

108TH CONGRESS
2D SESSION

H. R. 4269

To establish an annual Federal infrastructure support contribution for the District of Columbia, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 4, 2004

Ms. NORTON (for herself, Mr. TOM DAVIS of Virginia, Mr. WOLF, Mr. HOYER, Mr. MORAN of Virginia, Mr. WYNN, Mr. CUMMINGS, and Mr. VAN HOLLEN) introduced the following bill; which was referred to the Committee on Government Reform

A BILL

To establish an annual Federal infrastructure support contribution for the District of Columbia, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “District of Columbia
5 Fair Federal Compensation Act of 2004”.

6 **SEC. 2. FINDINGS; PURPOSE.**

7 (a) FINDINGS.—Congress finds as follows:

8 (1) A General Accounting Office (GAO) report
9 of May 2003 found that the District of Columbia

1 has a substantial structural imbalance, ranging from
2 \$470,000,000 to \$1,100,000,000 annually, and that
3 this imbalance is beyond the direct control of local
4 officials because it is caused by mandates, legisla-
5 tion, and other requirements imposed by the Federal
6 Government.

7 (2) The GAO report was preceded by 2 reports
8 by distinguished groups who also concluded that the
9 District had a structural imbalance: A 2002
10 McKenzie study commissioned by the Federal City
11 Council (an organization of regional and local busi-
12 ness leaders), and a 2002 study by the Brookings
13 Institute, led by Alice Rivlin, the former director of
14 the Congressional Budget Office and former chair of
15 the District of Columbia Financial Responsibility
16 and Management Assistance Authority.

17 (3) The components of the structural deficit are
18 all Federal in origin and consist of the following: Lo-
19 cally provided services to the Federal Government; a
20 Federal statute which exempts from taxation 66 per-
21 cent of the income earned in the District; the exemp-
22 tion from taxation of 42 percent of the real property
23 owned by the Federal Government; and the require-
24 ment to provide State services, such as special edu-

1 cation and mental health, although the District is
2 not a State.

3 (4) The District’s tax burden is among the
4 highest in the Nation because of the Federal re-
5 quirements documented in the 2003 GAO report.
6 However, the funding provided by these taxes is still
7 insufficient to meet the obligations of the District,
8 especially the long-term obligations to carry out crit-
9 ical capital projects to maintain and improve the
10 District’s infrastructure, projects that are not only
11 typically funded by a State but that the District
12 must carry out because of its mandate to support
13 the infrastructure needs of the Federal Government
14 and the entire Washington region. As a result, the
15 District must obtain the funds needed to meet these
16 obligations through a continuous series of bor-
17 rowings, incurring more and more debt service pay-
18 ments each year, and causing the District’s per cap-
19 ita rate of general obligation debt to be the highest
20 in the Nation.

21 (5) The GAO concluded that greater manage-
22 ment efficiency by the District government is nec-
23 essary, but that “management improvement will not
24 offset the underlying structural imbalance because it

1 is caused by factors beyond the direct control of Dis-
2 trict officials”.

3 (6) The GAO recommended against the only 2
4 alternatives available to the District. Raising taxes
5 would “worsen D.C.’s competitive advantage in at-
6 tracting new businesses and residents” and cutting
7 services for residents and visitors would have “unde-
8 sirable consequences for the District’s economy”.

9 (7) According to the GAO, the options are to
10 “change Federal procedures to expand the District’s
11 tax base or provide additional financial support and
12 a greater role by the Federal Government to help
13 the District maintain fiscal balance”.

14 (8) The District of Columbia, through prudent
15 budgeting and improved management, has had a
16 balanced budget with surpluses for 7 years; however,
17 the District’s Chief Financial Officer (whose position
18 was created by a Federal statute) has found that se-
19 vere fiscal problems are inevitable as the District
20 works to close spending pressures and find remedies
21 to its inherent structural imbalance.

22 (9) Maintaining financial stability in the Dis-
23 trict, just as in other cities, requires a stable, pre-
24 dictable source of revenue that increases modestly
25 but regularly over time.

