Taxes in the District: The Evolution of DC Tax Rates Since the Early 2000s

By Hannah Kohanzadeh

The District has changed substantially since the early 2000s, finding stable footing after the governmental and economic crises of the 1990s, rebounding from the 2008 recession, transforming into an economic powerhouse in the region,[1] and adopting many policies to reduce income inequality. As the District has undergone these changes, our tax system has evolved as well.

Taxes generated 87 percent of DC's General Fund revenues in fiscal year 2017.[2] The rates for DC's main tax revenue sources—the individual income tax, business taxes, the real property tax, and the sales and use tax—have remained largely stable over past two decades, and a number of deductions, credits, and other forms of tax relief have been adopted. This report provides an overview of the changes made to these major tax sources from the early 2000s to the present. Unless noted otherwise, all years refer to the fiscal year a policy became effective, and figures are not adjusted for inflation.

Individual Income Tax

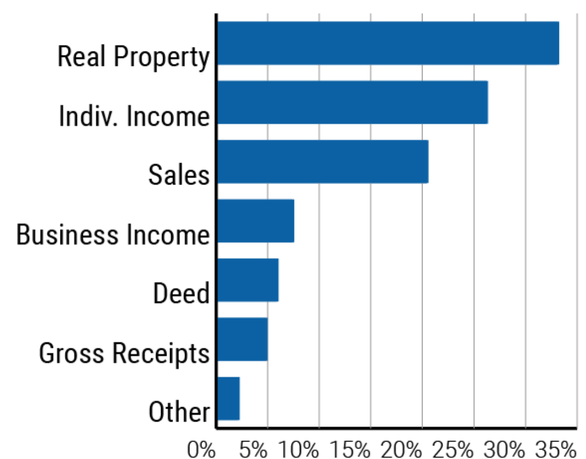
The individual income tax is one of the largest sources of tax revenue in the District, generating 26 percent of total tax revenue in 2017 (*Figure 1*).[3] The District's income tax, like the federal income tax and most states' income taxes, has a graduated rate structure where higher tax rates apply to higher income levels.

Over the past two decades, DC has created a more progressive tiered income tax system, in which residents with higher incomes pay a larger share of their income in taxes than residents with lower incomes. This tax framework helps distribute the tax responsibility across District residents in a more fair and balanced way. DC has also expanded provisions that reduce income tax liability (taxes owed), such as the standard deduction. However, a recent income tax cut for residents with incomes over $350,000 has worked against the long-term trend toward greater progressivity.

Income Tax Rates

In 1999, the District had just three tax brackets, at $10,000, $20,000, and $40,000 of income. The Tax Parity Act of 1999 lowered the marginal tax rates for each bracket and expanded the middle bracket over a five-year period. Marginal tax rate refers to the additional tax paid on an additional dollar of income.

FIGURE 1.



Note: Business income includes corporation franchise and unincorporated business franchise. Deed includes deed recordation and deed transfer. Other includes personal property, estate, public space rental. Tax revenue includes dedicated taxes and TIF transfers.
Source: Fiscal Year 2019 Budget & Financial Plan.

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- The marginal rate on the first bracket, for income at or below $10,00 dropped from 6 percent to 4 percent.
- The second tax bracket was expanded, from covering income between $10,000 and $20,000 to covering income between $10,000 and $40,000, and the tax rate for this bracket was lowered from 8 percent to 6 percent.
- The third tax bracket moved up from $20,000 or more to $40,000 or more, with the marginal rate lowered from 9.5 percent to 8.5 percent.

These rates and brackets remained unchanged until 2011, when a new tax bracket was created for residents with incomes above $350,000. The marginal tax rate on this income was set at 8.95 percent.[4]

The next and most recent major overhaul to the District's income tax code was initiated in 2012, when the Tax Revision Commission was appointed to examine all aspects of the District's tax code and recommend changes.[5] Nearly all the Commission's recommendations were taken on by the DC Council, with the exception of the main revenue-raising recommendations.[6]

The selected Tax Revision Commission recommendations were adopted beginning in 2015, but were tied to "tax cut triggers" that would be pulled only when revenue collections grew more than expected.[7]

The Tax Revision Commission package created two additional tax brackets, with reduced marginal tax rates on the new brackets:

- The middle-income bracket was split, creating a new tax bracket for income between $40,000 and $60,000. The marginal tax rate on income in this range was reduced from 8.5 percent to 6.5 percent.
- The top bracket created in 2011 was split, creating a new bracket for income between $350,000 and $1 million. The rate was lowered from 8.95 percent to 8.75 percent—effectively reducing income tax liability for filers with income above $350,000.

