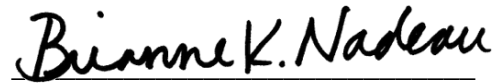
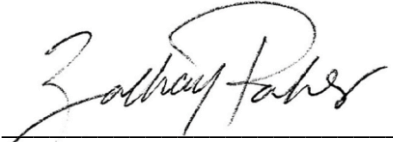




Councilmember Charles Allen



Councilmember Brianne K. Nadeau



Councilmember Zachary Parker



Councilmember Janeese Lewis George

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Title 47 of the District of Columbia Official Code to establish a permanent Tax and Revenue Commission.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Tax and Revenue Commission Establishment Amendment Act of 2024”.

Sec. 2. Subchapter VI of Chapter 4 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended to read as follows:

“§ 47-461. Council findings [Repealed].

“§47-462. Tax and Revenue Revision Commission – Established.

“§ 47–463. Tax and Revenue Revision Commission — Selection of director.

“§ 47–464. Tax Revision Commission — Authority.

“§ 47-465. Tax Revision Commission – Comprehensive update cycles.

28 ““§ 47-466. Tax and Revenue Revision Commission – Yearly report on
29 recommendations and technical updates.”.

30 (b) § 47-461 is repealed.

31 (c) § 47-462 is amended to read as follows:

32 “§47-462. Tax and Revenue Revision Commission – Established.

33 “(a) The Tax and Revenue Revision Commission (“Commission”) is established as an
34 independent agency, as that term is defined in § 1-603.01(13).”.

35 “(b) The purpose of the Commission is to serve as an expert standing body to provide
36 recommendations to the Mayor and Council on revisions to the District’s tax code as well as
37 other significant non-tax revenue sources.

38 “(c) The Commission’s duties are to:

39 “(1) Provide for fairness and equity in the apportionment of taxes and promote
40 progressivity in combined tax obligations;

41 “(2) Broaden the tax base;

42 “(3) Assess the impact of fines, fees, and other non-tax revenue source;

43 “(4) Encourage business growth and job creation; and

44 “(5) Modernize, simplify, and increase transparency in the District’s tax code.

45 “(d) Specific functions of the Commission shall include the following:

46 “(1) To analyze the District’s current tax system in terms of revenue productivity
47 and stability, efficiency, equity, simplicity of administration, and effect upon the District’s
48 economy;

49 “(2) To propose innovative solutions for meeting the District’s projected revenue
50 needs while recommending potential modifications to tax rates;

51 “(3) To identify economic activities which are either beneficial or detrimental to
52 the District’s economy and which should be either encouraged or discouraged through tax
53 policy;

54 “(4) To recommend changes in the District’s current tax policies and laws;

55 “(5) To establish or revise criteria and a conceptual framework for evaluating
56 current and future taxes, including racial equity impacts;

57 “(6) To identify unused and duplicative tax credits and tax abatements and
58 recommend policy changes to improve the way the District utilizes tax expenditures; and

59 “(7) To analyze the specific changes to the District's tax system since the
60 Commission's most recent recommendations to determine the extent to which such changes are
61 consistent with the principles identified in this section.

62 “(d) In preparing the recommendations required by this subchapter, the Commission shall
63 consult with the Code Revision Advisory Group established pursuant to § 47-463a.”.

64 (d) § 47-463 is amended to read as follows:

65 “§ 47–463. Tax and Revenue Revision Commission — Selection of director.

66 “(a) The Commission shall be composed of the Executive Director and such staff as
67 necessary to complete the work of the Commission.”.

68 “(b) The Executive Director shall be appointed by the Chairman of the Council, subject
69 to the approval of a majority of the Council.

70 “(c) The Executive Director shall receive an annual salary consistent with the District of
71 Columbia Government Salary Schedule for Excepted Service (ES) employees, at no lower than
72 Grade 14, exclusive of fringe benefits.

73 “(d) The Executive Director shall be responsible for and oversee the daily operations of

74 the Commission; supervise Commission staff, and develop and institute internal policies,
75 procedures, and processes to ensure efficient operations.

76 “(e) All employees of the Commission shall be, or shall become no later than 180 days
77 after hire, District residents.”.

78 (e) A new section § 47-463a is added to read as follows:

79 “§ 47-463a. Tax Revision Commission – Advisory Group.

80 “(a) There is established an Advisory Group to review and provide information and
81 suggestions on proposals prepared by the Commission. The Advisory Group shall consist of 7
82 voting members and up to 8 nonvoting members as follows:

83 “(1) The voting members of the Advisory Group shall consist of the following:

84 “(A) Three members appointed by the Mayor, who shall be experts in the
85 field of taxation, such as tax lawyers or public finance economists; and,

86 “(B) Three members appointed by the Chairman of the Council, who shall
87 be experts in the field of taxation, such as tax lawyers or public finance economists.

88 “(C) The Executive Director of the Commission.

89 “(2) The non-voting members of the Advisory Group shall consist of the
90 following:

91 “(A) The Chief Financial Officer, or his or her designee;

92 “(B) The Council Budget Director, or his or her designee;

93 “(C) Two members appointed by the Mayor:

94 “(i) One shall be a community representative, such as a leader of a
95 public-interest group, labor union, civic association, or a tenant or housing association; and

96 “(ii) One shall be a representative of one or more important sectors

97 of the business community, such as real estate, banking, retail, or high technology.

98 “(D) Two members appointed by the Chairman of the Council:

99 “(i) One shall be a community representative, such as a leader of a
100 public-interest group, labor union, civic association, or a tenant or housing association; and

101 “(ii) One shall be a representative of one or more important sectors
102 of the business community, such as real estate, banking, retail, or high technology.”.

103 “(E) Temporary members appointed pursuant to § 47-466.

