

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF RESEARCH AND ANALYSIS

# D.C. Tax Facts



Fiscal Years 2000, 2001 and 2002

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## MESSAGE FROM THE CFO

The District of Columbia is a single unit of government that provides the same services typically provided in aggregate by multiple local levels of government in the states. Typical local-level revenue sources used by the District include the property tax, personal property tax, deed transfer and recordation taxes, traffic fines, and a variety of other taxes and fees. D.C. also uses revenue sources usually associated with state governments, including the individual income tax, general sales and use tax, motor vehicle license fees, business net income taxes, and various excise taxes. Currently, the District levies 17 taxes and collects revenue from about 1,800 fees each year. With over \$3.4 billion generated by D.C. taxes and non-tax revenues, our taxpayers are an important investor in this city.

The District's principal local revenue producers are the individual income tax, property taxes, sales tax, and gross receipts taxes. Individual income tax is the largest source of tax revenue for the District, providing 27.8 percent of the total local source General Fund revenues for fiscal year 2002. Because the individual income tax is progressive, the rate of increase for income tax revenues is greater than the rate of increase in income subject to the tax. Personal income tax credits include taxes paid to another state, child or dependent care, and the earned income-tax credit.

The real property tax is the second largest source of tax receipts for the District government, accounting for 21.2 percent of its total local source General Fund revenues in fiscal year 2002. Several property tax relief options are available to eligible property owners. The most widely used is the Homestead Deduction Program. For owner-occupied residences of five units or less, the homestead program provides a \$30,000 deduction from the assessed value. Other property tax relief measures include the Senior Citizen Homestead Tax Relief Program, which allows certain senior citizens a 50 percent reduction in property taxes and a 25 percent cap on annual growth of real property tax liability for homeowners.

The District's third largest revenue producer, the sales and use tax, is based on taxable sales in the District, which include most retail items, construction materials, and utilities used by business entities. Construction materials, groceries, non-prescription drugs, and dry cleaning and laundry services are exempt from sales and use tax collections. This tax provided 17.9 percent of the District's fiscal year 2002 local revenue.

Although the District has features of a complete state/local revenue structure, it does not have the mix of economic activity of a typical state or city revenue base. Business and industry, which enhance the tax bases of most major cities and states, are largely lacking in the District. The extensive suburban "ring" found near cities in other states also is missing in D.C.

This publication details the various taxes used by the District, in order to enhance citizens' awareness of their tax responsibilities.

Natwar M. Gandhi  
Chief Financial Officer  
Government of the District of Columbia

## INTRODUCTION

Each year the Office of Research and Analysis in the Office of the Chief Financial Officer receives numerous requests from citizens, legislators and the general public for statistics relating to District tax collections, tax burdens and tax rates.

D.C. TAX FACTS presents a brief summary of the District's tax structure, tax rates, legal references and other comparative tax data. Tax rates used in this publication are those in effect as of January 1, 2003. More detailed information on these subjects may be obtained through requesting other publications of this office, including: (1) *A Comparison of Tax Rates and Burdens in the Washington Metropolitan Area*, and (2) *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*. These publications are available on the Internet at [www.cfo.dc.gov](http://www.cfo.dc.gov).

Questions or requests for copies of publications should be directed to: Office of the Chief Financial Officer, Office of Research and Analysis, 441 4<sup>th</sup> Street, NW, Suite 400 South, Washington, DC 20001. Telephone (202) 727-7775.

Julia Friedman, Ph.D.  
Deputy Chief Financial Officer  
Office of Research and Analysis

**PART I – D.C. TAX COLLECTIONS, FY 2000, FY 2001,  
FY 2002, and FY 2003 (estimated)**

**TABLE 1**  
**GENERAL FUND**  
**D.C. TAX COLLECTIONS**  
**FISCAL YEAR 2000 and 2001 TAX COLLECTIONS**

(In Thousands of Dollars on Accrual Basis)

<b><u>Tax</u></b>	<b><u>FY 2000</u></b> <b><u>Collections</u></b>	<b><u>FY 2001</u></b> <b><u>Collections</u></b>
Individual Income	\$1,077,346	\$1,098,188
Corporation Franchise	190,594	233,237
Unincorporated Business Franchise	70,624	68,812
Sales and Use	640,212	617,217
Alcoholic Beverages	4,779	4,743
Cigarette	17,177	16,329
Hotel Occupancy	0	25
Motor Vehicle Excise	36,693	38,825
Real Property	610,896	633,172
Public Space Rental	11,752	10,107
Personal Property	70,133	64,144
Public Utility	132,849	149,125
Toll Telecommunications Tax	48,280	51,259
Insurance Premiums	30,882	33,356
Deed Recordation	60,418	75,936
Deed Transfer	44,660	62,086
Economic Interest Transfer	540	1,640
Estate	<u>35,992</u>	<u>1,072</u>
Total, Tax Revenue	\$3,083,827	\$3,209,273
Non-Tax Revenue	252,434	153,589
Other Sources / <sup>1</sup>	<u>69,450</u>	<u>84,000</u>
TOTAL, GENERAL FUND LOCAL SOURCE REVENUE	\$3,405,711	\$3,446,862

/<sup>1</sup> Legalized gambling transfers

**TABLE 2  
GENERAL FUND  
FY 2002 TAX COLLECTIONS  
FY 2003 TAX REVENUE ESTIMATES**

(In Thousands of Dollars on Accrual Basis)

<u>Tax</u>	<u>FY 2002 Collections</u>	<u>FY 2003 Estimates**</u>
Individual Income	\$ 949,175	\$ 924,206
Corporation Franchise	142,647	137,065
Unincorporated Business Franchise	68,602	63,892
Sales and Use *	612,354	703,022
Alcoholic Beverages	4,721	4,502
Cigarette	17,189	22,863
Motor Vehicle Excise	34,573	33,273
Real Property	726,014	818,936
Public Space Rental	12,167	12,865
Personal Property	65,208	65,271
Public Utility	140,931	151,754
Toll Telecommunications Tax	55,353	64,958
Insurance Premiums	35,502	34,000
Deed Recordation	89,951	93,495
Deed Transfer	5,078	707
Estate	<u>125,889</u>	<u>39,808</u>
Total, Tax Revenue	\$3,147,582	\$3,241,522
Non-Tax Revenue	272,759	285,290
Other Sources	<u>63,000</u>	<u>69,600</u>
TOTAL, GENERAL FUND LOCAL SOURCE REVENUE	\$3,483,341	\$3,596,412

\* Net of legislated transfers to the WCCA for retirement of debt.

