



Brianne K. Nadeau

Councilmember, Ward 1

**Statement of Introduction
Wealth Proceeds Tax Amendment Act of 2026**

July 8, 2026

In April 2026, the D.C. Council was handed a budget by the Mayor that was balanced on the backs of our most vulnerable residents. And although the Council identified one-time funding to address many of the funding gaps for essential human services, policymakers were forced to make decisions about what some would have to go without: housing, healthcare, food assistance, childcare, violence prevention, child and family services. Yet, the budget asked nothing of our wealthiest residents.

For more than a decade, this Council has buried conversations about revenue and long-term financial stability. Year after year, the Mayor cuts and sweeps the money for things she doesn't support, and the Council is forced to find the money to keep critical programs afloat for one more year. The next Mayor and the next Council will be right back where we started this year.

In 1996, the District of Columbia Tax Revision Commission ("Commission") was created by the D.C. Council and mandated to comprehensively review the District's tax code every ten years and provide legislators with a policy recommendations report.¹ The first report was researched, drafted, and published in 1998.² The practice was repeated again in 2013 when the Commission was revived to deliver to legislators a package of updated tax recommendations, which they produced the following year.³

However, in 2024 post-COVID pandemic, when policymakers commissioned the tax body again to prepare a new report, politics torpedoed the release of recommendations

¹ D.C. Code §§ 47–461 *et seq.* (1996).

² D.C. Tax Revision Commission Report (1998), <https://cfo.dc.gov/page/dc-tax-revision-commission-1998>.

³ D.C. Tax Revision Commission Report (2014), <https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/DC%20Tax%20Revision%20050114.pdf>.



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at the last minute.⁴ Instead, the Commission published a short five-page letter with a brief “revenue neutral” list.⁵

In response to their failure to produce a report in time for the Fiscal Year 2025 budget, I introduced legislation, with support from councilmembers Charles Allen, Janeese Lewis-George, and Zachary Parker, to establish a permanent Tax and Revenue Commission that would be charged with providing recommendations focused on more equity, broadening the tax base, encouraging business growth, assessing the impact of fines and fees, and increasing transparency in the tax code.⁶ The bill still sits in committee awaiting a hearing.⁷

Every year that we consider the city’s budget without the benefit of recommendations from the Commission is a year that we could be doing more to make the tax code more equitable for District residents. Instead, we do our best to make piecemeal tweaks, without the benefit of the comprehensive look we need to make reliable and sound tax policy.

This past budget cycle, I proposed a Wealth Proceeds Tax to amend the District’s tax code: a 3 percent surcharge on passive income—such as capital gains, dividends, interest, annuities, and other investments that require no labor—on the wealthiest residents. The change would apply to individuals making over \$400K, and married couples making over \$500K.⁸ The surcharge is a local version of the federal Net Investment Income Tax⁹—straightforward and easy to administer (and enacted

⁴ Alex Koma, *D.C.’s Influential Tax Revision Commission is Melting Down, Undermining Confidence in Its Work*, WASHINGTON CITY PAPER (March 25, 2024),

<https://washingtoncitypaper.com/article/686068/d-c-s-influential-tax-revision-commission-is-melting-down-undermining-confidence-in-its-work/>.

⁵ Chairman’s Mark Letter (January 5, 2024), https://cdn.prod.website-files.com/63bc270f792ad26d64988e32/65a0073781885c05b3c65bf2_Chairman%27s%20Mark%20letter.pdf.

⁶ B25-0850 - Tax and Revenue Commission Establishment Amendment Act of 2024, <https://lims.dccouncil.gov/Legislation/B25-0850>; see also, Press Release: New Tax Commission Would Replace Existing (June 18, 2024) <https://brianneknadeau.com/new-tax-commission-would-replace-existing/>.

⁷ B26-0014 - Tax and Revenue Commission Establishment Amendment Act of 2025, <https://lims.dccouncil.gov/Legislation/B26-0014>.

⁸ Remarks, Office of Ward 1 Councilmember Brianne K. Nadeau, FY27 Budget Wrap (June 25, 2026), <https://brianneknadeau.com/fy27-budget-wrap/>.

⁹ United States Internal Revenue Service, *Questions and Answers on the Net Investment Income Tax*, <https://www.irs.gov/newsroom/questions-and-answers-on-the-net-investment-income-tax>.



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by other states).¹⁰ The tax is estimated to increase the General Fund by \$200 million in Fiscal Year 2027 and estimated to raise hundreds of millions in subsequent years.¹¹

Too much wealth at the top and too little at the bottom is not good policy, especially when we acknowledge that we tax earned income on middle class and working people's labor significantly more than unearned income. The bottom line is this: we are facing a fiscal cliff, and we cannot ask the people who *need* the most to *give* even more and ask those with the most to give *nothing* more. The Wealth Proceeds Tax is one of many proposals that can establish a fairer and more resilient tax code, and one worthy of consideration.

