

**COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
COMMITTEE REPORT**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

DRAFT

TO: All Councilmembers

FROM: Chairman Phil Mendelson
Committee of the Whole

DATE: December 6, 2022

SUBJECT: Report on Bill 24-429, the “Metro for D.C. Amendment Act of 2022”¹

The Committee of the Whole, to which Bill 24-429, the “Metro for D.C. Amendment Act of 2022” was sequentially referred, reports favorably thereon with amendments, and recommends approval by the Council.

CONTENTS

| | | |
|-------|-----------------------------------|---|
| I. | Background and Need | 1 |
| II. | Legislative Chronology | 2 |
| III. | Summary of Testimony | 3 |
| IV. | Impact on Existing Law | 3 |
| V. | Fiscal Impact | 3 |
| VI. | Racial Equity Impact..... | 3 |
| VII. | Section-by-Section Analysis | 4 |
| VIII. | Committee Action | 4 |
| IX. | Attachments | 4 |

I. BACKGROUND AND NEED

Bill 24-429, the “Metro for D.C. Amendment Act of 2022,” was introduced by Councilmember Charles Allen, Chairman Mendelson and Councilmembers Bonds, Cheh, Henderson, Lewis George, McDuffie, Nadeau, Pinto, and R. White on October 4, 2021 and referred to the Committee on Transportation and the Environment and Committee of the Whole, with comments from the Committee on Business and Economic Development. The purpose of Bill 24-429 is to establish the District Resident Transit Subsidy Program and exclude subsidies provided pursuant to this program from gross income. Subsidies would be applicable to eligible students, foster youth, summer youth employees and adult learners.

The Committee largely incorporates the background and need in the Committee on Transportation and the Environment’s committee report (attached) and its recommendations in the committee print. However, the Committee of the Whole’s committee print makes the following substantive changes to the legislation.

¹ Introduced as the “Metro for D.C. Amendment Act of 2021.”

First, the committee print requires the Director of the District Department of Transportation to enter into a fare buydown agreement with the Washington Metropolitan Area Transit Authority to provide the following: 1) fare-free Metrobus transportation within the District; and 2) daily 24-hour Metrobus service on the 12 most frequently used Metrobus lines in the District as determined by WMATA based on ridership and with emphasis on major transportation corridors and activity centers.

Second, the committee print establishes the following special funds: 1) The Fare-Free Bus Fund and the Bus Service Enhancement Fund (formerly the Transit Equity Fund). Money in the Fare-Free Bus Fund is to be used to support the fare buydown agreement that the Director of DDOT is required to enter into with WMATA to provide fare-free bus service within the District and 24-hour service for the 12 most used lines identified by WMATA. Funds from the Bus Service Enhancement Fund are to be used to improve transit access or service in areas identified in DDOT's Multimodal Long-Range Transportation Plan as high need or other underserved communities through the consideration or creation of new bus routes, extended hours, or relevant studies to support increased ridership or improved service.

Third, the committee print directs funds to the newly created Fare-Free Bus Fund and Bus Service Enhancement Fund, using local fiscal year recurring revenues included in OCFO December 2022 revenue estimate (and if necessary the February 2023 estimate) to offset the fiscal impact of the general sales tax dedication from each fund. The Fare-Free Bus Fund is given funding priority from the recurring revenues until it is fully funded.

Finally, while the District Transit Subsidy Program remains in the legislation, the funding mechanism for the program has been removed. The Committee recognizes the significant interest surrounding the program and plans to continue to consider mechanisms to fund it. However, the Committee is focused on ensuring the timely implementation of the provisions related to fare-free bus service in the District. The Committee sees this as an opportunity to make an immediate impact in the lives of District residents.

The Committee supports the concept of providing transit subsidies for District residents. The changes outlined in the Committee of the Whole's print make these subsidies readily available for anyone in the District, thereby promoting speed and efficiency of service and transit equity for District residents, workers and visitors alike. Thus, the Committee of the Whole recommends adoption of the committee print with the changes described above.

II. LEGISLATIVE CHRONOLOGY (ABBREVIATED)

October 4, 2021 Bill 24-429, the "Metro for D.C. Amendment Act of 2022" is introduced by Councilmember Allen along with Chairman Mendelson and Councilmembers Bonds, Cheh, Henderson, Lewis George, McDuffie, Nadeau, Pinto and R. White.

- October 19, 2021 Bill 24-429 is “read” at a legislative meeting; on this date the sequential referral to the Committee on Transportation and the Environment and the Committee of the Whole with comments from the Committee on Business and Economic Development is official.
- February 23, 2022 The Committee on Transportation and the Environment holds a public hearing on Bill 24-429.
- September 26, 2022 The Committee on Transportation and the Environment marks up Bill 24-429.
- December 6, 2022 The Committee of the Whole marks-up Bill 24-429.

III. SUMMARY OF TESTIMONY

Sharon Kershbaum, Deputy Director of the District Department of Transportation, testified on behalf of the Executive with recommended changes to the print and in support of the intent of Bill 24-429 at a hearing before the Committee on Transportation and the Environment on February 23, 2022. The Washington Metropolitan Area Transit Authority (WMATA) provided written testimony for the hearing but did not send a representative to testify in person. WMATA’s written testimony was supportive of the intent of the bill and recommendations focused on implementation and operational issues. The hearing also included public testimony broadly in support of the legislation.

Testimony from the Committee on Transportation and the Environment hearing is summarized in the attached Committee Report from that committee.

IV. IMPACT ON EXISTING LAW

This bill amends the Department of Transportation Establishment Act of 2002 (D.C. Official Code § 9-1108.11) to require the Director of DDOT to enter into an agreement with WMATA to provide fare-free Metrobus travel and expanding after-hours Metrobus service for certain bus lines in the District. The legislation also establishes the following: the District Resident Transit Subsidy Program, which provides eligible District residents a subsidy for use on public transit; the Fare-Free Bus Service Fund, which provides for fare-free Metrobus transportation within the District; and the Bus Service Enhancement Fund, which directs investments to areas of transportation need and historically disadvantaged communities for the purposes of improving transit service or increasing ridership. Finally, the bill amends section 47-1803.02 of the District of Columbia Official Code to exclude from gross income subsidies provided pursuant to the District Resident Transit Subsidy Program; and directs funds to the Fare-Free Bus Fund and the Bus Service Enhancement Fund.

V. FISCAL IMPACT

According to the December ____, 2022 fiscal impact statement from the Chief Financial Officer, funds are sufficient to implement Bill 24-429. The bill's implementation will cost approximately _____ in fiscal year 2023 and \$_____ over the four-year financial plan.

VI. RACIAL EQUITY IMPACT

According to the December 6, 2022 Racial Equity Impact Analysis of the Council Office on Racial Equity, _____

VII. SECTION-BY-SECTION ANALYSIS

| | |
|------------------|--|
| <u>Section 1</u> | States the short title of Bill 24-429. |
| <u>Section 2</u> | Amends the Department of Transportation Establishment Act of 2002 as described in this report. |
| <u>Section 3</u> | Amends D.C. Official Code § 47-1803.02(a)(2) as described in this report |
| <u>Section 4</u> | Establishes the applicability of certain provisions of Bill 24-429. |
| <u>Section 5</u> | Adopts the Fiscal Impact Statement. |
| <u>Section 6</u> | Establishes the effective date by stating the standard 30-day Congressional review language. |

VIII. COMMITTEE ACTION

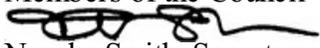
IX. ATTACHMENTS

1. Bill 24-429 as introduced.
2. Committee on Transportation and the Environment report on Bill 24-429 (without attachments)
3. Fiscal Impact Statement for Bill 24-429.
4. Legal Sufficiency Review for Bill 24-429.
5. Racial Equity Impact Analysis for Bill 24-429.
6. Comparative Print for Bill 24-429.

7. Committee Print for Bill 24-429.

COUNCIL OF THE DISTRICT OF COLUMBIA
1350 Pennsylvania Avenue, N.W.
Washington D.C. 20004

Memorandum

To : Members of the Council

From : Nyasha Smith, Secretary to the Council
Date : Friday, October 8, 2021
Subject : Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Monday, October 04, 2021. Copies are available in Room 10, the Legislative Services Division.

TITLE: "Metro for D.C. Amendment Act of 2021", B24-0429

INTRODUCED BY: Councilmembers Allen, Cheh, Henderson, Bonds, Pinto, Nadeau, R. White, Lewis George, McDuffie, and Chairman Mendelson

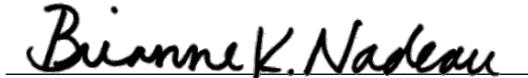
The Chairman is referring this legislation sequentially to the Committee on Transportation and the Environment and the Committee of the Whole with comments from the Committee on Business and Economic Development.

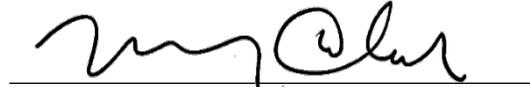
Attachment

cc: General Counsel
Budget Director
Legislative Services

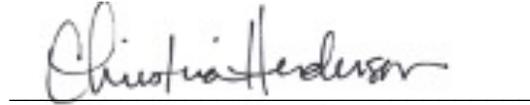
1 
2 Chairman Phil Mendelson


Councilmember Charles Allen

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4 
5 Councilmember Brianne K. Nadeau


Councilmember Mary M. Cheh

6
7 
8
9 Councilmember Robert C. White, Jr.


Councilmember Christina Henderson

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11
12 
13 Councilmember Janeese Lewis George


Councilmember Anita Bonds

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17 Councilmember Kenyan R. McDuffie


Councilmember Brooke Pinto

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23 A BILL

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28 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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33 To amend the Department of Transportation Establishment Act of 2002 to establish the District
34 Resident Transit Subsidy Program; and to amend Title 47 of the D.C. Official Code to
35 exclude from gross income subsidies provided pursuant to the District Resident Transit
36 Subsidy Program.

37
38 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
39 act may be cited as the “Metro for D.C. Amendment Act of 2021”.

40 Sec. 2. The Department of Transportation Establishment Act of 2002, effective May 21,
41 2002 (D.C. Law 14-137; D.C. Official Code § 50-921.01, *et seq.*) is amended by adding a new
42 Title VI to read as follows:

43 “TITLE VI. TRANSIT SUBSIDIES FOR DISTRICT RESIDENTS.

44 “Sec. 11t. Transit Subsidy Program established, eligibility and application.

45 “(a) The District Resident Transit Subsidy Program (“Program”) is established to provide
46 subsidies to District residents, as authorized by this title, for travel on any transportation that
47 accepts payment through a SmarTrip card issued by the Washington Metropolitan Area Transit
48 Authority (“WMATA”) or a similar transit card utilized by any other agency with which the
49 Mayor has entered into an agreement pursuant to this subsection. The Department shall
50 administer the Program and may issue rules for its administration. Assistance provided pursuant
51 to this title shall not constitute an entitlement.

52 “(b) The Mayor shall enter into an agreement or agreements with WMATA, and may
53 enter into agreements with other transit agencies, to implement the Program, including:

54 “(1) To make payments to WMATA for the transportation of District residents
55 who are eligible for a subsidy pursuant to this title; and

56 “(2) To create a segregated purse on a SmarTrip card, registered to a District
57 resident eligible for a subsidy pursuant to this title, or a similar transit card utilized by any other
58 agency with which the Mayor has entered into an agreement pursuant to this subsection, such
59 that:

60 “(A) Subsidies provided pursuant to this title may be deposited in the
61 segregated purse;

62 “(B) The funds in the purse are segregated from funds deposited on the
63 same SmarTrip card, or a similar transit card utilized by any other agency with which the Mayor
64 has entered in to an agreement pursuant to this subsection, by the District resident or another
65 third-party on behalf of the District resident; and

66 “(C) Funds deposited in the segregated purse shall not be used for parking.

67 “(c) A District resident, 18 years of age or older, shall be eligible to receive a subsidy
68 pursuant to this title if the resident is not eligible to receive:

69 “(1) A subsidy pursuant to the Student, Foster Youth, Summer Youth Employee,
70 and Adult Learner Transit Subsidies Act of 2019, effective September 11, 2019 (D.C. Law 23-
71 16; D.C. Official Code § 35-241, *et seq.*); or

72 “(2) Another payment or subsidy paid by the federal government, or a state or
73 local government, and deposited on a SmarTrip card issued by WMATA.

74 “(d) The Department shall establish a process for District residents to apply to receive
75 payments pursuant to section 11u of this title. The application shall be made easily available to
76 District residents and shall allow applicants to:

77 “(1) Provide proof of residency, pursuant to section 11v of this title;

78 “(2) Register the applicant’s SmarTrip card to receive payments pursuant to
79 section 11u; and

80 “(3) Provide any additional information needed to receive a subsidy pursuant to
81 this title.

82 “(e)(1) The Department shall maintain a list of nonprofit organizations certified by the
83 Department to assist District residents, whose income does not exceed 200% of the federal
84 poverty level and who are eligible for a subsidy pursuant to this subtitle, with the application
85 process developed pursuant to subsection (d) of this section.

86 “(2) The Department may provide grants to nonprofit organizations certified
87 pursuant to paragraph (1), including for the purpose of:

88 “(A) Providing case management services, related to the subsidy

89 provided pursuant to this title, for District residents whose income does not exceed 200% of the
90 federal poverty level; and

91 “(B) Purchasing SmarTrip cards for District residents whose income
92 does not exceed 200% of the federal poverty level.

93 “Sec. 11u. Transit subsidy payments.

94 “(a) Based on the availability of funds identified pursuant to section 11z of this act, and
95 pursuant to the requirements of subsection (b) of this section, the Department shall make
96 payments to an eligible applicant as follows:

97 “(1) Upon a determination that the applicant is eligible, pursuant to section 11t(c),
98 to receive a subsidy pursuant to this title, the Department shall deposit \$100 in a segregated
99 purse, pursuant subsection (c) of this section.

100 “(2) On the first day of the month after the Department makes a deposit pursuant
101 to paragraph (1) of subsection (a) of this section, and monthly thereafter, the Department shall
102 deposit, in the available balance of the District resident’s segregated purse, an amount that causes
103 the total available balance of the District resident’s segregated purse to equal \$100.

104 “(3) The balance of the District resident’s segregated purse shall not exceed \$100.

105 “(b) The Department shall allocate funds set aside for the Program in the Transit Subsidy
106 Fund, established pursuant to section 11y of this act, to eligible District residents in the following
107 priority:

108 “(1) First, to District residents with an income of 300% of the federal poverty
109 level or less;

110 “(2) Second, to District residents with an income more than 300% of the federal
111 poverty level and less than 100% of the Area Median Income;

112 “(3) Third, to District residents with an income of at least 100% of the Area
113 Median Income and less than \$155,000; and

114 “(4) Fourth, to District residents with an income of \$155,000 or more.