\*\* Estimates as of February 2003 and does not include any of the Mayor or City Council enhancements.



**DISTRICT TAXES**

**ALCOHOLIC BEVERAGE TAXES**

**GENERAL LIABILITY:**

The tax is levied on all alcoholic beverages manufactured by a holder of a manufacturer's license and on all beverages brought into the District by the holder of a wholesaler's license.

D.C. Code Citation: Title 25, Chapter 1.

**PRESENT RATES: (January 1, 2003)**

Beer --\$2.79 per 31 gallon barrel  
Light wine (14% alcohol or less) – 30¢ per gallon  
Heavy wine (over 14% alcohol) -- 40¢ per gallon  
Champagne and sparkling wine -- 45¢ per gallon  
Spirits -- \$1.50 per gallon

**REVENUE:**

<b>Fiscal Year</b>	<b>Collections</b>
2000	\$ 4,779,000
2001	\$ 4,743,000
2002	\$ 4,721,000
2003 (Est.)	\$ 4,502,000

**COMPARATIVE DATA:**

**Metropolitan Area  
Alcoholic Beverage Tax Facts**

<b>Item</b>	<b>D.C.</b>	<b>MD</b>	<b>VA 1/</b>
Beer (per barrel)	\$2.79	\$2.79	\$7.95
Spirits (per gallon)	1.50	1.50	20% of retail price
Wine (per gallon)			
14% or less alcohol	.30	.40	.40 2/
more than 14% alcohol	.40	.40	.40 2/
Sparkling wine (per gallon)			
14% or less alcohol	.45	.40	1.51 2/
More than 14% alcohol	.45	.40	1.51 2/

1/ Sales at ABC Stores are subject to the 4.5% sales tax rate in addition to the rate below.

2/ Additionally, a state tax of 4 percent of the price charged is imposed on wine sold to persons other than licenses.

## CIGARETTE TAX

### GENERAL LIABILITY:

The cigarette tax is levied on the sale or possession of all cigarettes in the District. Cigarettes sold to the military and to Congress are exempt from the tax.

D.C. Code Citation: Title 47, Chapter 24.

### PRESENT RATE: (January 1, 2003)

\$1.00 per package of twenty cigarettes (01/01/03 from \$0.65).

### REVENUE

<b>Fiscal Year</b>	<b>Collections</b>
2000	\$17,177,000
2001	\$16,329,000
2002	\$17,189,000
2003 (Est.)	\$22,863,000

### COMPARATIVE DATA:

#### Cigarette Tax Facts

<b>State</b>	<b>Tax Per Pack of 20</b>
District of Columbia	1.00
Maryland	1.00
Virginia <sup>1/</sup>	.025

<sup>1/</sup> Additional local tax allowed.

**INCOME TAXES**

**CORPORATION AND UNINCORPORATED  
BUSINESS FRANCHISE TAXES**

**GENERAL LIABILITY:**

The corporation franchise tax is imposed on corporations carrying on a trade, business or profession in the District or receiving income from District sources. Effective July 1, 1981, financial institutions became subject to the corporation franchise tax. Prior to this date these institutions were subject to a gross earning tax.

Whoever engages in a trade, business or profession in the District of Columbia must register. Failure to register may result in a fine of not more than \$500 and a civil penalty of \$50 for each and every separate day that such failure to register continues.

The tax on unincorporated businesses is imposed on businesses with gross receipts over \$12,000. A 30% salary allowance for owners and a \$5,000 exemption are deductible from net income to arrive at taxable income.

No person other than a corporation shall engage in or conduct a trade, business or profession, which is excluded from the imposition of the District of Columbia tax on unincorporated businesses and whose gross income for the calendar year is expected to exceed \$12,000, without first making application for a trade and business license. A person who fails to obtain a trade or business license may be fined not more than \$300 for each day that such failure continues.

Generally, persons exempt from filing an unincorporated business franchise tax return include trade, business, or professional organizations having a gross income not in excess of \$12,000 for the taxable year, and trade, business, or professional organizations, which by law, customs, or ethics cannot be incorporated, such as doctors and lawyers.

Federal conformity is maintained pursuant to Public Law 105-100. It continues the District's limited conformity with the Internal Revenue Code (IRC) of 1986 as amended through August 20, 1996.

D.C. Code Citation: Title 47, chapter 18.

**PRESENT RATES: (January 1, 2003)**

The franchise tax rate is 9.975 percent of taxable income, 9.5 percent rate plus a surtax equal to 5 percent of the base rate.

**REVENUE:**

<b>Fiscal Year</b>	<b>Corporation</b>	<b>Unincorporated Business</b>
2000	\$190,594,000	\$ 70,624,000
2001	\$233,237,000	\$ 68,812,000
2002	\$142,647,000	\$ 68,602,000
2003 (Est.)	\$137,065,000	\$ 63,892,000

**INCOME TAXES – Continued**

**COMPARATIVE DATA:**

**Corporation Income Tax Facts  
(January 1, 2003)**

<b>State</b>	<b>Maximum Rate</b>	<b>Federal Tax Deductibility</b>
Alabama	6.5%	Yes
Alaska	9.4% (over \$90,000)	No
Arizona	6.96%	Yes
Arkansas	6.5% (over \$100,000)	No
California 1/	8.84%	No
Colorado	4.63%	No
Connecticut 2/	7.5%	No
Delaware	8.7%	No
<u>D.C. 8/</u>	<u>9.975%</u>	<u>No</u>
Florida	5.5%	No
Georgia	6.0%	No
Hawaii	6.4% (over \$100,000)	No
Idaho 3/	7.6%	No
Illinois	7.3%	No
Indiana	7.9% 4/	No
Iowa	12.0% (over \$250,000)	Yes
Kansas	7.35% (over \$50,000)	No
Kentucky	8.25% (over \$250,000)	No
Louisiana	8.0% (over \$200,000)	Yes
Maine	8.93% (over \$250,000)	No
<u>Maryland</u>	<u>7.0%</u>	<u>No</u>
Massachusetts 5/	9.5%	No
Michigan does not levy a tax on corporate income		
Minnesota	9.8%	No
Mississippi	5.0% (over \$10,000)	No
Missouri	6.25% (over \$335,000)	Yes
Montana 6/	6.75%	No
Nebraska	7.81% (over \$50,000)	No
Nevada does not levy a tax on corporate income		
New Hampshire	8.5%	No

