

A Path to Better Budgeting: Suspend the Council Finance Committee

By Ed Lazere

If the DC Council removes Jack Evans as Chair of the Finance and Revenue Committee—at a vote that will take place next week—it should suspend the committee for now, rather than find a new chair. The full Council should take over the Finance Committee's tax policy role, since revenue decisions affect the ability to fund Council-wide priorities. And the Economic Development Committee should manage tax-related economic development issues, like tax abatements. (The Economic Development Committee has had this responsibility since spring, when the Council transferred these roles in response to ethics investigations of Councilmember Evans.)

Tax and revenue decisions affect the Council's ability to invest in key budget priorities—things like education, affordable housing, health care, and more. Therefore, it makes sense for the full Council to consider not only spending decisions but also whether it needs to increase revenues to pay for them. Here are a few examples of why this is important:



- **New revenue from online sales tax:** Last year, the District gained a new revenue source when the U.S. Supreme Court ruled that cities and states could [apply sales tax to all online sales](#). Even though the Council expressed the desire years ago to invest that money in homeless services and Metro, the Finance Committee managed the relevant bill and used the new money to support tax cuts.
- **Soda Tax:** Councilmember Cheh used her Transportation Committee to propose raising sales taxes on soda and other beverages to fund nutrition and public health initiatives. Some councilmembers argued that tax increases should be considered only by the Finance Committee. Yet there was no other easy way for Councilmember Cheh, who isn't on the Finance Committee, to move her revenue idea, leading her to bring it up outside that committee.

Putting revenue responsibility in the full Council would make it easier to address critical budget issues, such as the [deep cuts to Ward 7 and Ward 8 public schools](#) in the proposed budget this year. Despite concern from several Council members, the [final budget still leaves cuts to these schools](#).

The other key function of the Finance Committee—overseeing economic development tools like tax abatements and Tax Increment Financing—also would make more sense handled elsewhere, in this case the Economic Development Committee. Putting all economic development programs under one committee would allow the Council to develop a more coordinated approach to economic development.

If the Finance Committee is suspended, the Council should shift its staff and resources to the places where its responsibilities are sent, to ensure these functions have the support they need.

Suspending the Finance Committee gives the Council a chance to better align revenue decisions with spending decisions, making for a more effective legislative body. It's worth giving it a try.