115 “(c) Payments made to the Washington Metropolitan Area Transit Authority for travel on
116 public transportation by an eligible applicant pursuant to this section shall be deposited on a
117 SmarTrip card, registered in the eligible applicant’s name, in a segregated purse, as described in
118 section 11t(b)(2).

119 “(d) Payments made pursuant to this section shall not be considered income for the
120 purpose of determining eligibility for public assistance.

121 “Sec. 11v. Proof of residency.

122 “(a)(1) When first applying to receive payments pursuant to this title, an applicant shall
123 provide, in a form determined by the Department, proof that the applicant is a District resident.

124 “(2)(A) Twelve months after being determined eligible to receive payments
125 pursuant to this title, and yearly thereafter, an eligible applicant shall recertify, in a form
126 determined by the Department, that the eligible applicant is a District resident.

127 “(B) The Department shall establish a process for a nonprofit certified
128 pursuant to section 11t(e) of this act to complete the recertification process required pursuant to
129 paragraph (2)(A) of this subsection.

130 “(b) An applicant making an initial application for a subsidy pursuant to this title, or an
131 eligible applicant recertifying pursuant to subsection (a)(2) of this section, shall be presumed to
132 be a District resident if:

133 “(1) During the previous year, the applicant filed an income tax return, pursuant
134 to subchapter VI of chapter 18 of Title 47 of the D.C. Official Code, as a resident of the District;

135 “(2) The applicant is currently having District income tax withheld from their
136 wages;

137 “(3) The applicant receives a public benefit, as that term is defined in section
138 101(6) of the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C.
139 Law 4-101; D.C. Official Code § 4-201.01(6)), administered by a District agency; or

140 “(4) An organization certified by the Department of Human Services to document
141 the homeless status of an individual has completed a social service proof of residency form,
142 certifying that the applicant is a District resident.

143 “(c) The Department may by rule identify additional documents that indicates an
144 applicant for a subsidy pursuant to this title, who is not otherwise presumed to be a District
145 resident pursuant to subsection (b) of this section, currently lives in and intends to remain in the
146 District.

147 “(d) The Department may enter into agreements with a District agency or an agency of
148 the federal government to share information necessary to satisfy the presumption of residency
149 pursuant to subsection (b) of this section.

150 “Sec. 11w. Authorization to negotiate fares.

151 “The Mayor is authorized to enter into negotiations with the Washington Metropolitan
152 Area Transit Authority for reduced transit fares for District residents.

153 “Sec. 11x. Transit Equity Fund established.

154 “(a) There is established as a special fund the Transit Equity Fund (“Fund”), which shall
155 be administered by the Department in accordance with subsections (c) and (d) of this section.

156 “(b) In each Fiscal Year, at least \$10 million shall be deposited in the Fund.

157 “(c) Money in the Fund may be used to:

158 “(1) Make payments to the Washington Metropolitan Area Transit Authority
159 (“WMATA”) to create a non-regional bus line that was not in operation before the effective date
160 of the Metro for D.C. Amendment Act of 2021, as introduced on October 1, 2021 (Bill 24-
161 XXX), and that would improve access to transit in an area identified in the Department’s
162 Multimodal Long-Range Transportation Plan as a transit priority need area;

163 “(2) Operate a D.C. Circulator line that was not in operation before the effective
164 date of the Metro for D.C. Amendment Act of 2021, as introduced on October 1, 2021 (Bill 24-
165 XXX), and that would improve access to transit in an area identified in the Department’s
166 Multimodal Long-Range Transportation Plan as a transit priority need area

167 “(3) Make payments to WMATA to extend service hours or shorten headways for
168 a non-regional bus line in an area identified in the Department’s Multimodal Long-Range
169 Transportation Plan as a transit priority need area;

170 “(4) Provide grants pursuant to section 11t(e) of this title;

171 “(5) Fund studies to identify transit priority need areas in the District; or

172 “(6) Install infrastructure that the Department determines will increase ridership
173 on non-regional bus operated by WMATA, or a D.C. Circulator line, that serves an area
174 identified in the Department’s Multimodal Long-Range Transportation Plan as a transit priority
175 need area, including dedicated bus lanes, bus shelters, or payment kiosks.

176 “(d)(1) The money deposited into the Fund but not expended in a fiscal year shall not
177 revert to the unassigned fund balance of the General Fund of the District of Columbia at the end
178 of a fiscal year, or at any other time.

179 “(2) Subject to authorization in an approved budget and financial plan, any funds
180 appropriated in the Fund shall be continually available without regard to fiscal year limitation.

181 “Sec. 11y. Transit Subsidy Fund.

182 “(a) There is established as a special fund the Transit Subsidy Fund (“Fund”), which shall
183 be administered by the Department in accordance with subsections (c) and (d) of this section.

184 “(b) Money shall be deposited in the Fund when set aside pursuant to section 11z of this
185 act.

186 “(c) Money in the Fund shall be used to:

187 “(1) Provide transit subsidies to District residents, pursuant to section 11u(b) of
188 this act; and

189 “(2) Operate the District Resident Transit Subsidy Program;

190 “(d)(1) The money deposited into the Fund but not expended in a fiscal year shall not
191 revert to the unassigned fund balance of the General Fund of the District of Columbia at the end
192 of a fiscal year, or at any other time.

193 “(2) Subject to authorization in an approved budget and financial plan, any funds
194 appropriated in the Fund shall be continually available without regard to fiscal year limitation.

195 “Sec. 11z. Funding.

196 “(a) The fiscal impact of the Metro for D.C. Amendment Act of 2021, as introduced on
197 October 1, 2021 (Bill 24-XXX) (“the Metro for D.C. Act”) act shall be funded, according to the
198 priority set forth in subsection (c) of this section, by local fiscal year recurring revenues included
199 in the Chief Financial Officer’s September 2021 revenue estimate and all subsequent revenue
200 estimates that exceed the annual revenue estimate incorporated in the approved budget and
201 financial plan for Fiscal Year 2022 through Fiscal Year 2025, until the act is fully funded as
202 certified by the Chief Financial Officer.

203 “(b) In the December 2021 revenue estimate and each of the subsequent revenue
204 estimates, the Chief Financial Officer shall certify:

205 “(1) Whether and by what amount local fiscal year revenues included in the
206 revenue estimate exceed the annual revenue estimate for Fiscal Year 2022 through Fiscal Year
207 2025, as incorporated in the approved budget and financial plan for Fiscal Year 2022;

208 “(2) Whether such excess revenues, together with the excess revenues identified
209 pursuant to this subsection in prior revenue estimates, are:

210 “(A) At least \$10 million dollars;

211 “(B) In an amount sufficient to fund the fiscal impact of
212 amendatory section 11u(b)(1) the Metro for D.C. Act, and, if not, the amount of additional
213 excess revenue necessary to fund amendatory section 11u(b)(1) of the Metro for D.C. Act;

214 “(C) After a sufficient amount has been identified to fund the fiscal impact
215 of amendatory section 11u(b)(1) of the Metro for D.C. Act, in an amount sufficient to fund the
216 fiscal impact of amendatory section 11u(b)(2) of the Metro for D.C. Act, and, if not, the amount
217 of additional excess revenue necessary to fund amendatory section 11u(b)(2) of the Metro for
218 D.C. Act;

219 “(D) After a sufficient amount has been identified to fund the fiscal impact
220 of amendatory section 11u(b)(2) of the Metro for D.C. Act, in an amount sufficient to fund the
221 fiscal impact of amendatory section 11u(b)(3) of the Metro for D.C. Act, and, if not, the amount
222 of additional excess revenue necessary to fund amendatory section 11u(b)(3) of the Metro for
223 D.C. Act;

224 “(E) After a sufficient amount has been identified to fund the fiscal impact

225 of amendatory section 11u(b)(3) of the Metro for D.C. Act, in an amount sufficient to fund the
226 fiscal impact of amendatory section 11u(b)(4) of the Metro for D.C. Act, and, if not, the amount
227 of additional excess revenue necessary to fund amendatory section 11u(b)(4) of the Metro for
228 D.C. Act; and

229 “(3) That all such excess revenues, together with the excess revenues identified
230 pursuant to this subsection in prior revenue estimates, have been set aside to implement the
231 Metro for D.C. Act, according to the priority set forth in paragraph (2) of this subsection.

232 “(c) Excess recurring revenue, identified pursuant to subsection (b) of this section, shall
233 be deposited, in the following order of priority, into:

234 “(1) The Transit Equity Fund, established by amendatory section 11x of the Metro
235 for D.C. Act; and

236 “(2) The Transit Subsidy Fund, established by amendatory section 11y of the
237 Metro for D.C. Act to implement the Transit Subsidy Program in the order prioritized in
238 subsection (b) of this section.

239 “(d) The cost of the provisions authorized by this section shall be recalculated on an
240 annual basis and reported in the February 2023 revenue estimate and annually thereafter.”.

241 Sec. 3. D.C. Official Code § 47-1803.02(a)(2) is amended by adding a new subparagraph
242 (LL) to read as follows:

243 “(LL) A subsidy provided pursuant to section 11u of the Department of
244 Transportation Establishment Act of 2002, as introduced on October 1, 2021 (Bill 24-XXX; D.C.
245 Official Code § 50-921.01, *et seq.*).”.

246 Sec. 4. Applicability

247 (a) This act shall apply upon the later of:

248 (1) October 1, 2022; or

249 (2) Inclusion of its fiscal effect in an approved budget and financial plan.

250 (b) The Chief Financial Officer shall certify the date of the inclusion of the fiscal effect in
251 an approved budget and financial plan and provide notice to the Budget Director of the Council
252 of the certification.

253 (c)(1) The Budget Director shall cause the notice of the certification to be published in
254 the District of Columbia Register.

255 (2) The date of publication of the notice of the certification shall not affect the
256 applicability of this act.

257 Sec. 5. Fiscal impact statement.

258 The Council adopts the fiscal impact statement in the committee report as the fiscal
259 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
260 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

261 Sec. 6. Effective date.

262 This act shall take effect following approval by the Mayor (or in the event of veto by the
263 Mayor, action by the Council to override the veto), a 30-day period of congressional review as
264 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
265 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
266 Columbia Register.

**Council of the District of Columbia
Committee on Transportation and the Environment**

Committee Report

1350 Pennsylvania Avenue, N.W., Washington, DC 20004

To: Members of the Council of the District of Columbia

From: Mary M. Cheh, Chairperson
Committee on the Transportation and the Environment



Date: September 26, 2022

Subject: B24-429, the “Metro for D.C. Amendment Act of 2022”

The Committee on Transportation and the Environment, to which B24-429, the “Metro for D.C. Amendment Act of 2022” was referred, reports favorably on the legislation, and recommends approval by the Council of the District of Columbia.

CONTENTS

STATEMENT OF PURPOSE AND EFFECT 2
CHRONOLOGY OF ACTION 14
POSITION OF THE EXECUTIVE 14
RECOMMENDATIONS BY ADVISORY NEIGHBORHOOD COMMISSIONS 15
LIST OF WITNESSES AND HEARING RECORD 15
ANALYSIS OF IMPACT ON EXISTING LAW 17
SUMMARY OF FISCAL IMPACT 17
SECTION-BY-SECTION ANALYSIS 18
COMMITTEE ACTION 18
ATTACHMENTS 19

STATEMENT OF PURPOSE AND EFFECT

Bill 24-429, the “Metro for D.C. Amendment Act of 2022” was introduced on October 4, 2021 by Councilmembers Allen, Robert White, Nadeau, Henderson, Cheh, McDuffie, Pinto, Bonds, Lewis George, and Chairman Mendelson. The legislation was jointly referred to the Committee on Transportation and the Environment and the Committee of the Whole. The Committees held a joint hearing on the legislation on February 23, 2022.

Bill 24-429, the “Metro for D.C. Amendment Act of 2022” seeks to reduce several often-overlapping externalities of our transportation system, including the economic burden of mobility, greenhouse gas emissions and air quality, traffic safety, transit ridership, and the financial solvency of public transit. The bill would provide a subsidy of up to \$100 per month to eligible District residents for use on public transit, and dedicate funds toward improving transit service in underserved areas through the establishment of a “Transit Equity Fund,” which would be allocated \$10 million annually.

I. Background

In creating a large-scale transit subsidy for District residents and investing in transit service improvements, B24-429 addresses some of the most pressing issues in our transportation system. First and foremost, providing a subsidy to District residents would provide significant economic relief and benefits to those who need it most.

Mobility both in the District and across the United States carries a significant economic burden. The average American spends roughly 13% of their household expenditures on transportation. Lower income households generally put a larger portion of their income to transportation. Nationally, in 2016, the 20% of the population with the lowest income earned an average of \$11,933, and spent an average of \$3,497 on transportation costs, representing a significant and often burdensome portion (29%) of their income.¹

High transportation costs are often driven by the significant cost of car ownership in the U.S. The average annual cost of owning a vehicle nationwide is over \$10,000 according to the American Automobile Association,² and the lifetime cost of vehicle ownership for the average motorist is at least \$650,000.³ More specifically to the District, a Massachusetts Institute of Technology calculation of cost of living estimates that the average car-owning District family of one adult and two children spends \$12,709 annually on transportation.⁴ A 2018 District Budget

¹ Institute for Transportation & Development Policy. “The High Cost of Transportation in the United States.” May 23, 2019. <https://www.itdp.org/2019/05/23/high-cost-transportation-united-states/>

² Moye, Brittany. “Annual Cost of New Car Ownership Crosses \$10K Mark.” American Automobile Association. August 11, 2022. <https://newsroom.aaa.com/2022/08/annual-cost-of-new-car-ownership-crosses-10k-mark/>

³ Gössling, Stefan, Jessica Kees Todd Litman. “The lifetime cost of driving a car.” *Ecological Economics*, Vol 194 (April 2022), <https://www.sciencedirect.com/science/article/pii/S0921800921003943?via%3Dihub>

⁴ Massachusetts Institute of Technology. “Living Wage Calculation for District of Columbia.” <https://livingwage.mit.edu/states/11>

Office analysis found that a family of the same composition who does not own a car would likely spend about \$5,221 on annual transportation costs -- far less than the cost for that family to own a car, yet still a potential cost burden, especially for low-income families.⁵ These figures demonstrate that investing in effective and affordable transit can be a lifeline for many, especially if it enables car-free living. Importantly, they also show that even car-free households can face significant burdens due to public transit costs.

