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Our Thoughts for Todays' Budget Hearing on the FY 2014 Budget Support Act

by Jenny Reed

Today, many residents and organizations, including DCFPI, will share their thoughts on the FY 2014 Budget Support Act (BSA). DCFPI focused on two issues today; the proposed amendments to the Homeless Services Reform Act and the proposal to reinstate a tax break for residents who invest in out-of-state bonds. Here is a summary of what we said:

On the proposed amendments to the Homeless Service Reform Act:

- **The proposed amendments to the Homeless Services Reform Act should be removed from the BSA and introduced as separate legislation.** These amendments would make significant changes to a law that impacts some of the District's most vulnerable residents. The changes have raised significant concerns and deserve careful consideration and stakeholder input that is allowed through the normal legislative process. The proposed amendments have no fiscal impact and therefore do not need to be passed with the budget.

- **DCFPI strongly supports the goals of the Department of Human Services to both minimize the stay for families in emergency shelter and to open shelter to families year-round.** We encourage the Council to introduce and adopt the legislation that will be by the start of FY 2014. Yet this is just one of the steps necessary to achieve the dual goals of shortening stays in shelter and opening it up families year-round. In addition, investments in the permanent supportive housing and tenant-based side of the local rent supplement program as well as finalizing regulations for the rapid re-housing program are needed.

On the reinstatement of the tax break for out-of-state bonds:

- **DCFPI supports maintaining the exemption for investments made prior to 2013 and phasing out the tax break on new investments.** Repealing the tax break on out-of-state bonds creates an incentive to purchase DC bonds, which helps reduce the interest rate the District pays on its debt. DC's CFO found that the number of DC buyers of DC bonds increased dramatically in 2012 after legislation to phase out the tax break was passed.

- **Most of the benefits of the tax break go to investors with substantial incomes; to protect low-income retirees, the tax break can be maintained for low- and moderate-income residents.** Three quarters of the interest earned on out-of-state bonds goes to residents with $200,000 or more in income *beyond what they get from tax-exempt interest.*

It is important to note that the FY 2014 budget includes several proposals to help retirees in need that are not funded. This includes $5.8 million through the Office of Aging to fund services for older residents, and $5 million to implement reforms to the Schedule H tax credit, which offsets property taxes when they consume a large share of a household's income.

Our full testimony on the proposed amendments to the Homeless Services Reform Act is here and the testimony on out-of-state bonds is here. And don't forget to check out DCFPI's analysis of the proposed FY 2014 budget for homeless services in our homeless services toolkit here and all revenue changes in the FY 2014 budget in our revenue toolkit!