

**DC FOR DEMOCRACY
TESTIMONY OF DAN WEDDERBURN
CHAIR, GOVERNMENT REFORM COMMITTEE**

**BEFORE THE DC TAX REVISION COMMISSION
PUBLIC HEARING**

November 12, 2013

Chairman Williams, Commission Members, my name is Dan Wedderburn. I chair the Government Reform Committee of DC For Democracy (DC4D), a non-aligned progressive organization with over 500 members.

Tax experts invited by the Commission to speak at its meetings have made members aware of 3 Myths about DC taxes

Myth 1 - DC has a progressive tax system on households. In fact It is regressive.

Myth 2 - DC residents pay higher overall taxes than in surrounding Maryland and Virginia jurisdictions. DC overall taxes are actually lower. *(property taxes)*

Myth 3 - DC businesses pay far higher taxes than the 4 surrounding counties and Alexandria Tax experts have told the Commission that DC business taxes are slightly higher in 4 counties and are lower than Alexandria.

DC For Democracy's recommendations focus on the first charge of the Commission, quote, "provide for fairness in apportionment of taxes."

These stem mostly from studies done by the CFO's Office and Institute for Tax & Economic Policy. When including all DC taxes paid, the tax burden for the top 20% income earners is significantly lower than for middle class taxpayers. The tax burden of the top 1% of taxpayers is about the same as the burden on the 20% lowest incomes.

8 RECOMMENDATIONS

- 1. Reduce tax rates on 80% of DC taxpayers and apply the highest 8.95% rate to taxable incomes over \$200,000.**
- 2. Eliminate the 8.5% tax rate that applies to taxable incomes between \$40,001 and \$350,000 and replace it with multiple tax brackets.**
- 3. Increase the Standard Deduction.**

4. Increase the Personal Exemption for low and middle incomes.
5. Reduce the sales tax on low incomes with a refundable sales tax credit.
6. Eliminate the exemption for professional services.
7. Pursue agreements with certain non-profits including universities and hospitals to pay a portion of the government services they receive.
8. Require Audits 5 -7 years after the District has granted tax abatements and other benefits for development projects . Require repayment of the amounts not achieving these benefits.

Mr. Mayor, Commissioners, you deserve high praise for your work. None of you has been shy in expressing yourself. Nor is the public going to be shy in its response when you issue the Final Report.

A great many citizens want the Commission to make recommendations that will truly help improve the lives of the people who most need it. Thank you.