Transit riders in the District roughly match the racial and ethnic makeup of the general population yet skew significantly poorer. For example, 18% of WMATA riders from the District are in households that earn less than \$10,000 per year. And while 45% of District residents are from household earning over \$100,000, only 23% of WMATA riders from the District fall into that income bracket.⁶ This means that investing in a transit subsidy or in improved service will meaningfully benefit our most vulnerable District residents. An analysis by the Council Budget Office found that the Metro for D.C. subsidy, even if applied universally to all income levels, would primarily benefit lower income individuals, with up to 66% of total subsidy expenditures going to those earning less than the median area income.⁷ Given that these residents likely spend a higher portion of their income on transit than higher earning residents, this benefit appears poised to provide meaningful economic relief to many of the District's most vulnerable residents.

Some adult riders already have access to a transit subsidy through their workplace; however, 78%—the vast majority—do not.⁸ District residents who already have access to transit subsidies earn higher incomes and are more likely to be white than those who do not. In fact, white transit riders in the District are more than twice as likely to receive a workplace transit subsidy than Black adult transit riders. And District transit riders who earn more than \$100,000 are five times more likely than those earning less than \$20,000 to receive a transit subsidy.⁹ Given these factors, increasing access to transit subsidies would be a way to promote economic and racial equity.

Transit Ridership in the District

In 2014, the District of Columbia's "Multimodal Long-Range Transportation Plan, MoveDC," established a goal that 75% of all commute trips in the District be made by non-auto modes by 2040.¹⁰ In 2019, "Sustainable D.C. 2.0" further refined this metric, which included setting a goal of increasing transit to 50% of commute trips by 2032.¹¹ In recent years however, transit commute mode share backslid from 37.6% to 31.5% between 2010 and 2020.¹² In 2021,

⁵ Groves, Susanna, John MacNeil, Anne Phelps & Joseph Wolfe. "Economic and Policy Impact Statement: Approaches and Strategies for Providing a Minimum Income in the District of Columbia." Council of the District of Columbia's Office of the Budget Director. Feb 27, 2018. https://www.dccouncilbudget.com/minimum-income_dc

⁶ Groves, Susanna. "Analysis of the Metro for D.C. Amendment Act of 2022." Council of the District of Columbia Office of the Budget Director. May 2022. <https://www.dccouncilbudget.com/metro-for-dc-study>

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ District Department of Transportation. "MoveDC. The District of Columbia's Multimodal Long-Range Transportation Plan," Oct 2014, 10.

¹¹ Office of District of Columbia Mayor Muriel Bowser, "Sustainable D.C. 2.0 Plan," 2019, 122

¹² U.S. Census Bureau, "American Community Survey" 5-year estimates.

however, only 11.6% of District commuters took transit; the share of workers who worked from home increased to 48.3%, as the COVID-19 pandemic upended commuting patterns in the District.^{13, 14} Average daily rail ridership on Washington Metropolitan Area Transit Authority (WMATA) rail dropped from 626,000 in 2019 to just 177,000 in 2020, and further to 136,000 in 2021 – just 22% of pre-pandemic ridership. Metro rail ridership has rebounded slightly in 2022 to 191,000 riders per day yet still sits at just 30% of 2019 ridership.¹⁵ Metrobus ridership declined significantly as well, however has rebounded more than rail ridership. Average daily bus boardings dropped from 350,000 in 2019 to about 90,000 in 2020 (26% of pre-pandemic numbers), but increased to 160,000 (46% of pre pandemic ridership) in 2021.¹⁶

WMATA’s financial future is partially dependent on strong ridership numbers. WMATA’s farebox recovery ratio (the share of operating expenses covered by fare revenues), has dropped significantly with the recent ridership decreases. In 2014, Metrorail had a farebox recovery ratio of 67.5% and Metrobus had a farebox recovery of 24.3%.¹⁷ In quarter 3 of FY 2022, those figures have dropped to 13.9% for rail and 6.9% for bus.¹⁸ In the most recent years, reduced farebox revenue has been largely offset by federal funds appropriated by the CARES Act and American Rescue Plan. In 2022, Metro received federal relief revenue totaling \$470.3 million, of which \$385.5 million was used to offset decreased revenue.¹⁹ However, another large federal investment in operational expenses is unlikely to occur again in the near future.

As a result, WMATA has been facing an upcoming budget shortfall of \$350-\$500 million and could be forced to cut service and/or raise fares to stay afloat.²⁰ However, a more recent ridership rebound since the height of the pandemic, coupled with cost savings, has reduced the projected deficit significantly to \$185 million.²¹ This improving, yet still concerning, financial situation demonstrates the importance of strong ridership for the fiscal solvency of WMATA. As one of the most important economic drivers of the region, the District and surrounding jurisdictions must prioritize improving WMATA’s financial health to ensure longevity and efficacy of the transit system. And with the extreme variability in modal choice of D.C. commuters since the start of the pandemic, bold measures to incentivize and stabilize our transit systems are needed. Increasing ridership and dedicating new funding to WMATA are two primary options to achieve this.

¹³ U.S. Census Bureau, “American Community Survey” 2021 1-year estimates.

¹⁴ 2010-2020 data uses American Community Survey (ACS) 5-year estimates, while 2021 uses 1-year estimates. Due to the pandemic, for there are no 5-year estimates for 2021 ACS data, nor 1-year estimates for 2020 data.

¹⁵ WMATA. “Rail Data Ridership Data Viewer.” <https://www.wmata.com/initiatives/ridership-portal/Rail-Data-Portal.cfm>

¹⁶ WMATA. “Bus Data Ridership Data Viewer.” <https://www.wmata.com/initiatives/ridership-portal/Bus-Data-Portal.cfm>

¹⁷ Johnson, Matt. “Comparing Metrobus and Metrorail farebox recovery is apples and oranges.” Greater Greater Washington. <https://ggwash.org/view/33967/comparing-metrobus-and-metrorail-farebox-recovery-is-apples-and-oranges>

¹⁸ WMATA. “FY 2023 Q3 Performance Report.”

¹⁹ Ibid.

²⁰ https://dcist.com/story/22/07/11/metro-budget-gap/?utm_source=substack&utm_medium=email

²¹ Pascale, Jordan. “Metro Reduced This Year’s Budget Shortfall By Half. But Long-Term Financial Issues Loom” DCist. September 19, 2022. <https://dcist.com/story/22/09/19/metro-budget-shortfall-proposed-solutions/>

Increasing transit ridership also supports several other District priorities related to traffic safety, health, and the climate. First, increasing transit use supports the District’s Vision Zero goal of eliminating traffic fatalities and serious injuries. There is strong evidence that public transit is safer than riding in a car. Increases in the share of transit ridership are associated with a decline in motor-vehicle-related fatalities.²² There is also evidence showing that public transit users achieve more daily physical activity than motor vehicle users, resulting in health benefits, including reduced rates of obesity and associated health conditions, such as diabetes and cardiovascular disease.²³ Finally, since transportation is the source of about one quarter of the District’s carbon emissions (and the largest source nationally), reducing the number of car trips through increased transit ridership is also paramount in our efforts to meet our climate goal of achieving carbon neutrality by 2050.²⁴

Subsidized and Fare-Free Transit

Subsidized, reduced, or eliminated fare programs are numerous across the U.S. and around the world. Here in the District, we already have several transit subsidy programs for students, low-income residents, seniors, and the disabled (see list below). Many district residents also benefit from workplace-based subsidies and pre-tax payroll deductions.

- Kids Ride Free
- Summer Youth Employment Program Transit Subsidy
- Transit Subsidy for Youth in the District’s Foster Care System
- Adult Learners Ride Free Program
- University Pass Program
- Temporary Assistance for Needy Families (TANF) Transportation Subsidy
- Seabury Connector Card
- WMATA Reduced Fare for Seniors
- WMATA Reduced Fare for Individuals with Disabilities
- Federal Government Transit Benefit Program
- D.C. Transportation Benefit Program

B24-429 builds on these programs to expand the population of District residents who can benefit from a transit subsidy. These programs have been popular and have provided District residents with significant benefits. For example, the Kids Ride Free (KRF) program, which gives fare-free transit access to D.C. residents under the age of 22 who are enrolled in a District school, reached a peak pre-pandemic level of participation in the 2019-2020 school year of 50,012 students. Current enrollment in KRF, like many programs, has decreased significantly during the pandemic, yet rebounded from 21,316 in SY20-21 to 33,747 in SY21-22. KRF recipients utilize

²² T. Litman, “The Hidden Traffic Safety Solution: Public Transportation.” American Public Transportation Association 2016

<https://www.apta.com/wpcontent/uploads/Resources/resources/reportsandpublications/Documents/APTA-Hidden-Traffic-Safety-SolutionPublic-Transportation.pdf>;

²³ I.N. Sener, R.J. Lee, and Z. Elgart, “Potential Health Implications and Health Cost Reductions of Transit-Induced Physical Activity,” *Journal of Transport & Health* 3, no. 2 (2016): 133-40, <https://pubmed.ncbi.nlm.nih.gov/273474817>

²⁴ B24-0267 - Climate Commitment Act of 2021. <https://lims.dccouncil.us/Legislation/B24-0267>

the benefit at high rates. Before the pandemic, 2019 monthly ridership ranged from a low of 1.03 million in July to a high of over 1.44 million rides in May. In 2022 (year to date) however, KRF monthly ridership topped out at 494,000.²⁵ With KRF enrollment and ridership lagging below pre-pandemic numbers, there is an opportunity for a new transit subsidy program to aid in bringing back young residents to transit (including those not eligible for KRF), an important strategy for long term success for WMATA. The high usage of KRF pre-pandemic also shows the potential of a transit subsidy and offers further evidence to support the transit subsidy program in this bill.

Riders want affordable service and would likely use a subsidy

Reduced, subsidized and eliminated fares are popular with existing and potential riders, including in the District, as evidenced by the KRF data above. Additionally, as part of the “Bus Transformation Project” spearheaded by the Greater Washington Partnership, a regional survey found that the second most common reason that respondents ride the bus is that it’s the “most affordable option” behind “closest transit option to home or work.”²⁶ These responses indicate the potential for transit fare subsidies, coupled with service improvements, to contribute positively to ridership increases. It demonstrates that bus riders in the region put a high value on affordability of transit and that a transit subsidy would materially benefit existing riders.

The District is conducting a pilot study to better understand the effects of reduced fares among low-income riders.²⁷ While this study will shed light on the impacts of reduced fares, the Committee is not inclined to wait for the results as WMATA’s financial situation and transit ridership trends call for more urgent action. Furthermore, the scope of the subsidy in this bill likely goes well beyond what this pilot is evaluating and therefore may not be fully informed by this research.

While the District has unique characteristics that make the results of a large-scale subsidy difficult to predict with accuracy based on other cities’ experiences, the current fare free pilot program on three Boston bus lines could be informative as a recent, large U.S. city example. In its initial three-month pilot of the Route 28 bus line, this route saw a ridership increase of 38%, compared to a 15% increase across the bus system. Furthermore, a survey of riders in this pilot indicated that 5% of riders would have otherwise taken their trip by car if the bus was not fare free.²⁸ This translates to approximately 200 fewer car trips per day as a result of making this single bus line free. This indicates the potency of fare elimination or subsidy for reducing car trips and inducing transit ridership.

Importantly, the subsidy in B24-429 is only paid out for actual rides taken; thus, for WMATA to capture the funding that the District puts toward the new subsidy, it still must provide high quality service and earn the business of subsidy recipients. And, if the subsidy leads

²⁵ Kids Ride Free program data provided by DDOT.

²⁶ “Public Survey Results.” Washington Area Bus Transformation Project.
<https://bustransformationproject.com/resources/public-survey-results/>

²⁷ The Lab. “Can discounted transit improve mobility and well-being for lower-income residents?”
<https://thelabprojects.dc.gov/fare-subsidy>

²⁸ City of Boston Transportation. “Route 28 Fare-Free Pilot Evaluation. Summary Findings” March 2022.
https://www.boston.gov/sites/default/files/file/2022/03/Route28_Report_FINAL.pdf

to any increase in ridership, WMATA will benefit from an increase in revenue. The fact that this program would increase revenue for WMATA means that it could be part of the solution to the system's financial problems and provide additional revenue to allow WMATA to further improve service— making the subsidy even more likely to increase ridership over time.

Subsidized fares and service improvements

Based on experiences in other jurisdictions, the Committee anticipates that providing funds to directly support riders using public transit will increase ridership.²⁹ There is debate, however, around whether providing subsidized, reduced, or free fares in isolation is an effective way to induce ridership, and whether investing in fare reduction or other operational expenses is a better use of limited funds. In other jurisdictions, fare-free and reduced fare transit have been shown to increase ridership among some groups, though may be insufficient on its own to increase ridership universally amongst all riders. For example, some studies show that reducing or eliminating transit fares can increase ridership for individuals who are already dependent on transit, though findings are mixed on the degree to which subsidies compel discretionary transit riders to shift to public transit.³⁰ These concerns led this Committee (and the Council) to twice disapprove proposals by the Mayor to make ridership on the Circulator free, believing that DDOT had failed to provide sufficient evidence that the program would increase ridership amongst residents (especially vulnerable residents), wouldn't have a harmful impact on WMATA ridership, and that wasn't tailored to best serve the District's transportation goals.

This debate (including the Committee's consideration of a free Circulator) is often framed around how to spend a finite amount money most effectively – either on fare reduction or service improvements. Or, it assumes that reducing fares would require a reduction in operating expenditures to make up for reduced farebox collection. It is likely that reducing, eliminating, or subsidizing fares is most effective when combined with other policies and investments to improve service, especially frequency, speed and reliability, or to disincentivize driving, such as with congestion pricing. By design, the subsidy established pursuant to this legislation should not face these shortfalls, as it will not be funded by reducing operating expenditures through service cuts, or by redirecting system improvement dollars to fare reductions. Instead, the subsidy would be paid for by an entirely new funding source (direct funds from the District), while also providing additional funds to *enhance* service.

Of course, substantial work to enhance public transit service is and has long been underway. While much of WMATA's operation and infrastructure are outside of the District's control, the District is already investing in many aspects of transit service. For example, DDOT's Bus Priority Program is a multi-year project to improve bus service in the District primarily through infrastructure improvements on key corridors. DDOT has built several bus-only lanes, installed signal priority for buses, and has adjusted stop placement to improve reliability and bus speeds. The Bus Priority Plan identifies 51 transit corridors which will be seeing improvements

²⁹ Of course, changes in ridership are also heavily dependent on baseline ridership levels, commute patterns and other external factors to the system and region.

³⁰ Litman, Todd "Transit Price Elasticities and Cross-Elasticities." *The Journal of Public Transportation* 7, no 2. 2004. <https://www.nctr.usf.edu/wp-content/uploads/2010/03/JPT-7-2-Litman.pdf>

in the next several years.³¹ The approved FY 2023 budget includes \$102 million over the six-year Capital Plan for this initiative.³² DDOT has several other projects working to improve transit service as well, including the K Street Transitway, the Streetcar extension and the expansion of the Circulator.