**INCOME TAXES – Continued**

**COMPARATIVE DATA:**

**Corporation Income Tax Facts--Continued**  
(January 1, 2003)

<b>State</b>	<b>Maximum Rate</b>	<b>Federal Tax Deductibility</b>
New Jersey 2/	9.0% (over \$100,000)	No
New Mexico	7.6% (over \$1,000,000)	No
New York 2/	7.5%	No
North Carolina	6.9%	No
North Dakota	6.83% (over \$50,000)	Yes
Ohio	8.5% (over \$50,000)	No
Oklahoma	6.0%	No
Oregon 7/	6.6%	No
Pennsylvania	9.99%	No
Rhode Island	9.0%	No
South Carolina	5.0%	No
South Dakota does not levy a tax on corporate income		
Tennessee	6.0%	No
Texas does not levy a tax on corporate income		
Utah 8/	5.0%	No
Vermont 9/	9.75% (over \$250,000)	No
<u>Virginia</u>	<u>6.0%</u>	<u>No</u>
Washington does not levy a tax on corporate income		
West Virginia	9.0%	No
Wisconsin	7.9%	No
Wyoming does not levy a tax on corporate income		

1/ Minimum tax \$300.

2/ Minimum tax \$250.

3/ Minimum tax \$20.

4/ Includes supplemental net income tax rate of 4.5 percent.

5/ Single business tax.

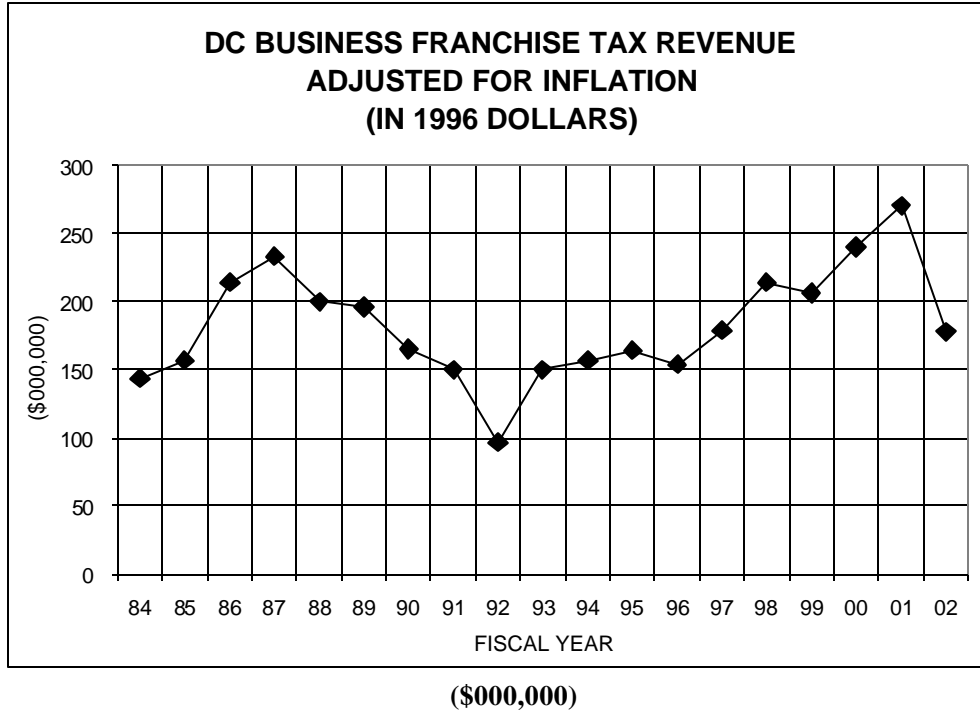
6/ Minimum tax \$50.

7/ Minimum tax \$10.

8/ Minimum tax \$100.

9/ Minimum tax \$75.

**INCOME TAXES – Continued**



<b>YEAR</b>	<b>DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)</b>	<b>PERCENT TO TOTAL TAX COLLECTED</b>
1984	\$143.6	6.7%
1985	\$156.9	7.0%
1986	\$214.3	9.0%
1987	\$233.5	9.1%
1988	\$200.2	7.5%
1989	\$196.2	7.1%
1990	\$165.4	6.1%
1991	\$150.5	5.6%
1992	\$ 96.8	3.7%
1993	\$150.3	5.9%
1994	\$156.8	6.1%
1995	\$164.3	6.8%
1996	\$154.1	6.4%
1997	\$179.1	7.4%
1998	\$214.2	8.1%
1999	\$206.4	7.8%
2000	\$240.4	8.6%
2001	\$270.8	9.4%
2002	\$177.9	6.5%

## INDIVIDUAL INCOME TAX

### GENERAL LIABILITY:

The tax is imposed on every resident, defined as any individual who is domiciled in the District at any time during the tax year, or who maintains an abode in the District for 183 or more days during the year.

On June 11, 1982, D.C. Law 4-118, the District of Columbia Individual, Estates, and Trusts Federal Conformity Tax Act, which adopted the federal definition of income and made other modifications to the D.C. income tax, became law. Provisions of this legislation are effective for tax years beginning after December 31, 1981.

Further conformity to federal provisions was made pursuant to D.C. Law 5-32, the District of Columbia Income and Franchise Tax Conformity Act of 1983; the Conformity Act of 1984; the Income and Franchise Tax Conformity and Revision Amendment Act of 1987.

Under current District law (DC Law 13-175) federal changes in income and deductions are adopted automatically.

The latest conformity legislation is Public Law 105-100. It maintains the District's limited conformity with the Internal Revenue Code (IRC) of 1986 as amended through August 20, 1996.

D.C. Code Citation: Title 47, Chapter 18.

