

DC Tax Revision Commission

Public Hearing

November 12, 2013

Testimony of Ericka Taylor, Executive Director, DC Fair Budget Coalition

Good evening, Commission members. My name is Ericka Taylor and I'm the Executive Director of the DC Fair Budget Coalition, or FBC. FBC is a coalition of more than 80 advocacy organizations, service providers, faith organizations, and community members concerned with meeting the human needs of the District's most vulnerable residents.

I am before you today, on behalf of FBC, to recommend revisions to the District's tax policy that will meet one of your primary goals – providing fairness in the apportionment of taxes.

I urge you to include the following three measures in your final recommendations to the Mayor and City Council:

- 1) **Increase the Earned Income Tax Credit benefit for single workers.** In 2012, the maximum EITC credit that a single person without children could receive is \$190. The maximum EITC credit for a person with one child was over six and a half times as much, however, at \$1,268. Low-wage workers should not be penalized for being childless, and currently no childless person who earns the minimum wage and works full time is eligible for the credit.
- 2) **Make the tax system more balanced by adding more high-income tax brackets.** Under current law, someone who earns \$360,000 a year has the same tax rate as someone making \$1,360,000 a year or \$3 million a year, for that matter. As a consequence, the top 1% of District taxpayers pay a lower percentage of their incomes than the bottom four quintiles and the next 19%. Rebalancing the tax structure with additional brackets at the upper end would create a considerably more just structure than the one we have now.
- 3) **Raise the personal exemption and standard deduction to the federal levels.** The personal exemption and standard deduction are options for all residents, but provide the greatest relief to low- and moderate-income residents. This relief could be maximized if the District were to increase its personal exemption from the current rate of \$1,675 for those single and filing separately (or \$3,350 for those married and filing jointly) to the federal rate of \$3,900. Similarly, low- and moderate-income residents would reap meaningful benefits if DC's standard deduction ranged from \$6,100 to \$12,200 depending on filing status.

Most importantly, however, we at FBC urge you to support progressive taxation where those with the greatest means to pay carry the greatest burden. Thank you so much for allowing me the opportunity to speak and for hosting this hearing on such a critical issue for DC residents.