TABLE 1.

DC Income Tax Brackets

1999		2007*		2012		2017†	
Taxable Income	Marginal Tax Rate	Taxable Income	Marginal Tax Rate	Taxable Income	Marginal Tax Rate	Taxable Income	Marginal Tax Rate
$0-10K	6%	$0-10K	4%	$0-10K	4%	$0-10K	4%
$10-20K	8%	$10-40K	6%	$10-40K	6%	$10-40K	6%
$20K+	9.5%	$40K+	8.5%	$40-350K	8.5%	$40-60K	6.5%
				$350K+	8.95%	$60-350K	8.5%
						$350K-$1M	8.75%
						$1M+	8.95%

Note: Years refer to fiscal year effective. Figures are not adjusted for inflation. * After Tax Parity Act implementation. † After Tax Revision Commission implementation.
Source: Office of the Chief Financial Officer.

Standard Deduction and Personal Exemption

The District's standard deduction and personal exemption reduce income tax liability by reducing the amount of income that is subject to DC income taxes. The personal exemption is an amount that a tax filer can subtract from their taxable income for themselves and each of their dependents. The standard deduction is a set amount that a tax filer can subtract, if they are not itemizing their deductions.

Both the standard deduction and the personal exemption were increased in both 2006 and 2008.[8] The Tax Revision Commission recommended matching both to federal levels. These recommendations were phased in starting in 2015, and were the most substantial changes to the two provisions to have occurred in the 2000s.

Achieving conformity with the federal tax code doubled the standard deduction for married filers and those filing as head of household (*Figure 2*). In 2017, the standard deduction reached $5,650 for single filers, $10,275 for married filers, and $7,800 for head of household filers.[9]

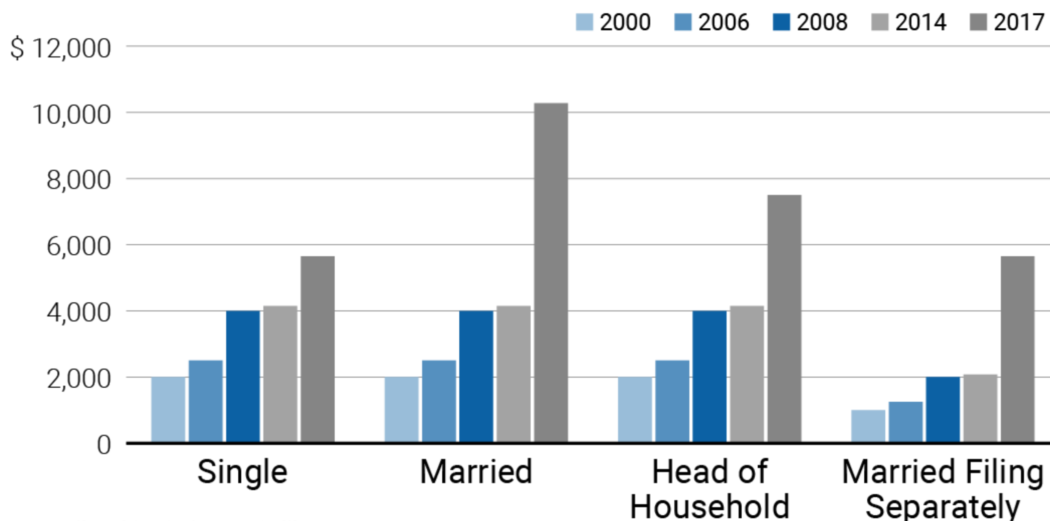
In 2017, the personal exemption stood at $1,775, with married and head of household filers receiving two personal exemptions.[10] Conformity with the federal personal exemption was scheduled to go into effect in 2018 as part of the Tax Revision Commission package (or "tax cut triggers").[11] This would have increased the personal exemption to $4,000 for all filing statuses. However, the Tax Cuts and Jobs Act, passed by Congress in late 2017, eliminated the federal personal exemption altogether.[12]

Since DC's standard deduction and personal exemption now follow the federal tax code, both provisions will automatically change in response to the 2017 Tax Cuts and Jobs Act (TCJA), unless the DC Council passes legislation decoupling those parts of the DC tax code from the federal law. While the federal standard deduction nearly doubled under the TCJA, it did not offset the elimination of the personal exemption for many low- and middle-income taxpayers, especially those with multiple dependents.[13]

FIGURE 2.

