

DC FOR DEMOCRACY
TESTIMONY OF DAN WEDDERBURN
CHAIR, GOVERNMENT REFORM COMMITTEE
BEFORE THE DC TAX REVISION COMMISSION
PUBLIC HEARING

JUNE 24, 2013

Chairman Williams and Commission members, my name is Dan Wedderburn. I serve as chair of the Government Reform Committee of DC for Democracy, a leading non-aligned grassroots progressive organization in the District with some 500 members.

At last December's Public Hearing, DC for Democracy testified and emphasized -- based on solid source data -- what most people don't know because of certain myths repeated for years. The facts are:

- DC has a regressive tax system. It is not fair or progressive.
- DC residents pay lower overall taxes than in surrounding Maryland and Virginia jurisdictions.

Some of the Commission's experts speaking at its official meetings have made similar points. Indeed, at your first meeting, Council Chair Mendelson recommended making the regressive tax system progressive.

The Commission's first charge under its establishing legislation is to make recommendations to: "provide for fairness in apportionment of taxes."

We ask the Commission to consider the following possible changes:

1. Increase the current Standard Deduction amount (now \$4,000).
2. Reduce the Sales Tax on low income earners using a refundable tax credit. Further, broaden the sales tax base to cover many services now exempted.
3. Increase the \$1,675 Personal Exemption amount on low and moderate incomes (Federal exemption is \$3,500).
4. Households with taxable income over \$40,000 all the way up to \$350,000 now pay the same 8.5% Tax Rate. Furthermore, most higher income earners itemize deductions thereby reducing their effective rate. These deductions are typically not available on low and moderate incomes. Tax rates should be modified to make the tax system fair and progressive.
5. Increase the Homestead Deduction on low and moderate incomes, or increase this Deduction on assessed property values of homes below a specified amount and reduce it on higher assessed properties.
6. Consider reducing the DC itemized deduction amount by a higher percentage than the current 5% on adjusted gross income exceeding \$200,000.

Commissioners, the ever-increasing mal-distribution of income in the nation over these last 30+ years has led to income disparities that existed in the 1920's. Virtually 100% of US annual productivity growth now goes straight to the 1% to 5% highest income earners. It's no longer shared. Meanwhile low and middle income earners see their standard of living literally slipping away. You have it in your hands to recommend changing the course of history. What better place to start than in our wonderful city.

Please hold another public hearing later this year, following a Preliminary Report. Thank you very much.