B24-429 builds on these investments by including a recurring \$10 million investment in service and infrastructure enhancements via a new Transit Equity Fund. To induce residents to shift from a personal vehicle to public transit, we need to not only make transit accessible, but a better experience than driving. This funding will augment the aforementioned investments and could potentially enable DDOT to scale up or expedite these or other transit infrastructure projects. The Committee notes, however, certainly more can be done to further incentivize residents' to shift to public transit; the District should see the Metro for D.C. subsidy as one (critical) step toward encouraging ridership on the District's transit system, while continuing to explore and invest in other programmatic changes to further support transit (and other sustainable transportation modes). The investments in B24-429 should be evaluated as part of a larger ecosystem of investment in transit by the District. These service and infrastructure investments have the potential to compound the benefits of new subsidies and to set the program up for success in spurring increased ridership.

Finally, providing a robust subsidy for transit use could be an effective tool to discourage fare evasion. WMATA estimates that it loses \$10 million annually due to fare evasion and that 34% of all Metrobus riders evade paying a fare.³³ Providing a generous subsidy that covers the needs of most District residents would eliminate a primary reason that some riders do not pay their fare. Reducing fare evasion has positive benefits beyond generating revenue. Reducing fare evasion also reduces conflicts between riders and drivers and increases confidence in the system for riders who feel those evading fares are taking advantage of the system.³⁴

Subsidy Amount

The introduced version of B24-429 and the Committee Print would establish a transit subsidy of \$100 per month per program participant. Each month, the amount added to the participant's transit card would be set to bring the subsidy balance up to \$100. This means that those who spend less than \$100 in a given month would only have the difference added to their account. Those who spend more than \$100 in a month would exhaust their subsidy and need to cover any additional fare amounts.

The \$100 amount would provide adequate funds to cover all of the transit needs for 92% of adult transit riders who live in the District. The majority of District residents spend far below this level – 71% spend less than \$25 per month, and 82% spend less than \$50 per month.³⁵

³¹ District Department of Transportation. "Bus Priority Plan" <https://ddot.dc.gov/page/bus-priority-plan-and-resources>

³² Fiscal Year 2023 Capital Improvement Plan

³³ WMATA Finance and Capital Committee. "Fare Evasion Update." February 10, 2022.

<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3B-Quarterly-Fare-Evasion-Update.pdf>

³⁴ George, Justin. "1 in 3 Metrobus rides goes unpaid amid rise in fare evasions during pandemic." Washington Post. February 7, 2022. <https://www.washingtonpost.com/transportation/2022/02/07/metro-fare-evasion-pandemic/>

³⁵ Budget Office. "Metro for D.C." Analysis

Setting the subsidy level at \$100 would ensure that a majority of eligible residents would have their total transit expenses covered under this program, while setting a spending cap that keeps overall program expenses at a reasonable and more predictable level.

Funding B24-429

B24-429 would be funded by capturing excess revenue above projections, as estimated by the Chief Financial Officer (OCFO) via the agency's quarterly revenue estimates.³⁶ This mechanism would require that revenue identified by the CFO above baseline revenue projections from the approved budget and financial plan for that fiscal year would be directed to fund this bill. In essence, the legislation prioritizes increases in revenue to funding the bill, beginning with the first quarterly revenue estimates after the bill's effective date; funds would be dedicated up and until the program is fully funded.

Funds dedicated to funding B24-429 would first flow into Transit Equity Fund, supporting service and infrastructure enhancements, until the fund hits \$10 million; then, available funds would be used to fund the subsidy program. While the Committee Print contains instructions for dedicating the funding in this manner, funds must still be directly appropriated in a Local Budget Act or a Supplemental Budget. In essence, the funding mechanism in the bill earmarks these increases in revenues for this use, but the Council will still need to commit those funds as intended in an approved budget. This extra step has some benefits, including allowing the Council with the opportunity to tailor the scale and scope of the program for the upcoming fiscal year to match available funding levels.

The amount of increases in revenue identified by the OCFO has been quite variable in recent years, meaning the timeline for identifying funds and implementing this bill is unfortunately uncertain; District revenues have generally outpaced projections due to stronger than expected sales, property, income, deed tax revenues and non-tax revenues. However, there is uncertainty as to whether these revenue sources will continue to trend upward, especially due to the risk that recent inflation rates pose for the national and District economies. In addition, estimates from the OCFO may have been particularly cautious since 2020 due to the anticipated effects of the COVID-19 pandemic on the District economy, and it is possible the OCFO's estimates will become less cautious given recent surplus levels and the end of the public health emergency.³⁷ Specifically, over the last three and a half fiscal years, the vast majority of OCFO revenue estimate revisions have adjusted projected revenue for the current fiscal year in a positive direction. Only three of the last 14 revisions have been negative, two of which were strongly influenced by extenuating circumstances – the start of COVID-19 pandemic in 2020 and a five-week Federal government shutdown in 2019.

³⁶ Of note, funding for this legislation would not take priority over any previously passed legislation that utilizes a similar funding mechanism, such as B24-237, the Clean Hands Certification Equity Amendment Act of 2022.

³⁷ Office of the Chief Financial Officer. "June 2022 Revenue Estimates." June 30, 2022.

Recent adjustments to current fiscal year quarterly revenue projections (in millions).
September revenue estimates – the final revenue estimate each fiscal year are presented in **bold**:

- June 2022: \$490.6
- February 2022: \$148.8
- December 2021: \$264.7
- **September 2021: \$311.3**
- May 2021: \$145.4
- February 2021: -\$29.7
- December 2020: \$393.2
- **September 2020: \$222.1**
- April 2020: -\$721.8³⁸
- February 2020: \$79.8
- December 2019: \$280.4
- **September 2019: \$79.8**
- June 2019: \$132.2
- February 2019: -\$47.4³⁹

Moreover, the quarterly revenue revisions each of the last three years have cumulatively translated to annual excess revenues totalling \$79.8 million in FY 2019, \$222.1 million in FY 2020, and \$311.3 million in FY 2021—far more in FY 2020 and FY 2021 than the highest annual cost for the bill (approximately \$166 million annually when the subsidy program is fully up and running).⁴⁰

While there is no guarantee that local revenue will increase year-over-year, recent history shows a general upward trend. For example, the FY23 budget was based on the CFO’s February 2022 revenue projections, which showed yearly increases of \$358 million in FY23, \$249 million in FY24, \$279 million in FY25 and \$291 million in FY26.⁴¹ That’s the amount of new spending the Mayor was able to propose in her FY23 proposed budget as compared to the same years in the FY22 budget. Again, if the Council had dedicated those increases to the Metro for D.C. program, the Mayor could have funded the bill in her proposed budget and had significant additional projected funds for other priorities. Dedicating the growth of District’s budget to the implementation of B24-429 would allow the Council to maintain direct control over the use of funds, and represent at this time one of the few avenues to stand up a program of this size and impact, which would otherwise likely be incredibly challenging to fund. The year-over-year increases in projected revenue in recent years would be sufficient to fund the fiscal impact of B24-429, which is \$28.68 million in FY 2023 and \$15.44 million in FY 2024 while DDOT establishes the program, and \$163.47 million in FY 2025 and \$166.15 million in FY 2026, the first two years of full implementation of the subsidy program. Even with significantly lower revenue adjustments in the future, it is possible that this funding mechanism could fully or partially fund this new program in a short time frame.

³⁸ Start of the Covid-19 pandemic.

³⁹ Reduction driven primarily by five-week Federal government shutdown.

⁴⁰ September Quarterly Revenue Estimates, FY 2019-2021. September revenue estimates – the final revenue estimate of the year - represent the clearest picture of total excess revenues for a given fiscal year.

⁴¹ Office of the Chief Financial Officer. “February 2022 Revenue Estimates.” February 28, 2022.

The Committee acknowledges dedicating a new funding stream to the program would allow for natural growth to be spent in other ways, but there is no current revenue stream that is not already spoken for in the District's budget, and the Committee does not wish to increase any taxes or fees to pay for this program. This mechanism is a creative solution that would potentially allow scaling up this large program rapidly without having to raise taxes or fees, and every program funded in the District's budget is dependent on the CFO's projections being correct. The Committee does, however, see the potential for new funding stream such as road pricing to deliver new revenues that could eventually be dedicated to this program.

II. Legislative Action

As introduced, B24-429 amends the Department of Transportation Establishment Act of 2002 to establish a District Resident Transit Subsidy Program. This program would provide up to \$100 per month to eligible District Residents who apply for and are approved to receive this benefit. In the case of partial availability of funds to administer the program, residents would, as funds become available, become eligible to participate based on four income tiers, starting with the lowest. It also establishes a Transit Equity Fund, which would provide \$10 million annually to DDOT to improve transit infrastructure and service in areas of high transit need or historically underserved communities. The bill would be funded by excess revenue as identified by the Chief Financial Officer above projected revenues each year, until the bill is fully funded.

After holding a hearing on B24-429, and receiving significant input from the public and agencies, the Committee has made some changes to the bill in the Committee Print.

Income-Based Eligibility

The Committee has struck the language establishing income-based tiers for the Transit Subsidy Program for several reasons. First, the introduced bill was intended to provide the subsidy benefit to District residents regardless of income; the proposed income tiers would only be utilized where there was insufficient funding to provide the subsidy to all eligible residents in a given year. Based on the Committee's conversations with impacted agencies, however, conducting income verification would be a significant administrative burden on agency staff, especially DDOT, which has no experience administering eligibility assessments at this scale.

Income verification would also add significant costs to the legislation—or in the case of limited funds, divert resources that could otherwise be spent on transit subsidies. To begin to estimate the cost of conducting income verification, the Committee reviewed other programs in District government which have income-based eligibility. The Low-Income Home Energy Assistance Program (LIHEAP) program at the Department of Energy and Environment (DOEE), which provides financial assistance to low-income households for energy costs and receives about 20,000 applications annually, requires 20 FTEs and has an annual budget of \$2.056 million; those amounts are just the cost to make eligibility determinations based on income data provided to DOEE by the Department of Human Services (DHS). DHS also conducts income verification for a number of benefit programs; DHS employs 589 FTEs at a cost of \$84 million for those eligibility determinations. B24-429 is intended to provide subsidies to a large set of

residents, including potentially all District residents that do not receive certain other transit subsidies. Conducting income verification for this new program would likely require a level of investment in administrative activities somewhere in between the DOEE and DHS programs, and likely closer to DHS's total. This would be a significant cost to the District—tens of millions of dollars—simply to allow for a phased-in start to the program. The Committee believes those dollars can be better spent being directly invested in the subsidy and Transit Equity Fund.

Making the subsidy immediately accessible to all income levels would still disproportionately benefit lower income residents, who are less likely to have access to workplace subsidies and spend a higher portion of their incomes on transportation costs. Additionally, regardless of income of the subsidy recipient, the benefits of any increase in transit ridership are felt by all District residents and visitors if it removes cars from the road and supports the solvency of WMATA and other transit systems. Finally, the Committee generally agrees with the perspective that access to transportation should be a universal public good that should not be means-tested.

The Committee acknowledges the possibility that it may take several years for the legislation to be funded at an adequate level to provide a subsidy to all eligible District residents; not using a phased-in approach will likely mean a delay in implementation of the new subsidy program. Were this to be the case, the Council could choose, during the annual budget process, to adopt some other type of means-testing based on the actual portion of needed funding that has been identified to date. Additionally, the Committee Print authorizes DDOT to establish regulations for the administration of the program. These regulations could include eligibility criteria in the case of insufficient funds or for a phased in approach. For example, the Council or DDOT may choose to provide the subsidy first to residents participating in certain benefits programs, such as LIHEAP, SNAP, TANF, or housing services. The Committee did not include that language in the print, as that means-testing should be tailored to the amount of funding available, which will not be known until the Council's consideration of the budget. That said, the Committee intends to track funding levels and, if appropriate, propose such language at that time. At such a juncture, the Council would have the ability to either establish income-based eligibility or could defer to the Mayor or DDOT to set eligibility criteria via regulation.

Age and Other Subsidy Recipients' Eligibility

The introduced version of B24-429 excluded District residents under the age of 18, under the argument that the vast majority of these residents already qualify for a subsidy via the Kids Ride Free (KRF) program. The Committee Print reduces that age to five years old (children under five can ride WMATA for free) while explicitly excluding KRF program participants. While most minors in the District can receive KRF, some cannot, including those who do not attend a District school and those who graduate before turning 18. To ensure those residents are eligible for the program, the Committee Print lowers the age requirement and explicitly excludes recipients of KRF from eligibility.

Given the numerous existing subsidy programs, like KRF, the Committee more broadly weighed whether recipients of those programs should be eligible for the transit subsidy. As introduced, the bill excluded recipients receiving any subsidy provided by the Federal

Government or a state or local government. The print removes language making individuals receiving another subsidy from a state or local government (including the District) from eligibility for the Metro for D.C. subsidy. Instead, the Committee Print allows DDOT to establish exclusions, by regulation and as appropriate, to exclude other subsidy recipients from program eligibility. The Committee made this change for several reasons. First, for District programs such as the Adult Learner’s transit subsidy, the amount of subsidy offered under this legislation exceed the existing subsidy. The Committee recognizes that these programs may cover needs above and beyond typical ridership (for example, adult learners may have additional rides to get to and from educational programs, in addition to work or other commute, that the legislation’s subsidy may not cover); the Committee did not want to put those individuals at a disadvantage for taking part in important programs and services.

For subsidies provided by other state or local jurisdictions, the Committee also prefers to keep eligibility open to recipients provided they meet the other eligibility requirements (specifically, District residency and age). Although it may seem counter-intuitive, allowing District residents who receive a subsidy from an out of state jurisdiction to “double dip” could reduce the cost to the District. For example, a Virginia state employee who lives in the District may receive a workplace subsidy in an amount less than the \$100 offered by the Transit Subsidy Program. If the program explicitly excluded that employee from eligibility, they would be incentivized to opt out of their workplace subsidy and only utilize the higher-amount District subsidy; on the other hand, where this employee is eligible while receiving a subsidy paid for by Virginia, that other subsidy should directly reduce costs to the District. This is based on the Committee’s understanding that this subsidy would be drawn against a rider’s account second-in-time, after an employer subsidy; where that is not the case for all subsidies, or where that changes in the future, the print provides DDOT with the authority to issue regulations narrowing eligibility to address just this kind of eligibility issue.