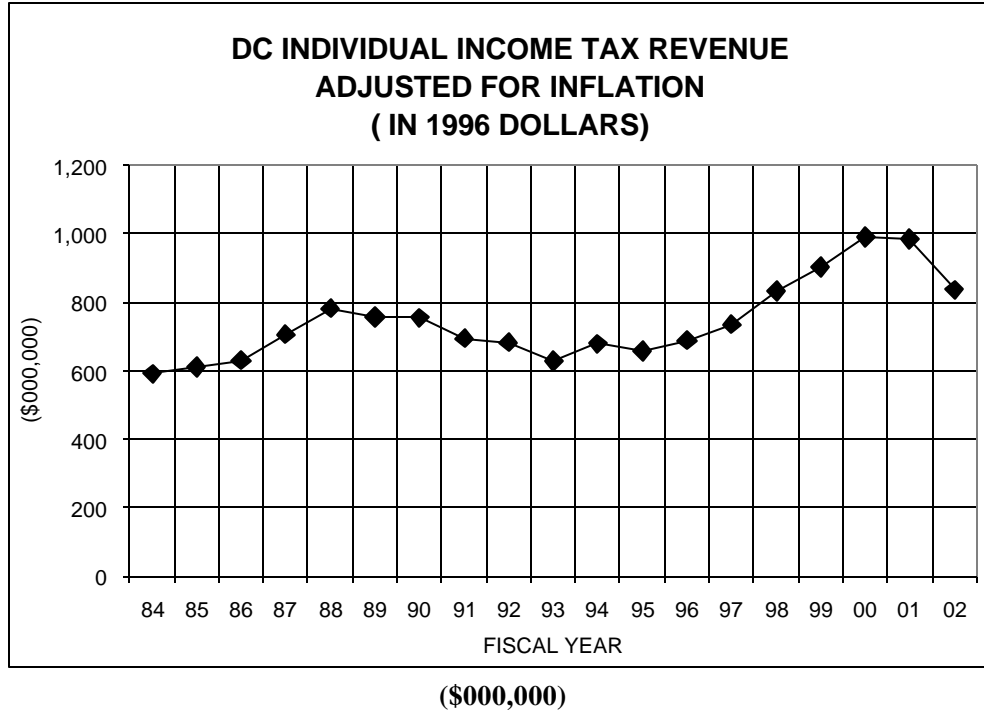
### PRESENT RATES: (January 1, 2003)

<b>Taxable Income</b>	<b>Tax Rate</b>
First \$10,000	5.0%
Over \$10,000, but not over \$30,000	\$ 500 + 7.5% of excess over \$10,000
Over \$30,000	\$ 2,000 + 9.3% of excess over \$30,000

### REVENUE:

<b>Fiscal Year</b>	<b>Net Collections</b>
2000	\$ 1,077,346,000
2001	\$ 1,098,188,000
2002	\$ 949,175,000
2003 (Est.)	\$ 924,206,000

**INDIVIDUAL INCOME TAX – Continued**



<b>YEAR</b>	<b>DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)</b>	<b>PERCENT TO TOTAL TAX COLLECTED</b>
1984	\$591.9	27.6%
1985	\$611.6	27.2%
1986	\$630.8	26.4%
1987	\$706.5	27.4%
1988	\$783.2	29.3%
1989	\$757.0	27.4%
1990	\$754.8	28.0%
1991	\$695.3	26.0%
1992	\$683.0	26.0%
1993	\$628.4	24.7%
1994	\$679.2	26.3%
1995	\$658.1	27.2%
1996	\$689.4	28.7%
1997	\$735.2	30.3%
1998	\$832.6	31.4%
1999	\$903.2	34.0%
2000	\$991.5	35.6%
2001	\$984.7	34.2%
2002	\$836.3	30.6%



## **ESTATE TAXES**

### **GENERAL LIABILITY:**

The estate tax is imposed on the estate of every decedent of a resident who died while still a resident of the District, and on the estate of every nonresident decedent owning property having a taxable situs in the District at the time of his or her death. Tax due is determined by using the DC Estate Tax computation worksheet after computing the exempted amounts.

The District's Estate Tax is no longer in conformity with the Federal Estate Tax. Except for raising the filing threshold from \$600,000 to \$675,000 (effective January 1, 2002), the District's Inheritance and Estate Tax Act of 2002 retains all aspects of the District Estate Tax, as it existed on January 1, 1986. Hence, the District Estate Tax is decoupled from recent and forthcoming Federal Estate Tax law changes as stipulated in the Federal Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001.

An estate tax is imposed in Maryland and Virginia to absorb the maximum credit allowed under the present federal estate tax law for taxes paid to states.

D.C. Code Citation: Title 47, Chapter 19.

### **REVENUES:**

<b>Fiscal Year</b>	<b>Collections</b>
2000	\$ 35,992,000
2001	\$ 51,072,000
2002	\$125,889,000
2003 (Est.)	\$ 39,808,000

## INSURANCE PREMIUMS TAX

### GENERAL LIABILITY:

The tax is imposed on the gross insurance premiums received on risks in the District, less premiums received for reinsurance assumed, returned premiums and dividends paid to policyholders. All domestic and foreign insurance companies are liable for the tax, which is in lieu of all other taxes except real estate taxes and fees provided for by the District's insurance law.

D.C. Code Citation: Title 35; Title 47, Chapter 26.

**PRESENT:** (January 1, 2003)

### REVENUE:

Fiscal Year	Collections
2000	\$30,882,000
2001	\$33,356,000
2002	\$35,502,000
2002 (Est.)	\$34,000,000

### COMPARATIVE DATA: (as of January 1, 2003)

Type of Company/Policy	DC 1/	MD	VA 2/
Life insurance companies	1.70%	2.00%	2.25% 3/
Life insurance special benefits	1.70%	2.00%	2.75%
Domestic mutual companies	1.70%	2.00%	1.00%
Industrial sick benefit companies	1.70%	2.00%	1.00%
Workmen's Companies	1.70%	2.00%	2.50%
Other	1.70% 4/	1.70% 5/	2.25%
Legal Service			
Insurance Companies	----	----	2.25%

1/ The District levies an additional fee 0.30 percent to offset the administrative costs of regulation.

2/ To offset the administrative cost of regulating each line of insurance, an additional fee up to .375 percent for providers of

workmen's compensation insurance and 0.1 percent for other insurers maybe levied.

3/ 2.75 percent on premiums paid for special or additional benefits.

4/ 2 percent on surplus line brokers.

5/ 3 percent on unauthorized insurers. 1 percent on auto liability insurers.

## MOTOR VEHICLE TAXES

### MOTOR VEHICLE EXCISE TAX

#### GENERAL LIABILITY:

The excise tax is imposed on the issuance of every original and subsequent certificate of title on motor vehicles and trailers. Vehicles brought into the District by new residents, who have been titled elsewhere, are exempt from the tax.

D.C. Code Citation: Title 40, Chapter 7.

#### PRESENT RATES: (January 1, 2003)

Based on manufacturer's shipping weight

6% of fair market value-3,499 pounds or less

7% of fair market value-3,500 pounds or more

#### REVENUE:

<b>Fiscal Year</b>	<b>Collections</b>
2000	\$36,693,000
2000	\$38,825,000
2002	\$34,573,000
2003 (Est.)	\$33,273,000

#### COMPARATIVE DATA: (as of January 1, 2003)

##### Metropolitan Area Motor Vehicle Excise Tax Facts

<b>State</b>	<b>Rate</b>
District of Columbia	6-7%
Maryland	5%
Virginia	3%

## MOTOR VEHICLE FUEL TAX

### GENERAL LIABILITY:

The tax is imposed on every importer of motor vehicle fuels, including gasoline, diesel fuel, benzol, benzene, naphtha, kerosene, heating oils, all liquefied petroleum gases and all combustible gases and liquids suitable for the generation of power for the propulsion of motor vehicles.