104 “(b) Notwithstanding subsection (c) of this section, members shall serve for a term of 3
105 years. Each member may serve beyond the end of their term until reappointed or replaced by the
106 appropriate appointing authority.

107 “(c) Members of the Tax Revision Commission appointed as of the effective date of this
108 act shall continue to serve in their current capacity until 60 days after the submission of the
109 report required pursuant to § 47-465(b).

110 “(d) Meetings of the Advisory Group shall be conducted by the Commission's Executive
111 Director, with meetings scheduled by the Executive Director as necessary to fulfill the statutory
112 responsibilities of the Commission.

113 “(e) The Commission shall provide drafts of its recommended reforms to the Advisory
114 Group in the form of reports. Advisory Group members may provide to the Commission written
115 comments in response to those recommendations within a reasonable period of time, to be
116 determined by the Executive Director, but not less than one month.

117 “(f) The Commission shall consider all written comments that are timely received from
118 Advisory Group members under subsection (c) of this section and propose all final
119 recommendations to the Council based on the comments received.

120 “(g) The voting members of the Advisory Group shall vote to approve the final
121 recommendations proposed by the Commission, with a majority of voting members necessary to
122 approve the recommendations, before their submittal to the Council.

123 “(h) The Commission shall compile and make publicly available a record of all written
124 comments received from Advisory Group members under subsection (c) of this section.”.

125 (f) § 47-464 is amended as follows:

126 (1) Subsection (a) is repealed.

127 (2) Subsection (b) is amended to read as follows:

128 “(j) The Commission and Advisory Group shall create and operate under its own rules of
129 procedure, consistent with this subchapter and the Administrative Procedure Act, approved
130 October 21, 1968 (D.C. Law 1-92, D.C. Official Code § 2-501 *et seq.*). Such rules shall not
131 require a consensus vote of the Advisory Group in order to issue recommendations of the
132 Commission.”.

133 (g) A new section § 47-465 is added to read as follows:

134 “§ 47-465. Tax Revision Commission – Comprehensive update cycles.

135 “(a) (1) No later than February 12, 2025, and every 10 years thereafter, the Commission
136 shall submit to the Council and the Mayor a package of recommendations constituting a
137 comprehensive update to the entirety of the District’s tax code and other non-tax revenue
138 sources. The package shall include draft legislation, regulations, amendments to existing
139 regulations, and other specific steps for implementing the recommendations.

140 “(2) No later than one year prior to the due date of a 10-year comprehensive
141 update as described in this subsection, Council may adopt, by resolution, priorities for the
142 Commission’s subsequent comprehensive review cycle.

143 “(b) For the comprehensive update recommendations due to Council by February 12,
144 2025, the Commission shall include the following:

145 “(1)(A) Apportionment and tax preparation procedures necessary to enact a
146 Business Activity Tax on gross receipts minus the sum of purchases from other businesses, rent,
147 and capital expenditures;

148 “(B) Recommendations for Business Activity Tax rates necessary to serve
149 as a revenue replacement for the business franchise tax, corporate franchise tax, unincorporated
150 business franchise tax, and other taxes and fees levied on businesses;

151 “(2) An implementation plan for a split rate approach to real property taxation,
152 both residential and commercial, to tax land and improvements at different rates. This shall
153 include procedures for revising the District’s property assessment procedures to accurately assess
154 the value of land minus improvements;

155 “(3) Analysis of the establishment of a progressive marginal rate structure for
156 property tax;

157 “(4) Recommendations for long-term dedicated funding for the District’s
158 obligations to WMATA’s operating budget and capital budget, with an emphasis on sourcing
159 dedicated revenue from counter-cyclical sources, and with appropriate growth rates to keep pace
160 with public transit expenditures;

161 “(5) (A) Analysis of vehicle tolls and other transportation demand management
162 policies such as parking fees, as future revenue sources, and recommended topics of further
163 research and analysis, including the potential for such revenue to offset other revenue sources or
164 be redistributed to residents.

165 “(B) In providing such recommendations, the Commission is authorized,

166 pursuant to § 47-464(e), to acquire and utilize draft materials from District agencies and
167 contractors produced pursuant to the “Congestion Pricing Study Amendment Act of 2019”,
168 effective September 11, 2019 (D.C. Law 23-16, D.C. Official Code § 50-921.21); and,

169 “(6) A revenue-neutral proposal for tax brackets and rates that improves
170 progressivity in the District’s income tax.”.

171 (h) A new section § 47-466 is added to read as follows:

172 “§ 47-466. Tax and Revenue Revision Commission – Yearly report on recommendations
173 and technical updates.

174 “(a) For all years outside of a decennial comprehensive update as described in § 47-465,
175 the Commission shall provide to the Mayor and Council a report with recommendations for
176 improvements and technical updates to the District’s tax code and other non-tax revenue raisers.
177 Notwithstanding subsection (b) of this section, such recommendations shall be limited to one or
178 more closely related revenue sources or focused on a specific issue area.

179 “(b) (1) The Council may adopt, by resolution, requests for the Commission’s subsequent
180 yearly report pursuant to this section.

181 “(2) A resolution may include appointment of no more than two temporary non-
182 voting members of the Advisory Group, as described in § 47-464a, to serve as a subject matter
183 expert for the subject of the requested yearly report. Such appointments shall expire 60 days after
184 the issuance of the requested report.”.

185 Sec. 3. Fiscal impact statement.

186 The Council adopts the fiscal impact statement in the committee report as the fiscal
187 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
188 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

189 Sec. 4. Effective date.

190 This act shall take effect after approval by the Mayor (or in the event of veto by the
191 Mayor, action by the Council to override the veto), a 30-day period of congressional review as
192 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
193 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
194 Columbia Register.