DC's Standard Deduction Rose After Conformity with Federal Tax Code Was Adopted

Standard deduction by filing status, not adjusted for inflation.



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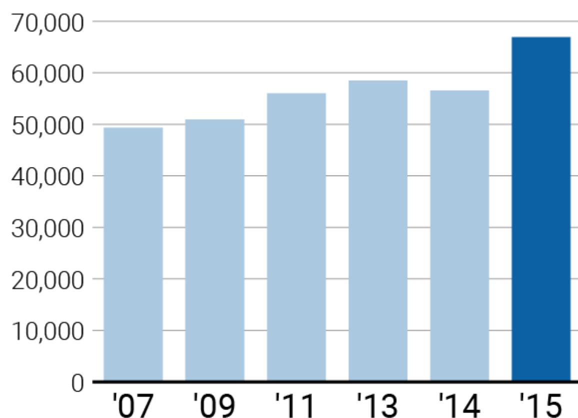
Because the personal exemption is a non-refundable credit, simply restoring DC's personal exemption in 2018 would not reach very low-income residents, who tend to have no income tax liability, as effectively as options such as a refundable personal credit or child credit, or an increased DC Earned Income Tax Credit or Schedule H credit (which provides support for low-income renters and homeowners). Whereas an exemption or non-refundable credit simply lowers the amount of taxes owed, a refundable credit means that if a tax filer's credit is larger than what they owe, they receive the difference as a refund.

Achieving conformity with the federal personal exemption also introduced a phase-out provision for high-income filers, beginning in 2015. The amount of the personal exemption was reduced by 2 percent for each $2,500 in income above $150,000 and was completely phased out when income exceeded $275,000.[14] The phase-out helped reduce the revenue loss caused by the personal exemption and enhanced progressivity by reducing the tax benefits accruing to individuals with high incomes.

FIGURE 3.

Over 10,000 More Tax Filers Claimed the DC EITC Thanks to 2015 Expansion



Source: DC Office of Revenue Analysis.

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DC Earned Income Tax Credit

The District's Earned Income Tax Credit (EITC) assists residents who work but have low earnings, through a refundable income tax credit. The DC EITC is based on the federal EITC; its value is set as a percentage of the federal credit.

The EITC equals a fixed percentage of earnings from the first dollar of earnings until the credit reaches its maximum. The maximum credit is paid until earnings reach a specified level, after which it declines with each additional dollar of income until no credit is available.

The DC EITC was first created in 2001, with the credit amount set at 10 percent of a tax filer's federal EITC. The credit amount was raised several times during the 2000s, to 25 percent in 2002, 35 percent in 2006, and 40 percent in 2009. The DC EITC was also extended to non-custodial parents in 2006.[15]

As part of the Tax Revision Commission implementation, the District substantially expanded the DC EITC for workers without children in the home in 2015.[16] These changes allowed the DC EITC to reach residents who are not qualified for the federal EITC or would receive only a small amount of federal credit. The maximum federal EITC for workers without children is much smaller and the income limits are more restrictive than for workers with children.

To address this, the DC EITC for workers without children in the home was set equal to 100 percent of the federal credit. At the same time, the District also expanded the incomes eligible for the credit, allowing more workers without children to claim the DC EITC. After the 2015 expansion, 10,300 more workers claimed the DC EITC than the previous year—an 18 percent increase (*Figure 3*). In 2015, approximately 68,000 DC tax filers claimed a total of $64 million in DC EITC, or $940 on average.[17]

Business Taxes

The District's business income taxes are made up of the corporation franchise tax and the unincorporated business franchise tax. Together they generated 7 percent of DC's tax revenue in 2017.[18]

The corporation franchise tax is placed on corporations conducting business, trade or a profession in the District, or receiving income from DC sources. The District adopted combined reporting in 2011.[19] The unincorporated business tax is placed on businesses with gross income from DC sources over $12,000. This tax makes it possible for the District to collect taxes from all businesses operating within its boundaries, whether the business owners live in DC or not (personal income tax they would pay on business profits would otherwise go entirely to their state of residence). However, certain professions such as doctors and lawyers are exempt from the unincorporated business franchise tax, per the Home Rule Act.