Beginning on October 1, 1996, the motor vehicle fuels tax is deposited to the Highway Trust Fund, rather than to the Local General Fund.

D.C. Code Citation: Title 47, Chapter 23.

**PRESENT RATES:** 20¢ per gallon

### REVENUE:

<b>Fiscal Year</b>	<b>Collections</b>
2000	\$32,650,000
2001	\$25,186,000
2002	\$27,348,000
2003 (Est.)	\$28,960,000

**COMPARATIVE DATA:** (as of January 1, 2003)

### Gasoline Tax Rates

<b>State</b>	<b>Tax Per Gallon</b>
District of Columbia	\$0.20
Maryland	0.235
Virginia *	0.175

Note: Rates for gasoline only. Rates may vary for diesel, gasohol, or other fuels. Does not include local option taxes.

\* Virginia also has a 2% local tax.

**MOTOR VEHICLE REGISTRATION FEES**

**GENERAL LIABILITY:**

Imposed on every vehicle operated over the highways of the District of Columbia by a resident. A resident has the option of registering every two years.

D.C. Code Citation: Title 40, Chapter 1.

**PRESENT RATES:** (as of January 1, 2003)

Based on manufacturer's shipping weight

Passenger cars

3,499 pounds or less--\$72 3,500 pounds or more--\$115

Mopeds: \$10 Motorcycles: \$52 Antique vehicles: \$15

**Trucks and buses:**

Less than 3000 pounds	-	\$ 95
3000- 3999 pounds	-	\$105
4000- 4999 pounds	-	\$123
5000- 5999 pounds	-	\$143
6000- 6999 pounds	-	\$163
7000- 7999 pounds	-	\$176
8000- 8999 pounds	-	\$200
9000- 9999 pounds	-	\$228
10000-11999 pounds	-	\$291
12000-13999 pounds	-	\$340
14000-15999 pounds	-	\$408
16000 pounds and over	-	\$479

**Trailers:**

Less than 500 pounds	-	\$ 20
500- 999 pounds	-	\$ 29
1000- 1499 pounds	-	\$ 48
1500- 2499 pounds	-	\$ 77
2500- 3499 pounds	-	\$109
3500- 5999 pounds	-	\$143
6000- 7999 pounds	-	\$176
8000- 9999 pounds	-	\$219
10000-11999 pounds	-	\$291
12000-15999 pounds	-	\$361
16000 pounds and over	-	\$431

Driver's License (1<sup>st</sup> time & renewal) - \$39

Driver's license reinstatement - \$98

Driver instructional license - \$78

Vehicle titles

New titles - \$26

Duplicate titles - \$26

Lien recordation (per lien) - \$20

Residential parking permits - \$15

Reciprocity parking permit for student - \$338

Personalized organization plates - \$52

Temporary tags - \$13

Inspection fee - \$10

**REVENUE:**

**Fiscal Year**

2000
2001
2002
2003 (Est.)

**Collections**

\$16,601,000
\$17,343,000
\$17,494,000
\$22,700,000

Note: Registration fees increased January 1, 2003 from \$55 and \$88 to \$72 and \$115.

**COMPARATIVE DATA: Metropolitan Area Motor Vehicle Registration Fees Vehicle Weights**

<b>Jurisdiction</b>	<b>3499 lbs. or less</b>	<b>3500-3700 lbs.</b>	<b>3701-4000 lbs.</b>	<b>Over 4000 lbs.</b>
District of Columbia	\$72.00	\$115.00	\$115.00	\$115.00
Charles Co., MD	27.00	27.00	40.50	40.50
Montgomery Co., MD	27.00	27.00	40.50	40.50
Prince George's Co., MD	27.00	27.00	40.50	40.50
Alexandria, VA 1/	51.00	51.00	51.00	55.00
Arlington Co., VA 1/	31.00	31.00	31.00	35.00
Fairfax City, VA 1/	51.00	51.00	51.00	55.00
Fairfax Co., VA 1/	51.00	51.00	51.00	55.00
Falls Church, VA 1/	51.00	51.00	51.00	55.00
Loudoun Co., VA 1/	50.00	50.00	50.00	54.00
Prince William Co., VA 1/	50.00	50.00	50.00	54.00

1/ Autos subject also to personal property tax. Rates shown include a \$26 state fee on vehicles weighing 4,000 pounds or less and a \$30 state fee on vehicles weighing more than 4,000 pounds.

**PROPERTY TAXES - PERSONAL PROPERTY TAX**

**GENERAL LIABILITY:**

The tax is levied on all tangible property, except inventories, used in a trade or business. Such property includes machinery, equipment, furniture and fixtures. Beginning July 1, 1981, financial institutions are included in the personal property tax base.

D.C. Code Citation: Title 47, Chapter 15 - 17.

**PRESENT RATE:**

\$3.40 per \$100 of assessed value; the first \$50,000 of taxable value is excluded from tax (effective for personal property taxes due July 31, 2001).

**REVENUE:**

<b>Fiscal Year</b>	<b>Collections</b>
2000	\$70,133,000
2001	\$64,144,000
2002	\$65,208,000
2003 (Est.)	\$65,271,000

**COMPARATIVE DATA: Metropolitan Area Personal Property Tax Facts 1/**

<b>Jurisdiction</b>	<b>Rate</b>
District of Columbia	\$3.40
Charles Co., MD	\$2.38
Montgomery Co., MD	\$1.885
Prince George's Co., MD	\$2.404 2/
Alexandria, VA	\$4.75 3/ (\$4.50) 7/ (\$3.55) 4/
Arlington Co., VA	\$4.40 4/
Fairfax City, VA	\$3.29 4/ (\$1.00) 5/ (\$0.01) 6/
Fairfax Co., VA	\$4.57 4/ (\$1.23) 5/ (\$0.01) 6/
Falls Church, VA	\$4.71 4/
Loudoun Co., VA	\$4.20 4/ (\$2.75) 7/ (\$4.00) 8/
Prince William Co., VA	\$3.70 (\$2.00) 9/ (\$1.23) 10/ (\$1.25) 11/ (\$1.00) 12/

1/ The personal property tax year in the Virginia area jurisdictions is on a calendar year basis. The rates submitted by Virginia jurisdictions for this report is applicable to calendar year 2002. In the District of Columbia and the Maryland area jurisdictions, the 2002 personal property tax is July 1, 2001 to June 30, 2002. The rates presented are those in effect for those periods. For 2002, the Virginia personal property tax relief was 70.0% for qualifying vehicles.