1 (b) PURPOSE.—It is the purpose of this Act to pro-
2 vide an efficient mechanism and formula for the transfer
3 of revenue from the Federal Government to the District
4 government, and to dedicate this revenue for the sole pur-
5 pose of rectifying an annual structural imbalance which
6 is due to—

7 (1) Federal requirements and limitations on the
8 ability of the District of Columbia to generate rev-
9 enue;

10 (2) the use of District of Columbia real prop-
11 erty by the Federal Government for Federal facili-
12 ties and other Federal purposes; and

13 (3) the District’s status as a Federal city which
14 is not part of a State but incurs many of the same
15 expenses as a State that would otherwise be respon-
16 sible for these expenses.

17 **TITLE I—DIRECT FEDERAL CON-**
18 **TRIBUTION FOR INFRA-**
19 **STRUCTURE COSTS**

20 **SEC. 101. ESTABLISHMENT OF DIRECT FEDERAL CON-**
21 **TRIBUTION TO DISTRICT OF COLUMBIA.**

22 (a) ENTITLEMENT OF DISTRICT TO CONTRIBU-
23 TION.—For each fiscal year beginning with fiscal year
24 2005, the District of Columbia shall be entitled to receive
25 an annual infrastructure support contribution to support

1 the infrastructure used by the District of Columbia and
2 in part by the region in accordance with this title.

3 (b) OBLIGATION OF UNITED STATES.—Subsection
4 (a) constitutes budget authority in advance of appropria-
5 tions acts and represents the obligation of the Federal
6 Government to make annual infrastructure support con-
7 tributions in accordance with this title.

8 **SEC. 102. DETERMINATION OF AMOUNT OF CONTRIBUTION.**

9 (a) IN GENERAL.—The amount of the annual infra-
10 structure support contribution required by this title is
11 equal to—

12 (1) in the case of fiscal year 2005,
13 \$800,000,000; and

14 (2) in the case of each succeeding fiscal year,
15 the amount required for the previous fiscal year, in-
16 creased by the applicable index described in sub-
17 section (b).

18 (b) APPLICABLE INDEX.—In subsection (a), the “ap-
19 plicable index” with respect to a fiscal year is the greater
20 of—

21 (1) the percentage by which the Consumer
22 Price Index (all Urban Consumers, United States
23 City Average) for the 12-month period ending on
24 June 30 preceding the beginning of the fiscal year

1 exceeds such Consumer Price Index for the pre-
2 ceding 12-month period; or

3 (2) 4 percent.

4 **TITLE II—DEDICATED** 5 **INFRASTRUCTURE ACCOUNT**

6 **SEC. 201. ESTABLISHMENT OF ACCOUNT.**

7 There is established in the general fund of the Dis-
8 trict of Columbia an account to be known as the Dedicated
9 Infrastructure Account (hereafter in this title referred to
10 as the “Account”), which shall consist of the following
11 amounts:

12 (1) Amounts deposited pursuant to section 202.

13 (2) Such other amounts as may be deposited
14 pursuant to District of Columbia law.

15 (3) Interest earned on amounts in the account.

16 **SEC. 202. DEPOSIT OF ANNUAL INFRASTRUCTURE SUP-** 17 **PORT CONTRIBUTION.**

18 Each annual infrastructure support contribution
19 made to the District of Columbia under title I for a fiscal
20 year shall be deposited into the Account.

21 **SEC. 203. USE OF AMOUNTS IN ACCOUNT.**

22 (a) IN GENERAL.—Amounts in the Account may be
23 used only for the following purposes:

24 (1) Transportation activities, including the pay-
25 ment of the local share of participation in public

1 transportation activities and road construction and
2 improvement projects.

3 (2) Information technology improvements for
4 the District government.

5 (3) Debt service payments on bonds, notes, and
6 other obligations of the District government.

7 (4) Building and facility maintenance, construc-
8 tion, and capital improvement projects for District
9 of Columbia public schools and public charter
10 schools.

11 (b) AVAILABILITY OF FUNDS.—Funds appropriated
12 or otherwise made available from the Account shall remain
13 available until expended.

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