After remaining steady throughout the 2000s, business taxes were recently lowered substantially.[20]

The Tax Parity Act of 1999 included provisions lowering the business tax rate from 9.975 percent to 9 percent by 2003. However, implementation of the Act was suspended in 2003, leaving the rate unchanged.

Starting in 2015, following recommendations of the Tax Revision Commission, the business tax rate was lowered from 9.975 percent to 9 percent in 2017. The rate will fall to 8.25 percent in 2018.[21] Also in 2015, passive investment vehicles (entities that trade on their own accounts, such as mutual funds) were exempted from the unincorporated business franchise tax.

Certain businesses have been subject to a special gross receipts tax since 2005. Revenues from this tax are dedicated to the city's repayment of bonds issued to fund construction of the Washington Nationals Ballpark. Businesses with $5,000,000 or more in annual District gross receipts, who are either subject to filing franchise tax returns or required to make unemployment insurance contributions, must pay the Ballpark fee. The fee is levied at a set schedule based on the amount of DC gross receipts.

The District also has several other gross receipts taxes that apply to certain types of businesses, outlined on page 10.

Paid Family Leave Payroll Tax

Beginning in 2019, a 0.62 percent payroll tax will be levied on DC employers to fund the paid family and medical leave benefit program established through the Universal Paid Leave Amendment Act of 2016. Self-employed workers may opt into the program by paying the 0.62 percent tax on their income. The bill provides workers with up to 8 weeks of paid parental leave benefits, up to 6 weeks of paid leave to care for an ill relative, and up to two weeks of leave to care for the worker's own serious medical condition, at a progressive wage reimbursement rate. Low-income workers will receive 90 percent of their average weekly wage in benefits each week. At the time of enactment, the payroll tax was expected to raise roughly $250 million per year.[22]

Real Property Tax

With few exceptions, the District's real property tax rates have decreased since 2000. The real property tax is the largest source of tax revenue for the District, generating 33 percent of total tax revenue in 2017.[23]

Residential Property Tax

Beginning in the early 2000s, residential property tax rates were lowered, assessment increase caps were established, and the homestead deduction—which lowers the taxable value of a home—was increased.

The Tax Parity Act of 1999 reformed the District's property tax code over several years. Residential owner-occupied and multi-family rental classes of property were consolidated into a single, residential class (Class 1). As a result, the tax rate on multi-family rental properties was reduced from 1.54 percent to 0.96 percent. The property tax rate for residential properties was lowered three times in the 2000s. The rate was reduced to 0.92 percent in 2005, lowered again to 0.88 percent of assessed value in 2006, and again decreased to 0.85 percent in 2008, where it remains today.[24]

The District's nominal residential property tax rates are lower than neighboring jurisdictions (*Figure 4*). Moreover, the District has several expansive property tax relief provisions resulting in lower effective tax rates for owner-occupied housing.

These tax relief programs can help insulate low-income residents from higher taxes due to rising property values. However, the District's two main property tax limitations, the assessment increase cap and homestead deduction, are not well-targeted and are available to any property owner regardless of their income or the assessed value of the property. Combined, these two provisions reduce the taxable value across all eligible properties by 25 percent.[25]