2/ Rate applies to non-town businesses. The county rate for incorporated town businesses ranges from \$2.011 to \$2.347. Maryland property tax rate is not levied against personal property.

3/ Rate applied to regular individual personal property, and business tangible personal property.

4/ Vehicles with special equipment designed to aid the handicapped are assessed at a rate of \$3.55 per \$100 of value.

5/ Rate applied to mobile homes and public service corporation non-vehicular personal property.

6/ Rate applied to special subclass of vehicles.

7/ Machinery and tools rate.

8/ Rate applied to heavy equipment.

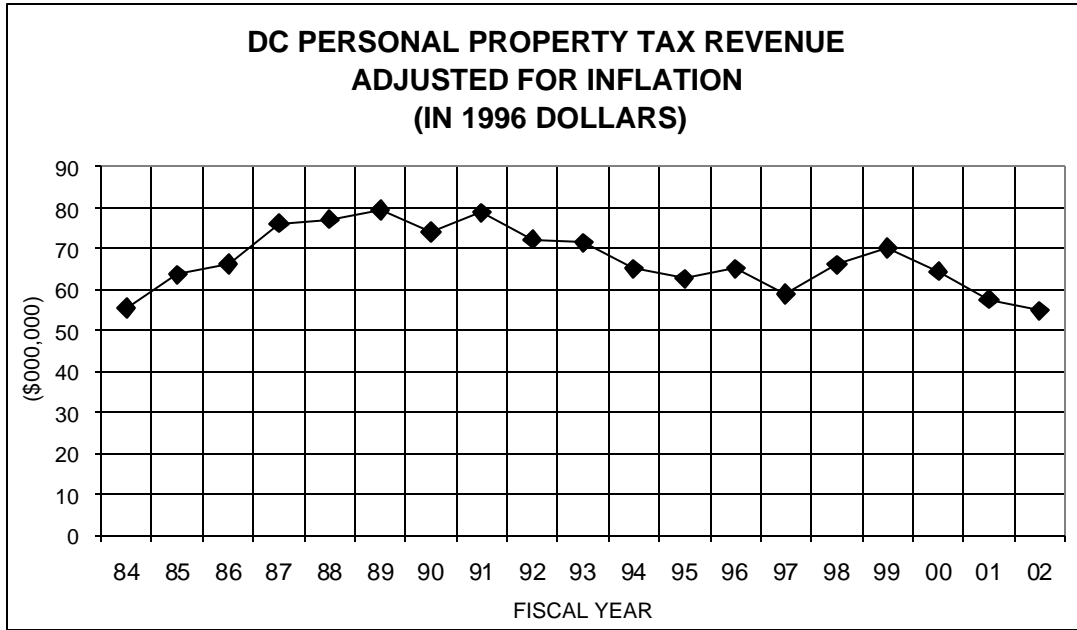
9/ Rate applied to machinery and tools.

10/ Rate applied to mobile homes.

11/ Rate applied to computer equipment.

12/ Rate applied to research and development.

**PERSONAL PROPERTY TAX – Continued**



(\$000,000)

<b>YEAR</b>	<b>DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)</b>	<b>PERCENT TO TOTAL TAX COLLECTED</b>
1984	\$55.5	2.6%
1985	\$63.7	2.8%
1986	\$66.3	2.8%
1987	\$76.2	3.0%
1988	\$77.2	2.9%
1989	\$79.5	2.9%
1990	\$74.1	2.7%
1991	\$78.9	2.9%
1992	\$72.3	2.8%
1993	\$71.5	2.8%
1994	\$65.2	2.5%
1995	\$62.7	2.6%
1996	\$65.2	2.7%
1997	\$58.9	2.4%
1998	\$66.2	2.5%
1999	\$70.1	2.6%
2000	\$64.5	2.3%
2001	\$57.5	2.0%
2002	\$54.8	2.0%



## **REAL PROPERTY TAX**

### **GENERAL LIABILITY:**

All real property, unless expressly exempted, is subject to taxation at 100% of estimated market value. In FY 1999, the District began a 3-year phase-in of a triennial assessment system. Under this system, properties in the District were divided into three triennial groups for assessment purposes.

Each tri-group represents approximately a third of the total value of taxable real property in the District. One tri-group was reassessed each year: Tri-group I in FY 1999, tri-group II in FY 2000, and tri-group III in FY 2001. Under the triennial assessment system, annual decreases in assessed value were immediately realized if owners appealed for an adjustment. Annual increases in assessed value were phased in one-third at a time over a three-year period.

Beginning in FY 2002, the District began its transition back to an annual assessment system. During this transition, one triennial group shifts into annual assessment each year through FY 2004, beginning with tri-group I (1) in FY 2002. Tri-group II (2) shifted to annual assessment in FY 2003, to be followed by tri-group III (3) in FY 2004. By FY 2004, all real property in the District will, once again be reassessed on an annual basis. The return to annual assessment will result in annual assessed values and growth rates more representative of their market values.

The current District of Columbia property tax uses three classifications of property: Class I--improved residential real property that is occupied and is used exclusively for non-transient residential dwellings purposes; Class II--commercial property; and Class III--unimproved or abandoned property.

The assessed value for each Class I owner-occupied single-family residence (including condominiums) is reduced by a \$30,000 homeowner's exemption. The assessed value of residential real property owned by a cooperative housing association is reduced by 60% (but the exemption may not exceed \$30,000 multiplied by the number of units occupied by the shareholders). First-time homeowners may be eligible for abatement of real property taxes for a period of five years under the First Time Homebuyers Lower Income Home Ownership Tax Abatement program. Owners of certified historic buildings may benefit from a special tax program for at least twenty years. The District also has a property tax relief "circuit-breaker" program for qualified homeowners and renters, which provides a tax credit for those with low and moderate income, the elderly, blind and disabled.

For qualified retired senior homeowners, the District allows a one-half reduction in the amount of real property taxes that would otherwise be payable. In addition, a property tax deferral program allows qualified homeowners to defer a portion of their taxes. As of FY03, homeowners have a 25% annual cap on growth in their real property tax liability.

D.C. Code Citation: Title 47, Chapter 7 - 14.

The District's Real Property Tax Year is October 1 through September 30.

