



**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. Although the Council identified one-time funding to address many of the funding gaps for essential human services, policymakers were forced to decide 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. Without a more holistic approach to the budget and revenues, the next Mayor and the next Council will be back in the same place next year.

In 1996, the District of Columbia Tax Revision 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.<sup>1</sup> The first report was researched, drafted, and published in 1998.<sup>2</sup> The practice was repeated again in 2013 when the Commission was revived to deliver a package of updated tax recommendations to Council, which they produced the following year.<sup>3</sup>

However, in 2024, when policymakers commissioned the tax body again to prepare a new report, politics torpedoed the release of recommendations at the last minute.<sup>4</sup> Instead, the Commission published a short five-page letter with a brief "revenue neutral" list of proposals.<sup>5</sup>

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<sup>1</sup> D.C. Code §§ 47–461 *et seq.* (1996).

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

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

<sup>4</sup> 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/>.

<sup>5</sup> Chairman's Mark Letter (January 5, 2024), [https://cdn.prod.website-files.com/63bc270f792ad26d64988e32/65a0073781885c05b3c65bf2\\_Chairman%27s%20Mark%20letter.pdf](https://cdn.prod.website-files.com/63bc270f792ad26d64988e32/65a0073781885c05b3c65bf2_Chairman%27s%20Mark%20letter.pdf).

In response to the Tax Revision Commission’s 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.<sup>6</sup> The bill still sits in committee awaiting a hearing.<sup>7</sup>

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 code farer 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.<sup>8</sup> The surcharge is a local version of the federal Net Investment Income Tax<sup>9</sup>—straightforward and easy to administer (and enacted by other states).<sup>10</sup> 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.<sup>11</sup>

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.

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<sup>6</sup> 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/>.

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

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

<sup>9</sup> 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>.

<sup>10</sup> 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://itep.org/wealth-proceeds-tax-net-investment-income-tax/>.

<sup>11</sup> 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>.

*Brianne K. Nadeau*

Councilmember Brianne K. Nadeau

A BILL

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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1 To amend Chapter 18 of Title 47 of the District of Columbia Official Code to establish and  
2 implement a surcharge on proceeds or profits generated by wealth holdings of high-  
3 income households.  
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5 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this  
6 act may be cited as the “Wealth Proceeds Tax Amendment Act of 2026”.

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

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

10 “§ 47-1806.03a. Wealth Proceeds Tax.”.

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

12 “§ 47-1806.03a. Wealth Proceeds Tax.”.

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

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

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

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

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

23                   “(3) “Threshold amount” means:

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

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

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

30                   “(D) in the case of all other taxpayers filing a return, \$400,000, except that  
31 in the case of a fiduciary making a return on behalf of an estate or trust pursuant to § 47-1809.03,  
32 \$16,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

69 Sec. 3. Fiscal impact statement.

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

73 Sec. 4. Effective date.

74 This act shall take effect after approval by the Mayor (or in the event of veto by the  
75 Mayor, action by the Council to override the veto), a 30-day period of congressional review as  
76 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December  
77 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of  
78 Columbia Register.