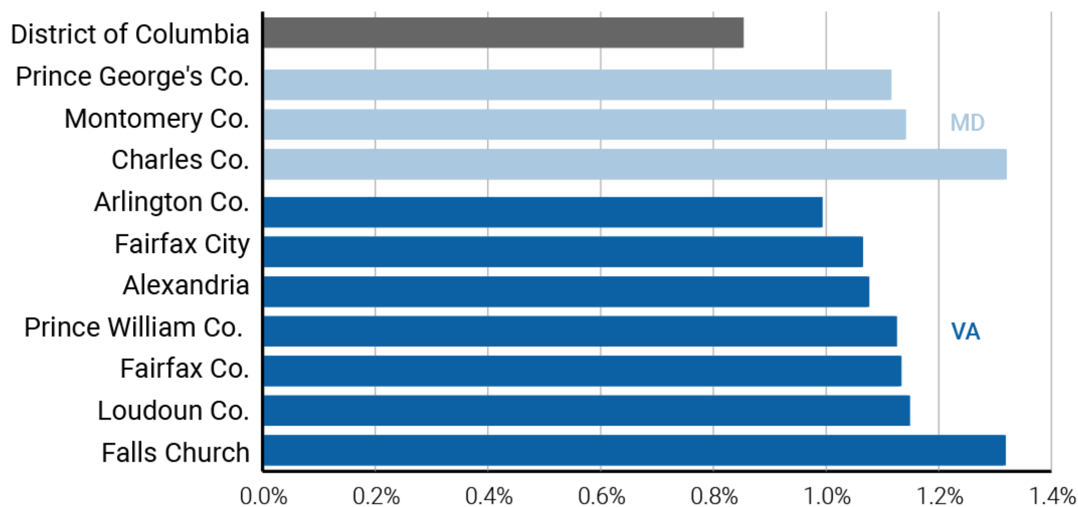
Assessment Increase Cap

The District caps the amount by which an owner-occupied property's tax assessment may increase at 10 percent per year, regardless of the value of the home or how much the home has appreciated. This broad-based property tax limit was enacted in the early 2000s at 25 percent, then lowered to 12 percent, then to 10 percent, as the District switched from a triennial (every three years) assessment system to an annual assessment system. [26]

The assessment increase cap was designed to protect homeowners from rising property tax bills as either a result of the transition to annual assessments in the early 2000s, or a result of rising home values. Because the cap applies to all owner-occupied property, it lowers the tax bills of low- and moderate-income homeowners in

FIGURE 4.

DC's Residential Property Tax Rate Is the Lowest in the Region



Source: Office of the Chief Financial Officer.

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neighborhoods with rising home values, but also benefits high-income owners of luxury homes.

Homestead Deduction

Like the assessment increase cap, the homestead deduction reduces the taxable value of property, but does so by subtracting a set dollar amount from a home's assessed value. In 2017, the program provided a $72,450 reduction in the assessed value of an owner-occupied residence.[27] The homestead deduction has been in place since 1978 and was increased periodically over the years until 2013, when it was set to increase automatically with inflation.

Any owner-occupied property, regardless of the property's value or the owner's income, can claim the homestead deduction. In 2016, 72 percent of single-family properties qualified for the homestead deduction (including the senior homestead deduction, described below).[28] Combined, the homestead deduction and assessment increase cap have the impact of reducing the average effective tax rate on qualifying properties from 0.85 percent to 0.64 percent.[29]

Senior Citizen and Disabled Homeowner Tax Relief Program

This program allows seniors and people with disabilities who qualify for the homestead deduction, and whose household income is below $130,550, to claim a 50 percent reduction on their home's property taxes.[30] The program has remained stable since it was established in 1978, with its income limit adjusting with inflation.

Around 16,000 homeowners qualified in 2016, representing 18 percent of all single-family properties in the District.[31] The senior and disabled homeowner tax relief program, combined with the homestead deduction and assessment increase cap, reduces the average effective tax rate on qualifying properties from 0.85 percent to 0.32 percent.

Schedule H, the Property Tax "Circuit Breaker"

Schedule H is a refundable income tax credit for low- and moderate-income residents facing high property taxes relative to their income. Because Schedule H is focused on those most likely to face hardship due to high or rising property taxes, it is the District's most targeted form of property tax relief. Unlike other property tax relief programs, Schedule H is open to both homeowners and renters, as renters are assumed to contribute to property taxes through a portion of their rent each month.

The credit has been in place since 1979. It was most significantly expanded in 2014, when the maximum credit was increased from $750 to $1,000, eligible income was raised from $20,000 to $50,000, and the credit was simplified and reformed. In 2015, Schedule H was expanded to seniors with incomes up to $60,000.[32] Approximately 22,00 tax filers claimed Schedule H in 2015.[33]

Property Tax Deferral

The property tax deferral program is available to certain low-income and senior homeowners. Seniors over 75 who have owned a house in the District for over 25 years and who have incomes below $60,000 and interest and dividend income less than $12,500 can apply for interest-free real property tax deferrals. Low-income homeowners with incomes $50,000 or less can also apply.[34]

The program has the potential to help low-income families and seniors retain their homes. Yet the property tax deferral is not used often. In 2016, only 300 seniors filed for the deferral, and only ten low-income homeowners filed for the deferral.[35]

Commercial Property Tax

The District's commercial property tax rate is somewhat higher than neighboring jurisdictions, where commercial and residential properties are taxed at the same rate.[36] As noted above, the

District has a preferential residential tax rate that is lower than that of neighboring jurisdictions.