**REAL PROPERTY TAX – Continued**

**PRESENT RATES:**

<b>FY 2000</b>	
<b>Property Class</b>	<b>Tax Per \$100 of Value</b>
Class I (residential)	\$0.96 <sup>1/</sup>
Class II (non-residential)	\$1.85
Class III (vacant)	\$5.00

**REVENUE:**

<b>Fiscal Year</b>	<b>Collections</b>
2000	\$610,896,000
2001	\$633,172,000
2002	\$726,014,000
2003 (Est.)	\$818,936,000

**COMPARATIVE DATA:** (January 1, 2003)

**Metropolitan Area Real Property Tax Facts**

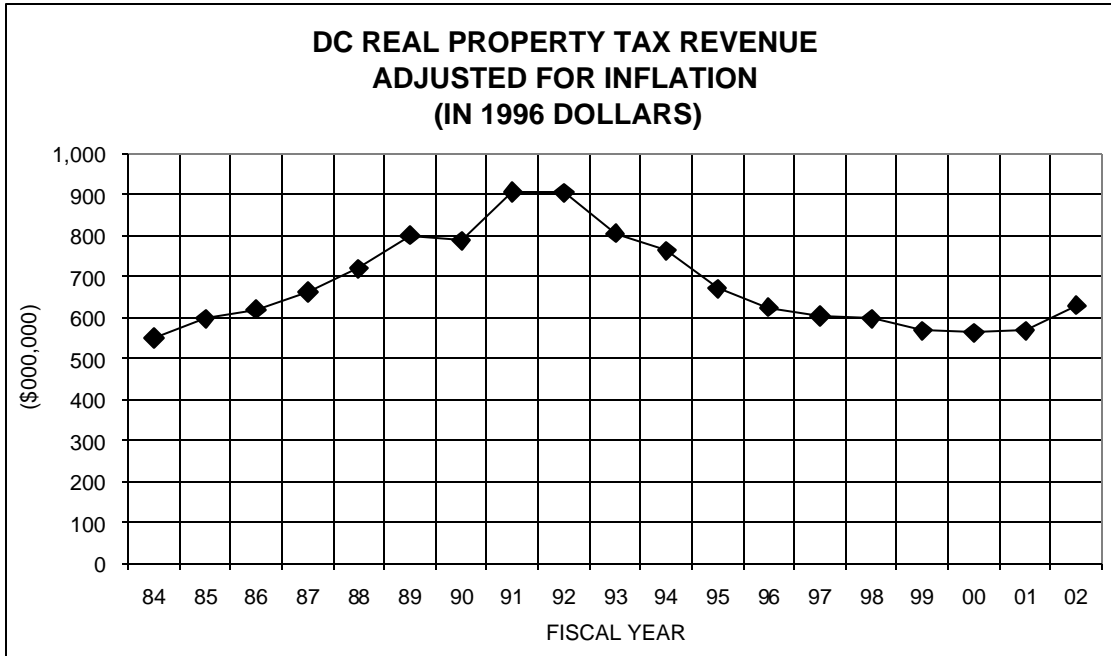
<b>JURISDICTION</b>	<b>NOMINAL TAX PER \$100 VALUE</b>	<b>ASSESSMENT</b>	<b>EFFECTIVE TAX RATE PER \$100 VALUE</b>
<b>D.C.</b>			
Class I (residential) <sup>1/</sup>	\$0.960	100%	\$0.810
Class II (non-residential)	\$1.850	100%	\$1.850
Class III (vacant)	\$5.000	100%	\$5.000
<b>Maryland</b>			
Charles Co. <sup>2/3/</sup>	\$0.916	100%	\$0.916
Montgomery Co. <sup>2/</sup>	\$0.839	100%	\$0.839
Prince George's Co. <sup>2/</sup>	\$0.962	100%	\$0.962
<b>Virginia</b>			
Alexandria	\$1.080	100%	\$1.080
Arlington Co.	\$0.990	100%	\$0.990
Fairfax	\$1.000	100%	\$1.000
Fairfax Co.	\$1.210	100%	\$1.210
Falls Church	\$1.130	100%	\$1.130
Loudoun Co.	\$1.080	100%	\$1.080
Prince William Co.	\$1.230	100%	\$1.230

<sup>1/</sup> The first \$30,000 of Assessed Value is exempt from the tax for owner-occupied housing, and because of the \$30,000 Homestead Exemption for owner-occupied properties, the effective tax rate is \$0.810 per \$100.

<sup>2/</sup> Rates shown does not include the 8.4 cents per \$100 of assessed value Maryland state real property tax rate and special service area taxes.

<sup>3/</sup> Rates are different in tax districts with various levies for fire, rescue and recreation.

**REAL PROPERTY TAX – Continued**



(\$000,000)

<b>YEAR</b>	<b>DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)</b>	<b>PERCENT TO TOTAL TAX COLLECTED</b>
1984	\$550.2	25.7%
1985	\$596.7	26.5%
1986	\$620.1	26.0%
1987	\$661.4	25.6%
1988	\$719.0	26.9%
1989	\$800.6	28.9%
1990	\$786.4	29.2%
1991	\$905.5	33.8%
1992	\$904.1	34.4%
1993	\$805.2	31.7%
1994	\$762.7	29.6%
1995	\$669.0	27.7%
1996	\$624.4	26.0%
1997	\$602.7	24.8%
1998	\$596.2	22.5%
1999	\$566.8	21.4%
2000	\$562.2	20.2%
2001	\$567.8	19.7%
2002	\$628.7	23.0%

**PUBLIC UTILITY TAX**

**GENERAL LIABILITY:**

The tax is imposed on the gross receipts of gas, electric and local telephone companies.

D.C. Code Citation: Title 47, Chapter 25.

**PRESENT RATE: (January 1, 2003)**

11% of gross receipts

Note: Rate increased from 10% to 11%, effective January 1, 2003.

