

Testimony to the Tax Revision Commission Hearing  
Brianna K. Nadeau  
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In DC, we are very proud of our progressive values. Unfortunately, these values are not always promoted through our established institutions, especially our tax system. It may come as a surprise to many that our tax code is neither progressive nor fair. I believe we must reform the District's tax system to even out the playing field and increase the standard of living for low and middle-income earners. I first became involved with this issue through the [Jews United for Justice Invest in DC campaign](#) in 2011, which fought for and won a tax increase on the highest earners to close DC's budget gap and protect programs that residents – especially low income residents – need.

Many District residents believe that the District's tax burden, or effective tax rate, is higher than those in surrounding Maryland and Virginia jurisdictions. That's not true. It is lower, *except* for our lowest income residents. In 2011, for taxable income over \$50,000, DC had the lowest tax burden compared to four surrounding counties – Montgomery, Prince George's, Arlington and Fairfax.

The current tax system in the District unfairly places a bigger burden on low and middle-income earners than the top 1%. As it stands, the wealthiest 1% of DC residents pays lower taxes as a percentage of income than the District's poorest residents, who earn less than \$20,000. Middle-income earners pay the highest taxes of all as a percentage of income. The highest marginal tax rate of 8.5% on District taxpayers applies to taxable income over \$40,000. If your taxable income was \$45,000, you would pay the same highest tax rate as someone whose income was \$300,000. Because the marginal tax rate begins at such a low amount of taxable income, it significantly reduces the progressivity of our tax system.

We can solve the injustice of our tax system and make the District more affordable for working families by reforming not only our income tax system, but also our sales and property tax systems to help our Ward.

Tax reform must include:

- An increase in the current standard deduction amount, which is now \$4,000.
- An adjustment of the taxable income amount to which the 8.5% marginal tax applies. The marginal tax rate for the lowest 3 brackets should be set below current levels, so as to reduce income taxes for these groups, while the marginal tax rates for the richest 20% and richest 1% should be increased above current levels.
- A reduction in the sales tax on low income earners using a refundable tax credit and an expansion of the sales tax to cover many services that are now exempted such as pet grooming, health clubs, private investigation and security services.
- An increase in the \$1,675 personal exemption amount on low and moderate incomes
- An increase in the homestead deduction on low and moderate incomes OR an increase in the homestead deduction on assessed property values of homes below a specific amount (or reduction of it on higher assessed properties), which will help make home ownership in Ward 1 more affordable.
- A reduction in the DC itemized deduction amount by a higher percentage than the current 5% on adjusted gross income exceeding \$200,000
- An increase in the income eligibility for the property tax credit to \$75,000 - \$100,000 from the current \$50,000, given the high cost of living in DC.

Thank you for your consideration.