As part of the Tax Parity Act implementation, between 2000 and 2002, commercial properties and hotels and motels—which had previously been taxed at different rates—were combined into a single, non-residential class (Class 2). This had the impact of lowering the tax rate on general commercial properties (not hotels or motels) from 2.15 percent to 1.85 percent.

The District's commercial property tax rate remained the same until 2009. At that time, the city adopted a tiered rate structure for commercial property, with the first $3 million in assessed value taxed at 1.65 percent, while value in excess of $3 million is taxed at 1.85 percent. This change had the effect of lowering the marginal tax rate on commercial property values below $3 million.

Proposed Dedicated Taxes for WMATA

As part of a regional effort to provide stable, more adequate funding for WMATA, the District has committed to raise $179 million in dedicated funding for the DC WMATA subsidy each year. Mayor Bowser's fiscal year 2019 budget proposes several dedicated tax increases to provide 45 percent of the District's contribution:

- Raise the sales tax rate from 5.75 percent to 6 percent, which would match surrounding jurisdictions' rate.
- Raise the commercial property tax rate on property values above $3 million from 1.85 percent to 1.87 percent. As noted above, the District has a tiered commercial property tax rate.
- Increase the tax on vehicles for hire, excluding taxicabs, from 1 percent to 4.75 percent. This would largely affect digital ride-hailing services.

These proposed measures must be approved by the DC Council in order to go into effect.

Vacant and Blighted Properties

In 2003, a new tax class for abandoned and vacant property was created as part of the Tax Parity Act. The tax rate was set at 5 percent of assessed value. In 2010, a new Class 4 for blighted property was created, with a tax rate set at 10 percent.[37] Higher taxes on vacant and blighted properties are intended to incentivize owners to instead invest in their properties and keep them in safe and productive use.

Sales and Use Tax

The District's sales tax rate has remained largely stable over the past two decades. Sales taxes provided 20 percent of DC tax revenue in 2017.[38] At 5.75 percent, DC's sales tax is lower than both Maryland and Northern Virginia's combined state and local 6 percent sales tax. However, the District's sales tax system has different, higher rates for certain goods and services, outlined below.[39]

In 2010, the District temporarily increased the sales tax to 6 percent due to the city's budget shortfall, but returned the tax rate to 5.75 percent in 2014.[40]

Over the past few decades, the sales tax base has expanded to include many previously exempt items and services, including snack foods, medical marijuana,[41] soft drinks,[42] and security services. Most recently in 2016, the sales tax base was expanded to include several services often utilized by higher-income consumers, such as health-club and tanning services, delivery of bottled water by the gallon, and car washing. This change was recommended by the Tax Revision Commission.

The District also has several special sales taxes that apply to certain consumer goods and services.[43]

- **Hotels:** The hotel sales tax rate was raised from 13 percent to 14.5 percent in 1999, to provide dedicated funding for the construction of the Walter E. Washington Convention Center. Each year, 4.75 percent of hotel tax collections are dedicated to that purpose. In 2018, the hotel tax was raised to 14.8 percent to fund Destination DC marketing programs.
- **Restaurant Meals:** The tax on restaurant meals has remained stable at 10 percent since 1995, when it was raised from 9 percent. Revenue from the extra 1 percentage point is dedicated to the Washington Convention and Sports Authority Enterprise Fund.
- **Liquor:** Liquor sold for on- or off-premises consumption is taxed at 10 percent.[44] In 2003, the tax on the retail sale of alcoholic beverages was raised from 8 percent to 9 percent. In 2012, the rate was raised to 10 percent, putting the tax rate on retail sales of liquor on par with that of on-premises consumption.
- **Car Rental:** Renting of vehicles is subject to a 10 percent sales tax—a rate that has remained stable since 1995. Revenue from one percentage point of the 10 percent rate is dedicated to funding the convention center.
- **Car Parking**: Parking of vehicles in commercial lots is taxed at 18 percent. The rate was raised to its current rate in 2012, from 12 percent. Since 2012, all revenue from this tax is dedicated to the city's contribution to the Washington Metropolitan Area Transit Authority (WMATA) which runs Metro and buses.
- **Motor Vehicle Fuel**: The tax on motor fuel was equivalent to 23.5 cents per gallon in 2017. (Starting in 2014, the per-gallon tax on motor fuel was replaced with an 8 percent tax levied at the wholesale level). The motor vehicle fuel tax was raised in 2010, from 20 cents to 23.5 cents. All of the collected taxes are deposited in the Highway Trust Fund, the District's required match for federal highway aid.
- **Cigarettes:** The current effective tax is $2.92 per pack of 20 cigarettes (including a per-pack surcharge). Other tobacco products are subject to an equivalent by-value tax. Since 2015, e-cigarettes are included in the "other tobacco products" category and are taxed as such. Cigarette taxes have steadily increased since 2000, when the effective per-pack tax was $0.65.