That said, it is possible that this scheme could ultimately increase costs to the District—at least for certain other subsidy programs. Thus, as noted above, the print provides DDOT with the authority to issue regulations establishing further eligibility restrictions based on the applicant’s enrollment in other subsidy programs. This arrangement will make the program more flexible, as DDOT can respond to employer, state and local, and even WMATA policies more nimbly and precisely than the Council through the legislative process. The Committee believes such nuanced decisions would be better handled through regulation than legislation.

Of note, however, the print retains language excluding federal employees who receive a workplace transit subsidy from eligibility. The federal subsidy program provides a larger monthly subsidy than provided for in B24-429, meaning there is little chance federal employees would terminate their federal employee subsidy to take advantage of the District’s program. What’s more, given its long-running and durable nature, the District should seek to avoid pulling subsidy recipients away from that program. WMATA staff have confirmed that they can easily screen out recipients of the federal subsidy to ensure they are not eligible for the Transit Subsidy Program.

Transit Equity Fund Eligible Uses

The introduced version of B24-429 put several restrictions on the use of the Transit Equity Fund. The Committee Print eases some of those restrictions to give DDOT more flexibility to put those dollars to the most effective use. For example, the introduced version limited investments to “non-regional” bus routes. This constraint would preclude DDOT from investing in many of the most important, highest ridership routes that benefit the most District residents. The Committee also added language to allow investment in other transit infrastructure and service, such as the Streetcar. The Committee Print requires all Transit Equity Fund investments to be targeted in areas of high transit need or in historically underserved communities, or to benefit residents of those areas.

CHRONOLOGY OF ACTION,

| | |
|--------------------|---|
| October 4, 2021 | Introduction B24-429 by Councilmembers Allen, R. White, Nadeau, Henderson, Cheh, McDuffie, Pinto, Bonds, Lewis George, and Chairman Mendelson |
| October 19, 2021 | Referral of B24-429 to the Committee on Transportation and the Environment and the Committee of the Whole |
| October 22, 2021 | Notice of Intent to Act on B24-429 Published in the <i>District of Columbia Register</i> |
| January 28, 2022 | Notice of a public hearing on B24-429 published in the <i>District of Columbia Register</i> |
| February 23, 2022 | Public hearing on B24-429 held by Committee on Transportation and the Environment |
| March 9, 2022 | Hearing record on bill B24-429 is closed |
| September 26, 2022 | Consideration and vote on B24-429 by Committee on Transportation and the Environment |

POSITION OF THE EXECUTIVE

On February 23, 2022, Sharon Kershbaum, Deputy Director of the District Department of Transportation, testified on behalf of the Executive as to B24-429. She testified that DDOT supports the intent of the bill in its goals of eliminating cost barriers to transit and supporting ridership recovery. She noted other DDOT programs related to reduced or free transit fares, including Kids Ride Free and the Adult Learner Transit Benefit Program, a new low-income fare trial, as well as other initiatives such as the Bus Priority Project, which seeks to improve transit

service and infrastructure. DDOT expressed concerns with the bill as introduced which focused on DDOT’s role in implementing it. Key areas of concern:

- Eligibility Determination – DDOT may not be well equipped to handle the challenges of verifying residency and/or income thresholds.
- Administration Resources – a program of this magnitude would require significant financial, IT, and personnel resources, and could necessitate additional physical site for implementation.
- Subsidy Cost – DDOT performed an initial estimate of the cost of the subsidy and found that even limiting the benefit to SNAP recipients could cost \$50 million dollars.
- Transit Equity Fund Limitations – recommended making investments from the transit equity fund more wide ranging. Of particular note is the requirement that funds be spend on “non-regional” bus routes. This would have the effect of limiting investments to relatively low ridership lines, when a bigger impact could be made by investing regional routes that serve more District residents, especially underserved communities.

WMATA provided written testimony, however, did not testify in person at the public hearing. WMATA’s written testimony was supportive of the intent of the bill and recommendations focused on implementation and operational issues. For example, WMATA recommended removing language requiring a “segregated purse” on SmartTrip cards, and instead utilizing the Smart Benefits program. Additionally, WMATA recommended changes to the Transit Equity Fund eligible uses by removing language specifying non-regional bus lines.

RECOMMENDATIONS BY ADVISORY NEIGHBORHOOD COMMISSIONS

The following Advisory Neighborhood Commissions (ANCs) passed resolutions:

- ANC 4B in support of funding B24-429 in the FY 2023 budget
- ANC 5B in support
- ANC 5D in support
- ANC 7B in support

LIST OF WITNESSES AND HEARING RECORD

On February 23, 2022, the Committee on Transportation and the Environment held a public hearing on B24-429, the “Metro for D.C. Amendment Act of 2022.” A video recording of the hearing can be viewed online at oct.dc.gov. The hearing record was open until March 9, 2022. The following witnesses testified at the hearing or submitted statements outside of the hearing:

Alex Baca, Greater Greater Washington, testified in support of the bill and recommended removing income tiers to make the transit subsidy universal. Recommended road pricing as possible revenue source for the bill in the future.

Brian Wivell, ATU Local 689, testified in support of the bill and recommended increasing the size of the transit equity fund.

Michael Havlin, Friends of the DC Streetcar, testified in support of the bill and recommended inclusion of the Streetcar infrastructure in eligible projects for transit equity fund.

Dr. Karthik Balasubramanian, Vision Zero Accountability Project, testified in support of the bill.

Dr. William Dietz, Redstone Global Center for Prevention and Wellness, Milken Institute School of Public Health, George Washington University, testified in support of the bill as a means to address health and climate impacts of the transportation system. Recommended increasing the size of the transit equity fund and ensuring multi-language access to subsidy application materials.

Travis Swanson, ANC 7B03, testified in support of the bill especially for reducing transportation cost burned on residents, and noted that for areas without Metro rail access, the transit equity fund would be very helpful.

Tung Nguyen, public witness, testified in support. As a resident of an area without Metro rail access, improved bus service is vital.

Miko Christiansen, public witness, testified in support. Supports universal transit subsidy benefit while also prioritizing access for lower income riders.

Abel Amene, Metro D.C. Democratic Socialists of America, testified in support. Personal experience of having to sleep at work due to insufficient money for transit fare. Supports universal benefit without means testing as a way to reduce cost and ensure everyone who needs transit it can access it.

Jen Jenkins, Legal Aid Society of the District of Columbia, testified in support of the intent of the bill, but had concerns around reliability of funding and accessibility of the subsidy especially to unbanked and underbanked residents. Recommended funding the bill through regular budget process.

David Schwartzman, DC Statehood Green Party, testified in support of the bill, noting the positive impacts on congestion and economic development. Recommended alternative funding sources such as tax on high incomes or high value properties, tax on downtown parking or congestion pricing.

Keya Chatterjee, ANC 6A, testified in support of the bill. Noted that mobility is a public good and that society benefits when people can get where they need to go. The bill would incentivize Metro ridership and help address climate pollution. Recommended making the funding stream more durable and ensuring access and protection for undocumented residents. Goal should be to make the subsidy maximally accessible with minimal bureaucracy.

Allen Greenberg, public witness, testified in support. Recommended including bike expenses, including bike share, as an eligible use of the subsidy. Supports universal benefit.

Tazra Mitchell, DC Fiscal Policy Institute, testified concern around funding mechanism would leave no new funds for other emergency needs and recommended going through regular budget process.

Alexander Grieve, public witness, testified in support of the bill and positive impact on air quality.

Zachary Israel, ANC 4D04, testified in support of the bill and recommended expanding eligible bus lines for support from transit equity fund beyond non-regional lines to ensure that the routes that serve the most District residents can benefit.

Stefanie Carignan, Pew Charitable Trusts, testified to explain the “Health Note” submitted to the record. Several findings: Evidence that the bill would likely increase ridership. However, there is mixed evidence of how much subsidies impact ridership. It may reduce inequities in transit spending as transit subsidies are currently going to higher income people. Strong evidence of increased physical activity for transit users. Strong evidence that transit is safer for riders than driving is for car commuters. Spillover benefits could include better access to healthy food, more trips to health care etc. Reliability coupled with disincentivizing driving is what increases transit use among higher income individuals.

Aparna Paladugu, Via Transportation, testified with two recommendations: (1) to include on demand micro transit in eligible uses of the transit equity fund, and (2) to recommend that the subsidy include DC Neighborhood Connect microtransit services.

Michael Litt, Sierra Club DC Chapter, testified in support of the bill and noted positive impacts on air quality and greenhouse gas emissions.

ANALYSIS OF IMPACT ON EXISTING LAW

The bill amends Department of Transportation Establishment Act of 2002 to establish the District Resident Transit Subsidy Program, which provides to eligible District residents a subsidy of up to \$100 per month for use on public transit, and to establish the Transit Equity Fund, which directs investments to areas of transportation need and historically disadvantaged communities for the purposes of improving transit service or increasing ridership; and to amend section 47-1803.02 of the District of Columbia Official Code to exclude from gross income subsidies provided pursuant to the District Resident Transit Subsidy Program

SUMMARY OF FISCAL IMPACT

A fiscal impact statement issued by the Chief Financial Officer on September 23, 2022 is attached to this report. The Chief Financial Officer concluded that implementation of Bill 24-429 would cost \$28,680,297 in fiscal year 2023 and \$373,743,800 over the four-year financial period.

SECTION-BY-SECTION ANALYSIS

Section 1 provides a short title.

Section 2 amends the Department of Transportation Establishment Act of 2002 to establish a Transit Subsidy program to be administered by the District Department of Transportation (DDOT); to require DDOT to make transit subsidy payments to eligible residents; establishes eligibility criteria for the Transit Subsidy Program; requires DDOT to establish an application process for the Transit Subsidy Program; authorizes DDOT to provide grants to nonprofit organizations for the purpose of assisting applicants with applying for the Transit Subsidy program and other related activities; authorizes the Mayor to negotiate fares with the Washington Area Transit Authority (WMATA) for reduced transit fares for program participants; to establish a Transit Equity Fund, administered by DDOT, for the purposes of improving transit service and infrastructure in area of high transportation need and in historically underserved communities; to establish a Transit Subsidy Fund which shall be used to make payments to Transit Subsidy Program recipients' transit cards and to operate the program; to require DDOT to promulgate regulations for the administration of this bill; to require DDOT publicly report key metrics related to the bill; and to specify that excess recurring revenues included in the Chief Financial Officer's revenue estimates that exceed annual revenue estimates shall be used to fund the provisions of this Act.

Section 3 amends D.C. Official Code § 47-1803.02 to exclude Transit Subsidy payments from computation of District gross income.

Section 4 contains the applicability date.

Section 5 contains the Fiscal impact statement.

Section 6 contains the effective date.

COMMITTEE ACTION

On September 26, 2022, the Committee on Transportation and the Environment held an Additional Meeting to consider Bill 24-429, the "Metro for D.C Amendment Act of 2022." A video recording of the hearing can be viewed online at oct.dc.gov. Present and voting were Chairperson Mary M. Cheh and Councilmembers, Allen, Henderson and Lewis George. Chairperson Cheh gave a brief opening statement that explained the bill, including changes to the bill since introduction and asked if there was further discussion. Councilmember Allen spoke in support of the bill and touting its potential to help increase transit ridership, prop up WMATA, improve transit service and other benefits. Councilmember Henderson also spoke in support of the bill and emphasized the need to improve reliability of transit. Both spoke in support of making access to transportation a public good, available to all District residents at no cost.

Chairperson Cheh then moved for approval of the Committee Print and Committee report of Bill 24-429. The Committee voted 4-0 to approve the Committee Print and Committee report with the members voting as follows:

YES: Allen, Cheh, Henderson, Lewis George

NO: 0

PRESENT: 0

ATTACHMENTS

- (A) Bill 24-429, as introduced, with the Referral Memo
- (B) Fiscal Impact Statement
- (C) Legal Sufficiency Determination
- (D) Comparative Print of Bill 24-429
- (E) Committee Print of Bill 24-429

METRO FOR D.C. AMENDMENT ACT OF 2022

Section 2

D.C. Official Code § 50–921.02. Director.

a) The DDOT shall be headed by a Director. The Director shall be appointed by the Mayor with the advice and consent of the Council pursuant to [§ 1-523.01\(a\)](#).

(b) The Director shall have authority over DDOT, its functions and personnel, including the power to re-delegate to employees authority as, in the judgment of the Director, is warranted in the interests of efficiency and sound administration.

(c)(1) The Director may issue grants not to exceed \$1 million per grant to achieve the District’s transportation goals, including safety objectives.

(2) No later than December 31 of each year, the Mayor shall submit to the Council an annual report specifying for each grant awarded by the District Department of Transportation in the prior fiscal year the following information:

(A) The name of the recipient;

(B) The amount awarded;

(C) The purpose for the grant awarded;

(D) A description of outcomes to be achieved with the funds of the grant;

and

(E) An evaluation of whether the identified outcomes have been achieved with the grant.

(3) Notwithstanding paragraph (1) of this subsection, the Director may issue sole source subgrants in excess of \$1 million to the Union Station Redevelopment Corporation for the purpose of improving Union Station; provided, that the grants are federal grants and that the Union Station Redevelopment Corporation provides any necessary match.

(4) Notwithstanding paragraph (1) of this subsection, the Director may issue grants, including grants in excess of \$1 million, for the purpose of improving the portion of Half Street, S.E., between N Street, S.E., and M Street, S.E., to the Capitol Riverfront Business

Improvement District or to an owner of real property adjacent to the portion of Half Street, S.E., between N Street, S.E., and M Street, S.E.

(d)(1) The Director may enter into agreements with community-based organizations to support community-based transportation enhancement activities that are funded and approved by the Federal Highway Administration.

(2) An agreement made pursuant to this subsection shall constitute an agreement making or receiving grants-in-aid and shall be exempt from [Chapter 3A of Title 2](#), in accordance with [§ 2-351.05\(c\)\(12\)](#).

(3) The Director shall submit to the Council on an annual basis a report detailing such grants and agreements.

(e)(1) The Director shall not spend directly from Master capital projects created in fiscal year 2012 or later that are funded through the District of Columbia Highway Trust Fund established under [§ 9-111.01](#), or from Master local transportation capital projects designated by the Director as Master local transportation capital projects in Fiscal Year 2018 or later.

(2) The Director may submit requests to the Office of Budget and Planning of the Office of the Chief Financial Officer (“OBP”) to allocate funds for the Related Projects, as submitted annually by DDOT through the approved Transportation Improvement Program as part of the budget request for each capital project funded from the District of Columbia Highway Trust Fund. The Director may also submit requests to OBP to allocate funds for the Related Projects of each Master local transportation capital project . The Director, following allocation of funds by OBP to Related Projects, shall have the authority to obligate and spend the funds.