¹⁰ Sarah Austin and Carl Davis, *The Wealth Proceeds Tax: A Simple Way for States to Tax the Wealthy*, Institute on Taxation and Economic Policy (October 30, 2025), <https://itrep.org/wealth-proceeds-tax-net-investment-income-tax/>.

¹¹ *See Id.* Appendix A, Table A.1. Revenue Potential of State-Level Wealth Proceeds Taxes (WPT) in 2026 at Various Rates; *see additional* revenue estimates: Office of Ward 1 Councilmember Brianne K. Nadeau, *Wealth Proceeds Tax Explainer* (last accessed July 8, 2026), <https://brianneknadeau.com/wealth-proceeds-tax/#explainer>.

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Chapter 18 of Title 47 of the District of Columbia Official Code to establish and implement a surcharge on proceeds or profits generated by wealth holdings of high-income households.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Wealth Proceeds Tax Amendment Act of 2026”.

Sec. 2. Chapter 18 of Title 47 (D.C. Official Code §§ 47-1801 *et seq.*) of the District of Columbia Official Code is amended as follows:

“(a) The table of contents is amended by inserting a new line to read as follows:

“§ 47-1806.03a. Wealth Proceeds Tax.”.

“(b) A new Section 47-1806.03a is added to read as follows:

“§ 47-1806.03a. Wealth Proceeds Tax.”.

“(a) For the purposes of this section, the following definitions shall apply:

“(1) “District modified adjusted gross income” means federal modified adjusted gross income, subject to the adjustments set forth in § 47-1803.02(a)(1)(B)(ii).

“(2) The term “federal modified adjusted gross income” shall have the same meaning as set forth in section 1411(d) of the Internal Revenue Code, subject to the following adjustments:

33 “(A) Interest on U.S. obligations that District is prohibited from taxing
34 under federal law shall be excluded; and

35 “(B) Interest on obligations issued by state and local governments other
36 than the District shall be included.

37 “(3) “Threshold amount” means:

38 “(A) in the case of married individuals or registered domestic partners
39 filing separately on a combined return, \$500,000 divided evenly among the taxpayers;

40 “(B) in the case of married individuals, registered domestic partners, or a
41 qualifying surviving spouse filing a joint return, \$500,000;

42 “(C) in the case of married individuals or registered domestic partners
43 filing a separate return, \$250,000; and

44 “(D) in the case of all other taxpayers filing a return, \$400,000, except that
45 in the case of a fiduciary making a return on behalf of an estate or trust pursuant to § 47-1809.03,
46 \$16,000.”

47 “(4) The term “wealth proceeds” shall have the same meaning as “net investment
48 income” that is set forth in section 1411(c) of the Internal Revenue Code, subject to the
49 following adjustments:

50 “(A) Interest on U.S. obligations that District is prohibited from taxing
51 under federal law shall be excluded;

52 “(B) Interest on obligations issued by state and local governments other
53 than the District shall be included; and

54 “(C) Income of an incomplete gift non-grantor trust, less any deductions of
55 the trust, to the extent such wealth proceeds and deductions of such trust would be taken into

56 account in computing the taxpayer’s federal taxable income if such trust in its entirety were
57 treated as a grantor trust for federal tax purposes shall be included for a taxpayer who transferred
58 property to an incomplete gift non-grantor trust.

59 “(5) The term “incomplete gift non-grantor trust” means a resident trust that meets
60 the following conditions:

61 “(A) The trust does not qualify as a grantor trust under sections 671
62 through 679 of the Internal Revenue Code, and

63 “(B) The grantor's transfer of assets to the trust is treated as an incomplete
64 gift under section 2511 of the Internal Revenue Code, and the regulations thereunder.

65 “(b) In the case of an individual, estate, or trust there is hereby imposed (in addition to
66 any other tax imposed) for each taxable year beginning after December 31, 2025, a tax equal to 3
67 percent of the lesser of:

68 “(1) Wealth proceeds for such taxable year, or

69 “(2) Federal modified adjusted gross income for such taxable year, less the
70 threshold amount.

71 “(c) For an individual who is not a resident of the District for the entire taxable year, the
72 tax under this subsection must be calculated as if the individual is a resident of the District for
73 the entire year, and that amount must be multiplied by a fraction in which:

74 “(1) The numerator is wealth proceeds allocable under § 47–1806.01 to the
75 District, and

76 “(2) The denominator is the total amount of wealth proceeds for the taxable year.

77 “(d) For an estate or trust, the tax under this section must be calculated by multiplying the
78 wealth proceeds tax liability by a fraction, the numerator of which is the amount of the estate or

79 trust's wealth proceeds allocated to the state pursuant to the provisions of sections § 47-1809.03,
80 and the denominator of which is the taxpayer's total wealth proceeds.

81 “(e) All references to the Internal Revenue Code in this section shall refer to the code in
82 effect as of January 1, 2026.”.

83 Sec. 3. Fiscal impact statement.

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

87 Sec. 4. Effective date.

88 This act shall take effect after approval by the Mayor (or in the event of veto by the
89 Mayor, action by the Council to override the veto), a 30-day period of congressional review as
90 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
91 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
92 Columbia Register.