Deed Recordation and Transfer Tax

Deed taxes are imposed on the recording or transfer of deeds on all DC real estate. The current rate for these taxes stands at 1.1 percent of fair market value for residential property transfers below $400,000, and 1.45 percent for residential property transfers above $400,000 and all other property transfers.

The deed recordation and transfer tax rates have fluctuated over the 2000s. In 2003, the rate for each tax was increased from 1.1 percent to 1.5 percent, except for owner-occupied properties valued below $250,000, which remained at the 1.1 percent rate. Beginning in 2003, 15 percent of revenue collected from deed recordation and transfer taxes, respectively, was dedicated to the Housing Production Trust Fund. In 2005, the deed tax rates were lowered back to 1.1 percent for all properties, before rising to 1.45 percent for properties valued above $400,000—the current rate structure.[45]

In 2017, the deed recordation tax rate was cut in half, to 0.725 percent, for first-time homebuyers with incomes below $198,000 for a family of four. Homebuyers must intend to occupy the property as their primary residence, and apply and be eligible for the homestead deduction.[46]

Gross Receipts Taxes Levied on Businesses

The District has several taxes that are levied on the gross receipts—all business income with few or no deductions—of certain categories of businesses.[47]

- **Public Utility Tax:** This tax is levied on the gross receipts of gas, electric, and local telephone companies serving DC residents. In 2003, the rate increased from 10 percent to 11 percent. In 2005, a new rate schedule was adopted, which reduced the rate to 10 percent for residential and maintained the non-residential rate at 11 percent, with the non-residential surcharge dedicated to financing the Washington Nationals baseball stadium.
- **Toll Telecommunications:** This tax applies to telecommunications companies, including wireless providers, serving the District. The rate remained stable at 10 percent of gross receipts between 1994 and 2003, when the rate was raised to 11 percent. In 2005, the rate for residential service was lowered back to 10 percent, with the non-residential rate remaining at 11 percent. Revenue generated by the additional 1 percentage point surcharge on non-residential service goes to finance the construction of the baseball stadium.
- **Insurance Premiums**: All insurance companies that insure against risks in the District are subject to an insurance premium tax. The rate remained stable at 1.7 percent in the early 2000s before being raised to 2 percent in 2009 for health insurers. In 2011, the 2 percent rate was applied to all types of insurance. In 2015, the rate was returned to 1.7 percent for all types of companies and policies, with the exception of accident and health insurance, which remain at 2 percent. Part of the revenues from the insurance premium tax are dedicated to the Healthy DC Fund and Health Care Expansion Fund.
- **Healthcare Provider:** Nursing homes in the District are subject to a 6 percent assessment on net resident revenue. Revenues from this tax are dedicated to the Nursing Facility Quality of Care Fund. This tax was established in 2005.
- **ICF-IDD Assessment**: Facilities for individuals with intellectual or developmental disabilities pay a 5.5 percent assessment on gross revenue. Funds are dedicated to quality of care improvements at these facilities.
- **Hospital Bed & Provider**: Between 2011 and 2014, hospitals in the District were assessed a fee per licensed bed, with revenues to the Hospital Fund to fund Medicaid services. In 2016, hospitals in the District were charged a fee based on both their inpatient and outpatient net patient revenue, at 0.52 percent and 0.16 percent, respectively. In 2017, those rates were raised to 0.57 percent and 0.142 percent, respectively.

[1] Rotenberg, C. & Boivie, I. (2017). Economic powerhouse: DC is growing faster than the region. Washington, DC: DC Fiscal Policy Institute. Retrieved from https://www.dcfpi.org/all/economic-powerhouse-dc-growing-faster-region/.

[2] Fiscal Year 2019 Proposed Budget and Financial Plan. (2018). Table 3-1. Washington, DC: Government of the District of Columbia. Retrieved from https://cfo.dc.gov/node/1318116

[3] Ibid. Total tax revenue includes dedicated taxes and TIF transfer.

