



OFFICE OF CHAIRMAN MENDELSON COUNCIL OF THE DISTRICT OF COLUMBIA

I am proud of the budget proposal that is before us for approval today. The draft committee print reflects the hard work of the Council's committees; very little of what they recommended has been changed in the print before you. And, working with the fine staff in the Council's Office of the Budget Director, I have added initiatives that are worth bragging about.

In a word, I would describe our work on the budget as once again addressing affordability. Between the committees and my mark we are adding over \$15 million – above the Mayor's proposal – for Local Rent Supplement, Permanent Supportive Housing, Transitional Housing, Targeted Affordable Housing, a so-called "shallow subsidy" for seniors, and emergency rental assistance. We get it that homelessness and affordable housing is in crisis, and we are adding resources at a level we believe the Executive can and will actually implement.

Recognizing that affordability is not just a challenge for residents but also for small businesses, we are providing real property tax relief in two ways. First, we are expanding the \$1.65 commercial rate to all properties valued under \$5 million; the current limit is \$3 million. Second, we are creating a so-called "Schedule H" or circuit breaker for all retail businesses with less than \$2.5 million in sales, whereby these businesses will be able to obtain a \$5,000 refundable credit on their franchise tax. I think this is a big deal, and it establishes a framework for future efforts to expand tax relief to our small businesses.

A third important initiative by the Council through this budget is to finally establish dedicated funding for the arts. Councilmember Evans has talked about dedicated funding equal to a quarter cent of our sales tax, but actually the proposal before us is approximately .3% of the 6% sales tax. This will be about \$30 million a year – about the same as the Mayor's proposed budget for Fiscal Year 2019, except the dedicated funding will be recurring which much of the Mayor's proposal is not. The arts and humanities are important economic drivers to our economy, and improve a richness and diversity in our city that we celebrate.

Fourth, this budget supports the District's commitment to dedicate new funding for Metro's capital needs. The Mayor sent a request for approximately \$77 million in new taxes, and we honor that commitment although with some revisions to the incidence of the tax. The regional commitment to Metro – about which I would say the District has been at the forefront – is a big deal to improving mobility and thereby helping residents and businesses both.

Finally, through the work of the committees the Council is expanding or improving many initiatives that are important to quality of life, such as access to justice and access to fresh, healthy foods, and improving our roads and streetscapes. We also continue to address the financial resources needed to improve public education – inside the classroom as well as the overall facilities. In the end, this may be the most important aspect of this budget: that public education is arguably the most important service government can provide since it enables the children of our future to achieve their American dream.

A budget is a blueprint and with this blueprint we have a good plan for the city next year. The affordability challenge is daunting, but with this budget we are making progress.