(3) The Director may submit requests to OBP to re-allocate funds from any Related Project to the applicable capital project funded from the District of Columbia Highway Trust Fund. The Director may also submit requests to OBP to re-allocate funds from any Related Project to the applicable Master local transportation capital project . The Director, following re-allocation of funds by OBP from a Related Project to its applicable capital project, shall have the authority to submit requests to OBP to allocate these funds to another Related Project.

(4)(A) The Director may submit requests to OBP to re-allocate any available fund balances in associated projects to an applicable Master local transportation capital project, in order to align the associated projects with the Master local transportation capital projects.

(B) For the purposes of this paragraph, the term "associated project" means a Related Project with a current fund balance.

(C) Repealed.

(5) The CFO shall submit to the Mayor and the Council a quarterly summary of all allocations and re-allocations requested pursuant to this subsection, including a description of whether OBP allocated the requested funds.

(f)(1) The Director may:

(A) With respect to the program established pursuant to 49 U.S.C. § 5310 (the “5310 Program”):

(i) Enter into agreements with nonprofit organizations to provide those nonprofit organizations vehicles to transport elderly residents and residents with disabilities;

(ii) Provide an application for the 5310 Program each year, solicit applicants to apply, and administer a selection process to identify which eligible applicants may participate;

(iii) Enter into agreements with the nonprofit organizations that are selected to receive vehicles to ensure they use the vehicles as prescribed by the 5310 Program guidelines and regulations enacted pursuant to this paragraph, including the requirement that the vehicle recipient deposit matching funds into the District Department of Transportation Enterprise Fund for Transportation Initiatives; and

(iv) Enter into contracts with third parties for the procurement and maintenance of eligible vehicles to be used by the nonprofit organizations selected by the Director;

(B) Enter into an agreement with a developer, property owner, utility company, the federal government or other governmental entity, or other person or entity requiring payment for:

(i) The costs of DDOT’s review of the proposed or existing project on private property or public space that may affect the transportation infrastructure or public space in the District or DDOT’s ability to manage and maintain the transportation infrastructure or public space in the District;

(ii) The implementation of transportation infrastructure or public improvements or mitigation measures to address the project’s impact on the transportation infrastructure or public space in the District or on DDOT’s ability to manage and maintain the transportation infrastructure or public space in the District; or

(iii) The cost of both review and the implementation of mitigation measures; and

(C) Promulgate, amend, or repeal rules to implement the provisions of this subsection, pursuant to the Mayor’s authority under [Chapter 5 of Title 2](#) [[§ 2-501](#) et seq.].

(2) A payment, improvement, and mitigation measure required under an agreement authorized by paragraph (1)(B) of this subsection shall be reasonably related to:

(A) The costs incurred by DDOT in reviewing the project;

(B) The effects of the project on the transportation infrastructure or public space in the District; and

(C) The effects of the project on DDOT's ability to manage and maintain the transportation infrastructure or public space in the District.

(3) A payment made pursuant to an agreement authorized by paragraph (1)(B) of this subsection shall be in addition to, and not in lieu of, a payment required for the temporary use of public space or the use of the public right of way pursuant to the District of Columbia Public Space Rental Act, approved October 17, 1968 (82 Stat. 1156; D.C. Official Code [§ 10-1101.01](#) et seq.), or Title VI of the Fiscal Year 1997 Budget Support Act of 1996, effective April 9, 1997 ([D.C. Law 11-198](#); D.C. Official Code [§ 10-1141.01](#) et seq.).

(g)(1) The Director may enter into agreements with jurisdictions in the Washington metropolitan area ("regional jurisdictions") to plan, fund, design, construct, and otherwise carry out transportation projects.

(2) DDOT may receive funds from and disperse funds to regional jurisdictions for the purposes of planning, funding, designing, constructing, and otherwise carrying out the transportation projects.

(3) DDOT may take other appropriate actions to plan, fund, design, construct, and otherwise carry out the transportation projects, including performing work, including construction work, in regional jurisdictions.

(h)(1) Within 60 days of the effective date of the Metro for D.C. Amendment Act of 2022, approved by the Committee of the Whole on December 6, 2022 (Committee Print of Bill 24-429), the Director shall enter into a fare buydown agreement with the Washington Area Metropolitan Transit Authority to facilitate:

(A) The provision of fare-free Metrobus transportation within the District;
and

(B)(i) Daily 24-hour Metrobus service on the 12 Metrobus lines in the District, with a maximum of 20 minutes between any scheduled bus arrival at any stop.

(ii) The 12 Metrobus lines shall be determined based on high ridership, with an emphasis on serving on major transportation corridors and activity centers.

(2) The Director may amend the fare buydown agreement required by paragraph (1) of this subsection, or enter in additional fare buydown agreements, in order to expand the availability of Metrobus service within the District."

TITLE VI. TRANSIT SUBSIDIES FOR DISTRICT RESIDENTS.

D.C. Official Code § 50–921.78. Definitions.

For the purposes of this title, the term:

- (1) “DDOT” means the District Department of Transportation.
- (2) “Participant” means an individual who has applied and been determined eligible for the Program within the prior 12 months, pursuant to section 11w.
- (3) “Program” means the District Resident Transit Subsidy Program, established by section 11u.
- (4) “WMATA” means the Washington Metropolitan Area Transit Authority.

D.C. Official Code § 50–921.79. Transit Subsidy Program established.

(a) There is established a District Resident Transit Subsidy Program, which shall be administered by DDOT, to provide subsidies to participants for travel on any transportation that accepts payment through a SmarTrip card issued by WMATA or a similar transit card utilized by WMATA or any other agency in the District or another jurisdiction with which the Mayor has entered into an agreement pursuant to subsection (b) of this section.

(b) The Mayor shall enter into an agreement with WMATA, and may enter into an agreement with any other agency in the District of another jurisdiction, to manage subsidies provided by the Program, including to:

- (1) Make payments onto a transit card for the transportation of participants; and
- (2) Track the value of subsidies paid, fare payments, and remaining subsidy balances on each transit card registered to a participant, such that funds deposited for the purpose of this subsidy:
 - (A) Are tracked separately from other funds deposited on the same transit card; and
 - (B) Shall be tracked separately from and not used to pay for parking.

(c) Assistance provided pursuant to this title shall not constitute an entitlement nor be considered income for the purpose of determining eligibility for public assistance.

D.C. Official Code § 50–921.80. Transit subsidy payments.

(a) DDOT shall, on the first day of each month, disburse funds to the transit card of participants such that the total amount of subsidy dollars available on each participant’s transit

card equals \$100.

(b) Upon the cancellation or expiration of a participant's transit card, WMATA or another agency shall revert to the District any remaining funds on the transit card disbursed pursuant to the Program.

D.C. Official Code § 50-921.81. Eligibility.

(a)(1) A person shall be eligible to receive a subsidy under the Program if the person:

(A) Provides DDOT with proof of District residency;

(B) Certifies that they are 5 years of age or older; and

(C) Is not, at the time of application or renewal, a recipient of

(i) Another subsidy paid by the federal government that is deposited on a SmarTrip card issued by WMATA or any other transit card; or

(ii) Free transit fares from the Kids Ride Free Program pursuant to section 6044 of the Student, Foster Youth, Summer Youth Employee and Adult Learner Transit Subsidies Act of 2019, effective September 11, 2019 (D.C. Law 23-16; D.C. Official Code § 35-243).

(2) DDOT may enter into an agreement with a District or federal agency to share information necessary to determine a person's eligibility pursuant to paragraph (1) of this subsection.

(3) Notwithstanding paragraph (1) of this subsection, DDOT may, by rule, further restrict eligibility to receive a subsidy under the Program to applicants who do not, at the time of application, receive another subsidy paid by the District government or the applicant's employer that is deposited on a SmarTrip card issued by WMATA or any other transit card.

(4) DDOT may require a minor's parent or guardian or school to file an application on behalf of the minor to participate in the Program.

(b)(1) DDOT shall establish a process for persons to apply for a subsidy under this title, which, at a minimum, shall include accepting applications online through the DDOT website and in hard copy via mail, including development of an application and a website that includes information on the Program, how to apply, and non-profit assistance available pursuant to subsection (e) of this section.

(2) The Mayor shall make the application available online on the DDOT website and in hard copy at Department of Parks and Recreation and District of Columbia Public Library facilities open to the public.

(c) DDOT shall promulgate a list of the documentation or other proof an applicant, who is not otherwise presumed to be a District resident pursuant to this subsection, may submit to prove the applicant is a resident of the District; except, that an applicant shall be presumed to be a District resident if:

(1) During the previous year, the applicant filed an income tax return, pursuant to Subchapter VI of Chapter 18 of Title 47 of the District of Columbia Official Code, as a resident of the District;

(2) The applicant is currently having District income tax withheld from their wages;

(3) The applicant receives public assistance, as that term is defined in section 101(6) of the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4-101; D.C. Official Code § 4-201.01(6)), administered by a District agency; or

(4) An organization certified by the Department of Human Services to document the homeless status of an individual has completed a social service proof of residency form, certifying that the applicant is a District resident.

(d) Twelve months after first receipt of a subsidy under the Program, and every year thereafter, a participant shall recertify their eligibility for the Program. DDOT shall confirm that, at the time of application, the participant remains eligible under subsection (a) of this section.

(e)(1) DDOT shall maintain a list on its website of nonprofit organizations that offer services to assist persons with applying for the Program or recertifying their eligibility.

(2) DDOT shall provide notice on both the online and hard copy applications for the Program that nonprofit organizations are available to provide assistances. Such notice shall include a link to the list of nonprofit organizations on DDOT's website required by paragraph (1) of this subsection.

(3) DDOT may provide grants to nonprofit organizations for the purpose of:

(A) Assisting applicants with applying for the Program or recertifying their eligibility, including providing proof of residency;

(B) Purchasing SmarTrip or other transit cards for participants;

(C) Providing guidance on Program eligibility; and

(D) Providing other services necessary for residents to access the subsidy provided under the Program.

D.C. Official Code § 50-921.81. Authorization to negotiate fares.

The Mayor is authorized to enter into an agreement with WMATA or other agencies for reduced transit fares for participants.

D.C. Official Code § 50–921.82. Transit Subsidy Fund.

[Reserved]

D.C. Official Code § 50-921.83. Fare-Free Bus Fund established.

(a) There is established as a special fund the Fare-Free Bus Service Fund (“Fund”), which shall be administered by the Mayor in accordance with subsection (c) of this section.

(b) Provided that the Chief Financial Officer certifies that sufficient revenue exists pursuant to section 11z-2, there shall be deposited into the Fund general retail sales tax revenue collected pursuant to Chapter 20 of Title 47 as follows:

(A) In Fiscal Year 2023 -- \$11 million;

(B) In Fiscal Year 2024 -- \$43.03 million; and

(C) In Fiscal Year 2025 -- \$45.18 million;

(D) In Fiscal Year 2026 -- \$47.44 million; and

(E) For each succeeding fiscal year after Fiscal Year 2026, an amount equal to 105% of the prior year’s amount.

(c) Money in the Fund shall be used to support the fare buydown agreement entered into pursuant to section 3(h) of the Department of Transportation Establishment Act of 2002, approved by the Committee of the Whole on December 6, 2022 (Committee Print of Bill 24-429), to provide fare-free Metrobus transportation within the District and 24-hour daily Metrobus service on Metrobus lines as specified by the fare buydown agreement.

(d)(1) The money deposited into the Fund but not expended in a fiscal year shall not revert to the unassigned fund balance of the General Fund of the District of Columbia at the end of a fiscal year, or at any other time.

(2) Subject to authorization in an approved budget and financial plan, any funds appropriated in the Fund shall be continually available without regard to fiscal year limitation.

D.C. Official Code § 50–921.84. Bus Service Enhancement Fund established.

(a) There is established as a special fund the Bus Service Enhancement Fund (Fund), which shall be administered by the Department in accordance with subsection (c) of this section.

(b) Provided that the Chief Financial Officer certifies that sufficient revenue exists pursuant to section 11z-2, there shall be deposited into the Fund general retail sales tax revenue collected pursuant to Chapter 20 of Title 47 as follows:

(1) In Fiscal Year 2023, \$2.5 million; and

(2) For each succeeding fiscal year after Fiscal Year 2023, \$10 million.

(c) Money in the Fund shall be used to improve transit access or service in areas identified in DDOT's Multimodal Long-Range Transportation Plan as areas of high transportation need or historically underserved communities, or to serve residents of those areas as follows:

(1) Making payments to WMATA to:

(A) Create new bus routes not in operation before the applicability date of the Metro for D.C. Amendment Act of 2022, as approved by the Committee on Transportation and the Environment on September 26, 2022 (Committee print of Bill 24-429); or

(B) Extend service hours, shorten headways, or make other service improvements for an existing bus route;

(2) Used by DDOT to:

(A) Operate new DC Circulator or DC Streetcar routes not in operation before the applicability date of the Metro for D.C. Amendment Act of 2022, as approved by the Committee on Transportation and the Environment on September 26, 2022 (Committee print of Bill 24-429);

(B) Extend service hours, shorten headways, or make other service improvements for an existing DC Circulator or DC Streetcar line; or

(C) Install, lease, maintain, or operate infrastructure that DDOT determines will increase ridership or improve transit service, including dedicated transit lanes, signal priority, bus shelters, payment kiosks, or other amenities; or

(3) Funding studies to support increased ridership or improved transit service.

(c)(1) The money deposited into the Fund but not expended in a fiscal year shall not revert to the unassigned fund balance of the General Fund of the District of Columbia at the end of a fiscal year, or at any other time.

(2) Subject to authorization in an approved budget and financial plan, any funds appropriated in the Fund shall be continually available without regard to fiscal year limitation.

D.C. Official Code § 50-921.85. Revised revenue allocation for bus service.

(a)(1) The fiscal impact of the general sales tax dedication to the Fare-Free Bus Service Fund, established pursuant to section 11z, and the general sales tax dedication to the Bus Service Enhancement Fund, established pursuant to section 11z-1, shall be offset, in that order, by local fiscal year recurring revenues included in the Chief Financial Officer's December 2022 revenue estimate and, if necessary, the February 2023 revenue estimate, that exceed the local fund revenue incorporated in the Fiscal Year 2023 approved budget and financial plan.

(2) If the excess revenue included in the December 2022 revenue is not sufficient to fully offset the dedication to the Fare-Free Bus Service Enhancement Fund and the Bus Service Enhancement Fund, the excess revenue shall be set aside first to the Fare-First Bus Service Enhancement Fund until that is fully funded.

(b) In the December 2022 revenue estimate, the Chief Financial Officer shall certify:

(1) Whether and by what amount local fiscal year revenues included in the revenue estimate exceed the annual revenue estimate for Fiscal Year 2023 through Fiscal Year 2026, as incorporated in the approved budget and financial plan for Fiscal Year 2023;

(2) Whether such excess revenues are in an amount sufficient to offset the general sales tax dedication identified in subsection (a) of this section; and if not, what amount has been set aside;

(3) That all such excess revenues have been set aside to ensure the general sales tax dedication identified in subsection (a) of this section is fully offset.

