

Oct. 2, 2013

Honorable Anthony Williams
Chairman, DC Tax Revision Commission

Dear Chairman Williams:

I am writing in connection with the Commission's plan for a series of changes in the DC Tax Code designed to attract more residents to the city, notably the more affluent. I think this is exactly the right and long overdue approach to taxation--make DC taxes more competitive with those of Virginia and Maryland, expand the tax base, and thereby generate income and employment for others in the District.

In this connection, I would like to suggest an addition to the measures already under consideration by the Commission--specifically, adjustment for inflation of the DC Tax Code's current government pension offset of \$3,000. So far as I can determine, the offset was first introduced in 1987, and--contrary to the usual practice regarding tax brackets--there has been no adjustment since. The value of the offset has thus eroded into insignificance.

Nearly ten years ago, DC Council Representative Vincent Orange introduced legislation to raise the exemption to around \$20,000--I don't recall the exact amount--about the level of the offset provided by Virginia and Maryland. Hearings were held before the DC Council Committee on Finance and Revenue. Unfortunately, the DC Council took no action and, to my knowledge, there has been no effort since then to adjust the exemption upward.

I believe that if it is sound tax policy to have the exemption in the first place, it should be adjusted periodically for inflation, or better yet raised at least to the level of the offset in surrounding jurisdictions, if not higher. The Washington area is full of government retirees of all sorts--civilian and military. Most of them end up in the suburbs, particularly Virginia. We should attract them to the District, which has so many advantages in urban living--every advantage, in fact, except for its unfriendly and uncompetitive tax policies.

Finally, I wish to note two of DC Tax Revision Commission's objectives at its meeting last June 24:

"Make the District's tax policy more competitive with surrounding jurisdictions."

"Broaden the tax base."

Increasing the current government pension offset, or at least adjusting it for inflation since 1987, supports these objectives.

Yours respectfully,

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