



September 11, 2013
The Honorable Anthony Williams
Chairman, DC Tax Revision Commission
1101 4th Street SW
Suite W770
Washington, DC 20024

Dear Chairman Williams:

On behalf of the DC Economic Growth Action Fund, thank you for the opportunity to comment on the Commission's work. Overall, it is our suggestion that the Commission explore ways to transfer more of the District's tax burden to non-residents. We recommend increasing taxes on products and services that are most likely to be used or bought by non-residents, and then using this additional revenue to reduce marginal individual income tax rates on certain wage earners.

Economic Growth DC has studied the differences between the states that impose the highest tax burdens on their residents and the states that impose the lowest tax burden. We've found that states with the lowest tax burdens on their residents have found ways to transfer their tax burden to non-residents. Nevada is the perfect example. Nevada has no personal income tax and gets the vast majority of its tax receipts from out of state mining companies and non-resident gamblers and visitors. Due to the amount of travel and tourism that takes place in the District, it seems there is room for such transfers.

There are several mechanisms for transferring our tax burden to out of state residents – the restaurant sales tax, the hotel tax, parking taxes, recordation and transfer taxes on commercial buildings, a surcharge for sporting events and other entertainment options, including live theater, etc.

In light of resistance in certain quarters of Congress to the idea of a commuter tax, we are curious about whether a small user fee specifically for the use of transportation, police and EMS services, could be deducted from the paychecks of non-residents. This would probably be a hard sell in Congress, but it is the most direct way to generate revenue from non-residents.

This type of approach would only be meaningful if that additional tax revenue is used to lower marginal income tax rates, primarily on moderate to middle income residents. Our recommendations are essentially revenue neutral, but would put more money into the hands of DC residents likely to spend it in the District.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dave Oberting".

Dave Oberting
Chair & Executive Director
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