(c) In the February 2023 revenue estimate, the Chief Financial Officer shall certify:

(1) Whether and by what amount local fiscal year revenues included in the revenue estimate exceed the annual revenue estimate for Fiscal Year 2023 through Fiscal Year 2026, as incorporated in the approved budget and financial plan for Fiscal Year 2023;

(2) Whether such excess revenues, together with the excess revenues identified pursuant to this subsection in the December 2022 revenue estimate, are in an amount sufficient to offset the general sales tax dedication identified in subsection (a) of this section; and

(3) That all such excess revenues, together with the excess revenues identified pursuant to this subsection in the December 2022 revenue estimate, have been set aside to ensure the general sales tax dedication identified in subsection (a) of this section is fully offset.

D.C. Official Code § 50–921.86. Rules.

The Mayor, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 et seq.), shall issue rules to implement the provisions of this title.

D.C. Official Code § 50–921.87. Reporting.

By January 1, 2024, and each year thereafter, DDOT shall post publicly on its website, and, to the extent practical, make the underlying data publicly available, information on the implementation and administration of this title. At a minimum, this information shall include, for the preceding fiscal year data on the Bus Service Enhancement Fund established in section 11z-1, including:

(1) A list of services and projects receiving funding from the Bus Service Enhancement Fund, including specific funding levels if available; and

(2) Data on service or ridership changes that occurred for Bus Service Enhancement Fund funded projects.

Section 3.

D.C. Official Code § 47-1803.02(a)(2)

(2) The following items shall be excluded in the computation of District gross

income:

(A) After January 23, 1983, interest and dividend income on obligations or securities of the United States, or its agencies or instrumentalities, to the extent that this income is included in federal gross income.

(B) The amount of any income or gain included in the taxpayer's federal gross income for the taxable year to the extent that it was included as income or gain in an income or franchise tax return filed by:

(i) The taxpayer with the District for any taxable year beginning prior to January 1, 1982; or

(ii) An individual by reason of whose death the taxpayer acquired the right to receive the income or gain.

(C) The amount of any trust distribution to the taxpayer included in his federal gross income for the taxable year to the extent that such amount was previously taxed to the trust by the District.

(D) In the case of any person entitled to the distributive share of a trade or business net income that is from an unincorporated business as defined in § 47-1808.01, an amount equal to the pro rata distributive share, to the extent that portion of the distributive share so excluded is directly or indirectly reported by and taxed against any person under the provisions of this chapter.

(E) Any state or local income tax refund included in federal gross income.

(F) Income received or, in the case of a taxpayer reporting on an accrual basis, income accrued when the taxpayer was not a resident of the District.

(G) Income of any kind to the extent required by any treaty obligation of the United States, including reciprocal agreements between the United States and other countries relating to the taxability of their respective airlines and ships under foreign flag owned by foreign corporations.

(H) In the case of an International Banking Facility the gross income to the parent depository institution resulting from any IBF time deposit or any IBF loan; provided, however, that no expense or loss attributable to such income shall be allowed as a deduction under any other provision of this chapter, and; provided, further, that this exclusion from gross income shall not include any amount derived by an International Banking Facility from IBF time

deposits or IBF loans if the loan or deposit of funds is secured by a mortgage, deed of trust, or other lien upon real property located within the District of Columbia.

(I) Income derived from the sale of tangible personal property to the United States by corporations and unincorporated businesses having their principal places of business located outside the District, which property is delivered from places outside the District for use outside the District; provided, however, that the taxpayer shall furnish to the Mayor a statement in writing of the amount of gross sales so made and, if required by the Mayor, a list of the names of the agencies of the United States through which such property was sold.

(J) Dues and initiation fees in the case of any club organized and operated exclusively for pleasure and recreation, no part of the net earnings of which inures to the benefit of any private individual or shareholder. As used in this subparagraph, the term “dues” means only sums paid or incurred by members on a monthly, quarterly, annual, or other periodic basis for the privilege of being members of such club and any pro rata assessment made against the members as such. The term “dues” does not include any sums paid or incurred by members or their guests for food, beverages, or other tangible personal property purchased or for the use of the club’s social, athletic, sporting, and other facilities. The term “initiation fees” includes any payment, contribution, or loan, required as a condition precedent to membership, whether or not any such payment, contribution, or loan is evidenced by a certificate of interest or indebtedness.

(K) The amount of any compensation deferred under the employee deferred compensation program pursuant to § 47-3601; provided, that the amount of any such compensation or any income attributable to the amount of compensation so deferred shall be includable in gross income for the taxable years in which such compensation or other income is paid or otherwise made available to the employee or other beneficiary.

(L) Social security and tier 1 railroad retirement benefits subject to taxation under § 86 of the Internal Revenue Code of 1986.

(M) Certain disability income payments excludable under § 105(d) of the Internal Revenue Code of 1986 before the enactment of the Social Security Amendments of 1983 (26 U.S.C. § 86).

(N)(i) Pension, military retired pay, or annuity income received from the District of Columbia or the federal government by persons who are 62 years of age or older by

the end of the taxable year, except that the exclusion shall not exceed the lesser of \$3,000 or the actual amount of the pension, military retired pay, or annuity received during the taxable years; provided, that the pension, military retired pay, or annuity is otherwise subject to taxation under this chapter; provided further, that this sub-subparagraph shall apply for taxable years beginning before January 1, 2015.

(ii) Survivor benefits received from the District of Columbia or the federal government by persons who are 62 years of age or older by the end of the taxable year.

(O) Repealed.

(P) In the case of any person entitled to a share in the income of any corporation which is an S corporation as defined in section 1361(a) of the Internal Revenue Code of 1986, an amount equal to the pro rata share of the income, to the extent that the portion of the income so excluded is directly or indirectly reported by and taxed against any person under the provisions of this chapter.

(Q) Repealed.

(R) A relocation payment received under section 205 or 206 of the Housing Act of 2001 [§ 42-2851.05 or § 42-2851.06].

(S) The proceeds from the sale of, or the use of a transferred, tax credit under § 47-1806.08c [repealed].

(T) Homeownership assistance received by the eligible employee through a certified employer-assisted home purchase program, as those terms are defined in § 47-1807.07, and used for the purchase of a qualified residential real property.

(U) The amount received by a claimant, excluding backpay (as defined in § 47-1806.10(3) [§ 47-1806.10(a)(3)]), frontpay (as defined in § 47-1806.10(5) [§ 47-1806.10(a)(5)]), or punitive damages, whether by agreement (as reasonably allocated) or suit and whether as a lump sum or periodic payments, on account of a claim of unlawful discrimination.

(V) Income derived from any source, not to exceed \$10,000, for a person who has been determined to have a permanent and total disability by the Social Security Administration, is receiving Supplemental Security Income or Social Security Disability, is receiving railroad retirement disability benefits, or is receiving federal or District of Columbia government disability payments; and, whose household adjusted gross income, as defined in § 47-863(a)(2), is less than \$100,000.

(W) The amount of any health care insurance premium paid by an employer for a non-employee domestic partner, as the term “domestic partner” is defined in § 32-701(3).

(X) Loans awarded and subsequently forgiven under [part F of subchapter IV of Chapter 3 of Title 1].

(Y) Fees retained by a retail establishment under [§ 8-102.03(b)(1)].

(Z) Computations of discharge of indebtedness income under section 108(i) of the Internal Revenue Code of 1986.

(AA) The amount received by a taxpayer pursuant to § 8-1774.09.

(BB) The amount received by a taxpayer from the following programs, whose funding is authorized by [§ 8-152.02]:

(i) RiverSmart Communities: Demonstration Program;

(ii) RiverSmart Homes Incentive Program;

(iii) RiverSmart Homes Rebate Program; or

(iv) RiverSmart Rooftops Greenroof Rebate Program.

(CC) The amount received by a taxpayer pursuant to [§ 7-551.01].

(DD) The amount received by a taxpayer from the Home Composting Incentive Program pursuant to [§ 8-1031.12a].

(EE) [Repealed].

(FF) The amount received by a taxpayer pursuant to § 7-2831(b).

(GG) Small business loans awarded and subsequently forgiven under section 7A of the Small Business Act, approved March 27, 2020 (134 Stat. 297; 15 U.S.C. § 636m).

(HH) Public health emergency small business grants awarded pursuant to section 2316 of the Small and Certified Business Enterprise Development and Assistance Act of 2005, effective June 24, 2021 (D.C. Law 24-9; 68 DCR 6913) [Expired].

(II) Public health emergency grants authorized pursuant to [§ 1-309.13(m)(1)].

(JJ) Cash assistance for excluded workers given pursuant to grants awarded by the Washington Convention and Sports Authority after taxable year ending December 31, 2019, and ending before January 1, 2024.

(KK) For tax years beginning after December 31, 2020, public health emergency response grants issued pursuant to section 5b of the District of Columbia Public Act of 1980, effective June 24, 2021 (D.C. Law 24-9; D.C. Official Code § 7-2304.02) [Expired], or successor law.

(LL) For taxable years beginning after December 31, 2020, unemployment insurance benefits provided by the District or any other state, including:

(i) District-funded benefits paid pursuant to [subchapter I of Chapter 1 of Title 51] or a similar program in another state, including any extension of such benefits;

(ii) Fully or partially federally funded benefits paid pursuant to temporary or permanent unemployment benefits programs, including Federal Pandemic Unemployment Compensation provided for by section 2104 of Division A of the Coronavirus Aid, Relief, and Economic Security Act, approved March 27, 2020 (134 Stat. 318; 15 U.S.C. § 9023); and

(iii) Benefits paid pursuant to special programs, including Disaster Unemployment Assistance provided for by section 410 of the Disaster Relief Act of 1974, approved May 22, 1974 (88 Stat. 156; 42 U.S.C. § 5177), or Pandemic Unemployment Assistance provided for by section 2102 of Division A of the Coronavirus Aid, Relief, and Economic Security Act, approved March 27, 2020 (134 Stat. 313; 15 U.S.C. § 9021), to individuals who do not qualify for regular unemployment insurance benefits.

(MM) Grants issued pursuant to [§ 1-328.04(h)(1)(A)].

(NN) The following grants made by the Deputy Mayor for Planning and Economic Development, as authorized by [§ 1-328.04]:

(i) Small business rent relief grants awarded pursuant to [§ 1-328.04(l)];

(ii) Grants awarded to the DC Center for the LGBTQ Community pursuant to [§ 1-328.04(m)];

(iii) Large company grants awarded pursuant to [§ 1-328.04(n)];

(iv) Local food access grants awarded pursuant to [§ 1-328.04(o)];

(v) Guaranteed income pilot program grants awarded pursuant to [§ 1-328.04(p)];

(vi) Grants awarded to Community Development Financial Institutions or Minority Depository Institutions pursuant to [§ 1-328.04(q)];

(vii) Equity growth impact grants awarded pursuant to [§ 1-328.04(r)];

(viii) Great Streets program grants awarded pursuant to [§ 1-328.04(s)];

(ix) Bridge Fund recovery and special events support grants awarded pursuant to [§ 1-328.04(t)];

(x) Small and medium business recover and growth program grants awarded pursuant to [§ 1-328.04(u)]; and

(xi) Equity impact enterprise commercial property acquisition grants awarded pursuant to [§ 1-328.04(v)].

(OO) COVID-19 hotel recovery grants awarded pursuant to [§ 30-301].

(PP) Delayed unemployment compensation payments made pursuant to [§ 51-107.01].

(QQ) The amount received by an individual pursuant to [§ 4-681.05].

[(RR-i)] The amount received by an individual or a school or program on behalf of an individual to cover the individual's tuition, fees, or other expenses pursuant to [Chapter 7F of Title 7].

(RR) Grants awarded pursuant to § 1-328.04(w).

(SS) Grants awarded pursuant to § 1-328.04(x).

(TT) Funding received by a taxpayer from the District Department of the Environment or the District of Columbia Sustainable Energy Utility to incentivize solar installations benefiting low-income residents pursuant to the Solar for All Program, established by § 8-1774.16.

(UU) Grants issued pursuant to § 8-1774.10(c)(22).

(VV) Rebates issued pursuant to section 5a of the Public Access to Automated External Defibrillator Act of 2000, passed on emergency basis on June 7, 2022 (Enrolled version of Bill 24-845).

(WW) Lump-sum payments an individual receives from the early educator pay parity program created and implemented pursuant to § 1-325.431(c)(1A).

(XX) A subsidy provided pursuant to Title VI of the Department of Transportation Establishment Act of 2002, as approved by the Committee on Transportation and the Environment on September 26, 2022 (Committee print of Bill 24-429).

4
5
6 A BILL
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9

10
11 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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16 To amend the Department of Transportation Establishment Act of 2002 to require the Director to
17 enter into an agreement with the Washington Metropolitan Area Transit Authority for fare-
18 free Metrobus travel and expanded after-hours Metrobus service in the District and to
19 establish the District Resident Transit Subsidy Program, which provides to eligible District
20 residents a subsidy for use on public transit; to establish the Fare-Free Bus Service Fund,
21 which provides for fare-free Metrobus transportation within the District; to establish the
22 Bus Service Enhancement Fund, which directs investments to areas of transportation need
23 and historically disadvantaged communities for the purposes of improving transit service
24 or increasing ridership; to amend section 47-1803.02 of the District of Columbia Official
25 Code to exclude from gross income subsidies provided pursuant to the District Resident
26 Transit Subsidy Program; and to direct certain revenues to the Fare-Free Bus Service Fund
27 and the Bus Service Enhancement Fund.
28

29 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
30 act may be cited as the “Metro for D.C. Amendment Act of 2022”.

31 Sec. 2. The Department of Transportation Establishment Act of 2002, effective May 21,
32 2002 (D.C. Law 14-137; D.C. Official Code § 50-921.01 *et seq.*), is amended as follows:

33 (a) Section 3 (D.C. Official Code § 50-921.02) is amended by adding a new subsection
34 (h) to read as follows:

35 “(h)(1) Within 60 days of the effective date of the Metro for D.C. Amendment Act of
36 2022, approved by the Committee of the Whole on December 6, 2022 (Committee Print of Bill

37 24-429), the Director shall enter into a fare buydown agreement with the Washington Area
38 Metropolitan Transit Authority to facilitate:

39 “(A) The provision of fare-free Metrobus transportation within the
40 District; and

41 “(B)(i) Daily 24-hour Metrobus service on the 12 Metrobus lines in the
42 District, with a maximum of 20 minutes between any scheduled bus arrival at any stop.

43 “(ii) The 12 Metrobus lines shall be determined based on high
44 ridership, with an emphasis on serving on major transportation corridors and activity centers.

