

Before the District of Columbia Tax Revision Commission (TRC)
Added Supplemental, Written Statement of David Jonas Bardin
30 January 2013

Chairman Williams and Commissioners:

OCFO's Jason Juffras, who presented at your January 7 meeting, provides illuminating information.

- DC law exempts public utilities such as PEPCo, Verizon, and Washington Gas from the sales tax as it imposes on them a higher, ten-percent gross receipts tax.
- DC law exempts DCWASA (the DC Water and Sewer Authority doing business as DC Water) from *both* the sales tax *and* the gross receipts tax.

DC Water was exempted when its financial posture was precarious, in 1996, in the first amendment to its organic law (before its activation as an independent authority of the District as of the start of FY 1997). Its revenue estimates were unreliable. It had no cash in the bank. And the D.C. Auditor had identified diversions from the water and sewer enterprise fund to the general fund during the Sharon Pratt Dixon Administration of more than \$100 million collected from ratepayers for repairs, maintenance and replacements.

That has changed. Independent CFO Williams returned (with interest) all diverted funds identified. The new authority, its Board and its management got their act together. Today DC WASA (DC Water) is a well-managed, financially secure, government-owned utility. So the time is propitious to reconsider its 1996 exemptions.