assessment and taxation lots as may be created through future subdivision or creation of condominium units).
**Excise Tax**

19. **Department of Behavioral Health Gambling Addiction Program**

Authority to Dedicate: D.C. Official Code § 36–621.15  
Authority for Program: D.C. Official Code § 36–621.15  
Year Enacted: 2019  
Administering Agency: Department of Behavioral Health

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<th>In $ thousands</th>
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<tbody>
<tr>
<td>Actual Revenue</td>
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</table>

**DESCRIPTION AND PURPOSE OF FUND:** The sole purpose of the dedication is to fund programs through the Department of Behavioral Health to prevent, treat, and research gambling addiction.

**DEDICATION OF REVENUE SOURCE:** The law dedicates the first $200,000 of revenue collected from the 10 percent private sports wager tax levied on net wagers (total wagers after payout) at privately operated sports wagering facilities to the Department of Behavioral Health’s gambling addiction program.
Real Property Tax

20. Walter Reed Redevelopment Fund

Authority to Dedicate: D.C. Official Code § 2–1227.05 - § 2–1227.06
Authority for Program: D.C. Official Code § 2–1227.01 - § 2–1227.07
Year Enacted: 2016
Administering Agency: Office of the Deputy Mayor for Planning and Economic Development

In $ thousands

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<tbody>
<tr>
<td>Actual Revenue</td>
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<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>$1,102*</td>
<td>$1,068*</td>
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*Revenue was recorded as special purpose fund in FY 2018 and FY 2019

DESCRIPTION AND PURPOSE OF FUND: The sole purpose of the dedication is to support the maintenance, operation, and construction activities on the Walter Reed Redevelopment Site. The Walter Reed Redevelopment Site is approximately 66.3 acres of land bounded by Fern Street, N.W., and Alaska Avenue, N.W., to the north, 16th Street, N.W., to the west, Aspen Street, N.W., to the south, and Georgia Avenue, N.W., to the east, also known as Parcel 0319/0004 and a portion of Parcel 0319/0005.

DEDICATION OF REVENUE SOURCE: The law dedicates all funds received from the possessory interest tax attributable to the Developer’s lease of the Walter Reed Redevelopment Site for the period ending on the last day of the tax year that is 10 years after the date on which the Developer commences the demolition of Building 2 on the Walter Reed Redevelopment Site in accordance with the requirements of the Land Disposition Agreement (LDA).

39 Demolition of Building 2 began on 8/1/2017.
### Sports Wager Tax and Lottery

#### 21. Neighborhood Safety and Engagement Fund

Authority to Dedicate: D.C. Official Code § 7–2413  
Authority for Program: D.C. Official Code § 7–2411 - § 7–2415  
Year Enacted: 2020  
Administering Agency: Office of Neighborhood Safety and Engagement

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<tbody>
<tr>
<td>Actual Revenue</td>
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<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
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DESCRIPTION AND PURPOSE OF FUND: The purpose of the dedication is to fund programs like The Safer, Stronger DC Community Partnerships Program, The Family and Survivor Support Services Program, and other violence prevention strategy and programs through the recently established Office of Neighborhood Safety and Engagement (“ONSE”). The Fund will only be used to support the duties of the Office of Neighborhood Safety and Engagement.

DEDICATION OF REVENUE SOURCE: The law dedicates, beginning in fiscal year 2024, the remaining net revenue from the private sports wager tax levied on net wagers (total wagers after payout) at privately operated sports wagering facilities, not dedicated to the Department of Behavioral Health for prevention and treatment of gambling addiction from sports wagering, whether from taxing licensed retailers, from contracts with vendors operating Office of Lottery and Gaming mobile and web-based sports wagering, or from licensed sports wagering retailers. The remaining net revenue is divided equally between the Early Childhood Development Fund, established by § 4-410.04, and the Neighborhood Safety and Engagement Fund.
Sports Wager Tax and Lottery

22. Early Childhood Development Fund

Authority to Dedicate: D.C. Official Code § 4–410.04
Authority for Program: D.C. Official Code § 4–410.04
Year Enacted: 2020
Administering Agency: Office of the State Superintendent of Education

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<tbody>
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<td>n/a</td>
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DESCRIPTION AND PURPOSE OF FUND: The purpose of the dedication is to support the cost of care and the teacher salary scale increases for child development facilities providing care for infants and toddlers.

DEDICATION OF REVENUE SOURCE: The law dedicates, beginning in fiscal year 2024, the remaining net revenue from the private sports wager tax levied on net wagers (total wagers after payout) at privately operated sports wagering facilities, not dedicated to the Department of Behavioral Health for prevention and treatment of gambling addiction from sports wagering, whether from taxing licensed retailers, from contracts with vendors operating Office of Lottery and Gaming mobile and web-based sports wagering, or from licensed sports wagering retailers. The remaining net revenue is divided equally between the Early Childhood Development Fund, and the Neighborhood Safety and Engagement Fund established by § 7–2413.
Real property Tax and Sales Tax

23. St. Elizabeth’s Redevelopment Fund

Authority to Dedicate: D.C. Official Code § 1–325.361
Authority for Program: D.C. Official Code § 1–325.361
Year Enacted: 2018
Administering Agency: Office of the Deputy Mayor for Planning and Economic Development

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<tbody>
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<td></td>
<td></td>
<td>$46**</td>
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</tbody>
</table>

**The revenue is recorded as a special purpose fund through FY 2021

DESCRIPTION AND PURPOSE OF FUND: The sole purpose of the St. Elizabeth’s East Campus Redevelopment Fund is to support the maintenance, operation, and construction activities on the St. Elizabeth’s East Campus Redevelopment Site, including the issuance of grants to support these activities.

Events DC ground leased a portion of the St. Elizabeth’s East Campus owned by the District for 19 years to construct an Entertainment and Sports Arena (ESA). The ESA will be the new home arena for the Washington Mystics, a practice facility for the Washington Wizards, and a venue hosting several other concerts, tournaments, and community events.

The St. Elizabeth’s East Campus Entertainment and Sports Arena Site is located at 1100 Alabama Avenue, S.E., Washington, D.C., known for tax and assessment purposes as Lot 838, in Square 5868, Suffix S.

DEDICATION OF REVENUE SOURCE: The Fund’s primary source of revenue from tax year commencing October 1, 2018, through tax year ending September 30, 2021, is real property taxes (including penalties and interest) from the leasehold interest, possessory interest, beneficial interest, or beneficial use of the lessee or user of the real property that can be assessed and taxed, and sales tax attributable to taxable payments or transactions generated from the St. Elizabeth’s East Campus Entertainment and Sports Arena Site. The revenue amount is capped at $855,000 per fiscal year. There is also a real property tax abatement for the possessory interest in the ESA Site over the capped amount per fiscal year. The fund cap at $855,000 and tax abatement for the possessory interest in the ESA Site is no longer applicable beginning the tax year October 1, 2021.