45 “(2) The Director may amend the fare buydown agreement required by paragraph
46 (1) of this subsection, or enter in additional fare buydown agreements, in order to expand the
47 availability of Metrobus service within the District.”.

48 (b)A new title VI is added to read as follows:

49 “TITLE VI. TRANSIT SUBSIDIES FOR DISTRICT RESIDENTS.

50 “Sec. 11t. Definitions.

51 “For the purposes of this title, the term:

52 “(1) “DDOT” means the District Department of Transportation.

53 “(2) “Participant” means an individual who has applied and been determined
54 eligible for the Program within the prior 12 months, pursuant to section 11w.

55 “(3) “Program” means the District Resident Transit Subsidy Program, established
56 by section 11u.

57 “(4) “WMATA” means the Washington Metropolitan Area Transit Authority.

58 “Sec. 11u. Transit Subsidy Program established.

59 “(a) There is established a District Resident Transit Subsidy Program, which shall be
60 administered by DDOT, to provide subsidies to participants for travel on any transportation that
61 accepts payment through a SmarTrip card issued by WMATA or a similar transit card utilized by
62 WMATA or any other agency in the District or another jurisdiction with which the Mayor has
63 entered into an agreement pursuant to subsection (b) of this section.

64 “(b) The Mayor shall enter into an agreement with WMATA, and may enter into an
65 agreement with any other agency in the District of another jurisdiction, to manage subsidies
66 provided by the Program, including to:

67 “(1) Make payments onto a transit card for the transportation of participants; and

68 “(2) Track the value of subsidies paid, fare payments, and remaining subsidy
69 balances on each transit card registered to a participant, such that funds deposited for the purpose
70 of this subsidy:

71 “(A) Are tracked separately from other funds deposited on the same transit
72 card; and

73 “(B) Shall be tracked separately from and not used to pay for parking.

74 “(c) Assistance provided pursuant to this title shall not constitute an entitlement nor be
75 considered income for the purpose of determining eligibility for public assistance.

76 “Sec. 11v. Transit subsidy payments.

77 “(a) DDOT shall, on the first day of each month, disburse funds to the transit card of
78 participants such that the total amount of subsidy dollars available on each participant’s transit
79 card equals \$100.

80 “(b) Upon the cancellation or expiration of a participant’s transit card, WMATA or
81 another agency shall revert to the District any remaining funds on the transit card disbursed
82 pursuant to the Program.

83 “Sec. 11w. Eligibility.

84 “(a)(1) A person shall be eligible to receive a subsidy under the Program if the person:

85 “(A) Provides DDOT with proof of District residency;

86 “(B) Certifies that they are 5 years of age or older; and

87 “(C) Is not, at the time of application or renewal, a recipient of

88 “(i) Another subsidy paid by the federal government that is
89 deposited on a SmarTrip card issued by WMATA or any other transit card; or

90 “(ii) Free transit fares from the Kids Ride Free Program pursuant
91 to section 6044 of the Student, Foster Youth, Summer Youth Employee and Adult Learner
92 Transit Subsidies Act of 2019, effective September 11, 2019 (D.C. Law 23-16; D.C. Official
93 Code § 35–243).

94 “(2) DDOT may enter into an agreement with a District or federal agency to share
95 information necessary to determine a person’s eligibility pursuant to paragraph (1) of this
96 subsection.

97 “(3) Notwithstanding paragraph (1) of this subsection, DDOT may, by rule,
98 further restrict eligibility to receive a subsidy under the Program to applicants who do not, at the
99 time of application, receive another subsidy paid by the District government or the applicant’s
100 employer that is deposited on a SmarTrip card issued by WMATA or any other transit card.

101 “(4) DDOT may require a minor’s parent or guardian or school to file an
102 application on behalf of the minor to participate in the Program.

103 “(b)(1) DDOT shall establish a process for persons to apply for a subsidy under this title,
104 which, at a minimum, shall include accepting applications online through the DDOT website and
105 in hard copy via mail, including development of an application and a website that includes
106 information on the Program, how to apply, and non-profit assistance available pursuant to
107 subsection (e) of this section.

108 “(2) The Mayor shall make the application available online on the DDOT website
109 and in hard copy at Department of Parks and Recreation and District of Columbia Public Library
110 facilities open to the public.

111 “(c) DDOT shall promulgate a list of the documentation or other proof an applicant, who
112 is not otherwise presumed to be a District resident pursuant to this subsection, may submit to
113 prove the applicant is a resident of the District; except, that an applicant shall be presumed to be
114 a District resident if:

115 “(1) During the previous year, the applicant filed an income tax return, pursuant
116 to Subchapter VI of Chapter 18 of Title 47 of the District of Columbia Official Code, as a
117 resident of the District;

118 “(2) The applicant is currently having District income tax withheld from their
119 wages;

120 “(3) The applicant receives public assistance, as that term is defined in section
121 101(6) of the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C.
122 Law 4-101; D.C. Official Code § 4-201.01(6)), administered by a District agency; or

123 “(4) An organization certified by the Department of Human Services to document
124 the homeless status of an individual has completed a social service proof of residency form,
125 certifying that the applicant is a District resident.

126 “(d) Twelve months after first receipt of a subsidy under the Program, and every year
127 thereafter, a participant shall recertify their eligibility for the Program. DDOT shall confirm that,
128 at the time of application, the participant remains eligible under subsection (a) of this section.

129 “(e)(1) DDOT shall maintain a list on its website of nonprofit organizations that offer
130 services to assist persons with applying for the Program or recertifying their eligibility.

131 “(2) DDOT shall provide notice on both the online and hard copy applications for
132 the Program that nonprofit organizations are available to provide assistances. Such notice shall
133 include a link to the list of nonprofit organizations on DDOT’s website required by paragraph (1)
134 of this subsection.

135 “(3) DDOT may provide grants to nonprofit organizations for the purpose of:

136 “(A) Assisting applicants with applying for the Program or recertifying
137 their eligibility, including providing proof of residency;

138 “(B) Purchasing SmarTrip or other transit cards for participants;

139 “(C) Providing guidance on Program eligibility; and

140 “(D) Providing other services necessary for residents to access the subsidy
141 provided under the Program.

142 “Sec. 11x. Authorization to negotiate fares.

143 “The Mayor is authorized to enter into an agreement with WMATA or other agencies for
144 reduced transit fares for participants.

145 “Sec. 11y. [Reserved]

146 “Sec. 11z. Fare-Free Bus Fund established.

147 “(a) There is established as a special fund the Fare-Free Bus Service Fund (“Fund”),
148 which shall be administered by the Mayor in accordance with subsection (c) of this section.

149 “(b) Provided that the Chief Financial Officer certifies that sufficient revenue exists
150 pursuant to section 11z-2, there shall be deposited into the Fund general retail sales tax revenue
151 collected pursuant to Chapter 20 of Title 47 as follows:

152 “(A) In Fiscal Year 2023 -- \$11 million;

153 “(B) In Fiscal Year 2024 -- \$43.03 million; and

154 “(C) In Fiscal Year 2025 -- \$45.18 million;

155 “(D) In Fiscal Year 2026 -- \$47.44 million; and

156 “(E) For each succeeding fiscal year after Fiscal Year 2026, an amount equal to
157 105% of the prior year’s amount.

158 “(c) Money in the Fund shall be used to support the fare buydown agreement entered into
159 pursuant to section 3(h) of the Department of Transportation Establishment Act of 2002,
160 approved by the Committee of the Whole on December 6, 2022 (Committee Print of Bill 24-
161 429), to provide fare-free Metrobus transportation within the District and 24-hour daily Metrobus
162 service on Metrobus lines as specified by the fare buydown agreement.

163 “(d)(1) The money deposited into the Fund but not expended in a fiscal year shall not
164 revert to the unassigned fund balance of the General Fund of the District of Columbia at the end
165 of a fiscal year, or at any other time.

166 “(2) Subject to authorization in an approved budget and financial plan, any funds
167 appropriated in the Fund shall be continually available without regard to fiscal year limitation.

168 “Sec. 11z-1. Bus Service Enhancement Fund established.

169 “(a) There is established as a special fund the Bus Service Enhancement Fund (“Fund”),
170 which shall be administered by the Department in accordance with subsection (c) of this section.

171 “(b) Provided that the Chief Financial Officer certifies that sufficient revenue exists
172 pursuant to section 11z-2, there shall be deposited into the Fund general retail sales tax revenue
173 collected pursuant to Chapter 20 of Title 47 as follows:

174 “(1) In Fiscal Year 2023, \$2.5 million; and

175 “(2) For each succeeding fiscal year after Fiscal Year 2023, \$10 million.

176 “(c) Money in the Fund shall be used to improve transit access or service in areas
177 identified in DDOT’s Multimodal Long-Range Transportation Plan as areas of high
178 transportation need or historically underserved communities, or to serve residents of those areas
179 as follows:

180 “(1) Making payments to WMATA to:

181 “(A) Create new bus routes not in operation before the applicability date
182 of the Metro for D.C. Amendment Act of 2022, as approved by the Committee of the Whole on
183 December 6, 2022 (Committee print of Bill 24-429); or

184 “(B) Extend service hours, shorten headways, or make other service
185 improvements for an existing bus route;

186 “(2) Used by DDOT to:

187 “(A) Operate new DC Circulator or DC Streetcar routes not in operation
188 before the applicability date of the Metro for D.C. Amendment Act of 2022, as approved by the
189 Committee of the Whole on December 6, 2022 (Committee print of Bill 24-429);

190 “(B) Extend service hours, shorten headways, or make other service
191 improvements for an existing DC Circulator or DC Streetcar line; or

192 “(C) Install, lease, maintain, or operate infrastructure that DDOT
193 determines will increase ridership or improve transit service, including dedicated transit lanes,
194 signal priority, bus shelters, payment kiosks, or other amenities; or

195 “(3) Funding studies to support increased ridership or improved transit service.

196 “(d)(1) The money deposited into the Fund but not expended in a fiscal year shall not
197 revert to the unassigned fund balance of the General Fund of the District of Columbia at the end
198 of a fiscal year, or at any other time.

199 “(2) Subject to authorization in an approved budget and financial plan, any funds
200 appropriated in the Fund shall be continually available without regard to fiscal year limitation.

201 “Sec. 11z-2. Revised revenue allocation for bus service.

202 “(a)(1) The fiscal impact of the general sales tax dedication to the Fare-Free Bus Service
203 Fund, established pursuant to section 11z, and the general sales tax dedication to the Bus Service
204 Enhancement Fund, established pursuant to section 11z-1, shall be offset, in that order, by local
205 fiscal year recurring revenues included in the Chief Financial Officer’s December 2022 revenue
206 estimate and, if necessary, the February 2023 revenue estimate, that exceed the local fund
207 revenue incorporated in the Fiscal Year 2023 approved budget and financial plan.

208 “(2) If the excess revenue included in the December 2022 revenue is not sufficient
209 to fully offset the dedication to the Fare-Free Bus Service Enhancement Fund and the Bus
210 Service Enhancement Fund, the excess revenue shall be set aside first to the Fare-First Bus
211 Service Enhancement Fund until that is fully funded.

212 “(b) In the December 2022 revenue estimate, the Chief Financial Officer shall certify:

213 “(1) Whether and by what amount local fiscal year revenues included in the
214 revenue estimate exceed the annual revenue estimate for Fiscal Year 2023 through Fiscal Year
215 2026, as incorporated in the approved budget and financial plan for Fiscal Year 2023;

216 “(2) Whether such excess revenues are in an amount sufficient to offset the
217 general sales tax dedication identified in subsection (a) of this section; and if not, what amount
218 has been set aside;

219 “(3) That all such excess revenues have been set aside to ensure the general sales
220 tax dedication identified in subsection (a) of this section is fully offset.

221 “(c) In the February 2023 revenue estimate, the Chief Financial Officer shall certify:

222 “(1) Whether and by what amount local fiscal year revenues included in the
223 revenue estimate exceed the annual revenue estimate for Fiscal Year 2023 through Fiscal Year
224 2026, as incorporated in the approved budget and financial plan for Fiscal Year 2023;

225 “(2) Whether such excess revenues, together with the excess revenues identified
226 pursuant to this subsection in the December 2022 revenue estimate, are in an amount sufficient to
227 offset the general sales tax dedication identified in subsection (a) of this section; and

228 “(3) That all such excess revenues, together with the excess revenues identified
229 pursuant to this subsection in the December 2022 revenue estimate, have been set aside to ensure
230 the general sales tax dedication identified in subsection (a) of this section is fully offset.

231 “Sec. 11z-3. Rules.

232 “The Mayor, pursuant to Title I of the District of Columbia Administrative Procedure
233 Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), shall issue
234 rules to implement the provisions of this title.

235 “Sec. 11z-4. Reporting.

236 “By January 1, 2024, and each year thereafter, DDOT shall post publicly on its website,
237 and, to the extent practical, make the underlying data publicly available, information on the
238 implementation and administration of this title. At a minimum, this information shall include, for
239 the preceding fiscal year data on the Bus Service Enhancement Fund established in section 11z-
240 1, including:

241 “(1) A list of services and projects receiving funding from the Bus Service
242 Enhancement Fund, including specific funding levels if available; and

243 “(2) Data on service or ridership changes that occurred for Bus Service
244 Enhancement Fund funded projects.”.

245 Sec. 3. D.C. Official Code § 47-1803.02(a)(2) is amended by adding a new subparagraph
246 (XX) to read as follows:

247 “(XX) A subsidy provided pursuant to Title VI of the Department of
248 Transportation Establishment Act of 2002, as approved by the Committee of the Whole on
249 December 6, 2022 (Committee print of Bill 24-429).”.

250 Sec. 4. Applicability

251 (a) The amendatory sections 11u, 11v, 11w, 11x, 11z-3, and 11z-4 within section 2 and
252 section 3 shall apply upon the date of inclusion of their fiscal effect in an approved budget and
253 financial plan.

254 (b) The Chief Financial Officer shall certify the date of the inclusion of the fiscal effect in
255 an approved budget and financial plan and provide notice to the Budget Director of the Council
256 of the certification.

257 (c)(1) The Budget Director shall cause the notice of the certification to be published in
258 the District of Columbia Register.

259 (2) The date of publication of the notice of the certification shall not affect the
260 applicability of the provisions identified in subsection (a) of this section.

261 Sec. 5. Fiscal impact statement.

262 The Council adopts the fiscal impact statement in the committee report as the fiscal
263 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
264 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

265 Sec. 6. Effective date.

266 This act shall take effect following approval by the Mayor (or in the event of veto by the
267 Mayor, action by the Council to override the veto), a 30-day period of congressional review as
268 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
269 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
270 Columbia Register.