[4] Office of Revenue Analysis. (2017). DC tax facts. Washington, DC: Government of the District of Columbia. Retrieved from https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Tax%20Facts%202017.pdf

[5] DC Tax Revision Commission. (2014). Final report. Retrieved from http://www.dctaxrevisioncommission.org/

[6] The Tax Revision Commission recommended raising the sales tax to 6 percent, from 5.75 percent, and levy a "commuter tax": a per-employee fee paid by businesses.

[7] Fiscal Year 2015 Budget Support Act of 2014, DC Law L20-0155. Enacted 23 Sept. 2014. Retrieved from http://lims.dccouncil.us/Legislation/B20-0750

[8] Office of Revenue Analysis. (2017). DC tax facts. Washington, DC: Government of the District of Columbia. Retrieved from https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Tax%20Facts%202017.pdf

[9] Office of Tax and Revenue. Individual income tax form D-40 and D-40EZ, tax year 2017. Washington, DC: Government of the District of Columbia. Retrieved from https://otr.cfo.dc.gov/node/1295116

[10] Ibid.

[11] Office of the Chief Financial Officer. (2017). February 2017 revenue estimate. Retrieved from https://cfo.dc.gov/node/1222821

[12] Tax Cuts and Jobs Act of 2017, Pub. L. 115–97. Enacted 22 Dec. 2017.

[13] Office of Revenue Analysis. (2018). Summary of the effects of major provisions of the "Tax Cuts and Jobs Act" on District residents and businesses. Retrieved from https://cfo.dc.gov/release/summary-effects-major-provisions-tax-cuts-and-jobs-act-district-residences-and-businesses

[14] Office of Revenue Analysis. (2017). DC tax facts. Washington, DC: Government of the District of Columbia. Retrieved from https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Tax%20Facts%202017.pdf

[15] Ibid.

[16] Fiscal Year 2015 Budget Support Act of 2014, DC Law L20-0155. Enacted 23 Sept. 2014. Retrieved from http://lims.dccouncil.us/Legislation/B20-0750

[17] Office of Revenue Analysis tabulations as published in Zippel, C. (20176). DC's Earned Income Tax Credit. Washington, DC: DC Fiscal Policy Institute. Retrieved from https://www.dcfpi.org/all/dcs-earned-income-tax-credit/.

[18] Total tax revenue includes dedicated taxes and TIF transfer.

Fiscal Year 2019 Proposed Budget and Financial Plan. (2018). Table 3-1. Washington, DC: Government of the District of Columbia. Retrieved from https://cfo.dc.gov/node/1318116

[19] Combined reporting requires a multi-state business to report the profits of all of its subsidiaries in its state tax return, and specifies a formula by which profits are determined to be taxable in that state.

[20] Figures throughout this section are from:

Office of Revenue Analysis. (2017). DC tax facts. Washington, DC: Government of the District of Columbia. Retrieved from https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Tax%20Facts%202017.pdf

[21] Office of the Chief Financial Officer. (2017). February 2017 revenue estimate. Retrieved from https://cfo.dc.gov/node/1222821

[22] Office of the Chief Financial Officer. (2016). Fiscal impact statement: Universal Paid Leave Amendment Act of 2016. Retrieved from http://app.cfo.dc.gov/services/fiscal_impact/pdf/spring09/UPL%20FIS_120216.pdf

[23] Includes dedicated taxes and TIF transfer.

Fiscal Year 2019 Proposed Budget and Financial Plan. (2018). Table 3-1. Washington, DC: Government of the District of Columbia. Retrieved from https://cfo.dc.gov/node/1318116

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[40] Office of Revenue Analysis. (2017). DC tax facts. Washington, DC: Government of the District of Columbia. Retrieved from https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Tax%20Facts%202017.pdf

[41] All sales tax revenue from medical marijuana is dedicated to the Healthy DC and Health Care Expansion Funds.

[42] Each year since 2011, approximately $4.3 million in sales tax revenue from soft drinks is dedicated to the Healthy Schools Fund.

[43] Figures below are from:

Office of Revenue Analysis. (2017). DC tax facts. Washington, DC: Government of the District of Columbia. Retrieved from https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Tax%20Facts%202017.pdf

[44] Each year since 2012, approximately $1.2 million in off-premises alcohol sales tax revenue is dedicated to the Alcoholic Beverage Regulation Administration.

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