**REVENUE**

<b>Fiscal Year</b>	<b>Collections</b>
2000	\$132,849,000
2001	\$149,125,000
2002	\$140,931,000
2003 (Est.)	\$151,754,000

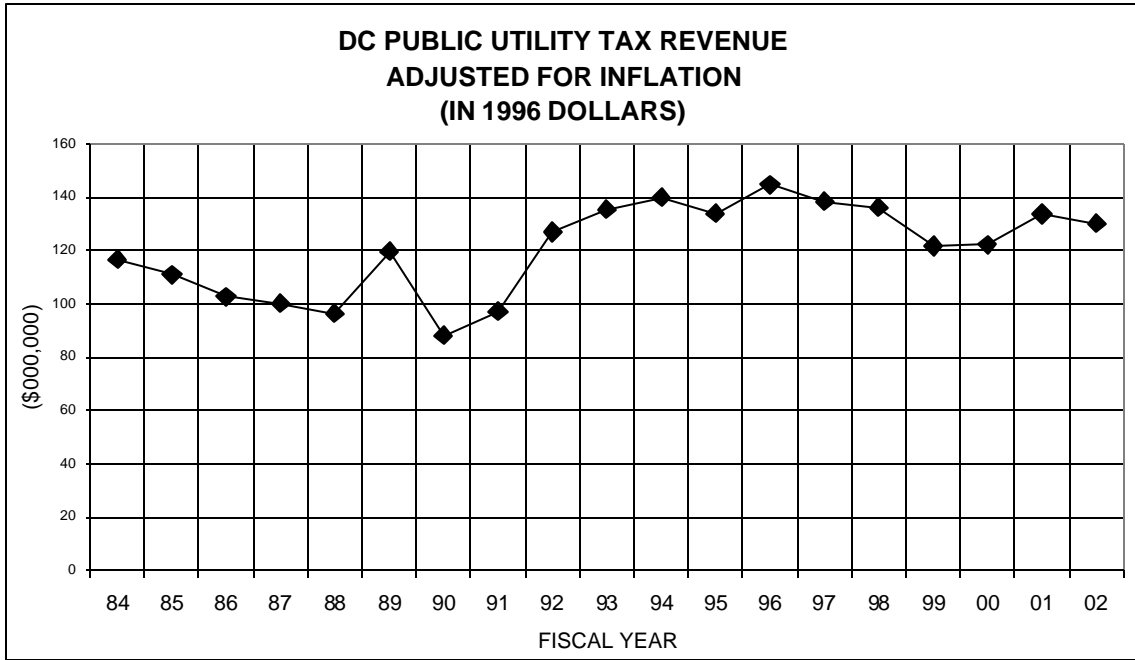
**COMPARATIVE DATA:**

**Metropolitan Area Utility Tax Facts  
January 1, 2003**

<b>Jurisdiction</b>	<b>Utilities Subject To Tax</b>	<b>Rate</b>	<b>Basis</b>
District of Columbia	Gas and telephone	11.0%	Gross receipts Per Kilowatt Hour
	Electric distribution	\$0.007	
Maryland	Electric, light and power, gas, oil pipeline, telegraph and telephone companies	2.0%	Gross receipts
Virginia	Electric, gas, heat light, power and water Up to \$100,000 Over \$100,000	1.125%	Gross receipts
		2.3%	
	Pipeline transmission Up to \$100,000 Over \$100,000	1.125%	Gross receipts
		2.3%	
Telegraph and Telephone 1/			

1/ Telephone companies are subject to the corporate income tax, not the utility gross receipts tax.

**PUBLIC UTILITY TAX – Continued**



(\$000,000)

<b>YEAR</b>	<b>DC REVENUE ADJUSTED FOR INFLATION IN 1996 DOLLARS</b>	<b>PERCENT TO TOTAL TAX COLLECTED</b>
1984	\$116.7	5.4%
1985	\$111.0	4.9%
1986	\$102.8	4.3%
1987	\$100.2	3.9%
1988	\$ 96.5	3.6%
1989	\$119.8	4.3%
1990	\$ 88.3	3.3%
1991	\$ 97.4	3.6%
1992	\$127.0	4.8%
1993	\$135.6	5.3%
1994	\$140.1	5.4%
1995	\$134.0	5.5%
1996	\$144.8	6.0%
1997	\$138.5	5.7%
1998	\$136.3	5.1%
1999	\$121.9	4.6%
2000	\$122.3	4.4%
2001	\$133.7	4.6%
2002	\$130.4	4.8%

**RECORDATION AND TRANSFER TAXES**

**GENERAL LIABILITY:**

The recordation tax is imposed on the recording of all deeds to real estate in the District. The basis of the tax is the amount of consideration given for the property, including cash, property other than cash, mortgages, liens and security interest in non-residential property. Where there is no consideration or where the consideration is nominal, the tax is imposed on the basis of the fair market value of the property.

The transfer tax is imposed on each transfer of real property at the time the deed is submitted for recordation. The tax is based upon the consideration paid for the transfer. Where there is no consideration or where the amount is nominal, the basis of the transfer tax is the fair market value of the property conveyed.

Originally in FY 2003, 15 percent of the District’s real estate transfer taxes and 15 percent of deed recordation taxes were to be deposited into The Housing Production Trust Fund that provides assistance to low and moderate-income families and individuals for available housing. As a result of the budget crisis, only 5 million in deed transfer will be transferred into the fund. Starting in FY 2004, the entire 15 percent will be transferred into The Housing Production Trust Fund.

A tax of 3.0 percent is imposed on transfers of economic interest.

D.C. Code Citation: Title 45, Chapter 9.

**PRESENT RATE: (January 1, 2003)** (rates increased as of 01/01/03)

Note: Owner-occupied properties under \$250,000 rate will remain at 1.1% for deed recordation and deed transfer.

**Deed Recordation**

1.5% of consideration or fair market value

**Deed Transfer**

1.5% of consideration or fair market value

**Economic Interest Transfer**

3.0% of consideration or fair market value

**REVENUE:**

<b>Deed Recordation</b>		<b>Deed Transfer</b>		<b>Transfer of Economic Interest</b>	
<b>Fiscal Year</b>	<b>Collections</b>	<b>Fiscal Year</b>	<b>Collections</b>	<b>Fiscal Year</b>	<b>Collections</b>
2000	\$60,418,000	2000	\$44,660,000	2000	\$ 540,000
2001	\$75,936,000	2001	\$62,086,000	2001	\$ 1,640,000
2002	\$89,951,000	2002	\$62,228,000	2002	\$ 5,078,000
2003 (Est.)	\$93,495,000	2003 (Est.)	\$70,905,000	2003 (Est.)	\$ 707,000

**50 STATE RECORDATION/TRANSFER TAX FACTS – Continued**

**COMPARATIVE DATA:**

Tax Per \$500 of Consideration  
Optional Maximum Local Rate in Parentheses

	<b>State State Deed Recordation And Realty Transfer 1/</b>	<b>Max Local Rate</b>
Alabama	\$ .50	
Alaska	--	
Arizona	2.00	
Arkansas	1.65	
California	--	\$0.55
Colorado	.05	
Connecticut	3.05	
Delaware	10.00	\$5.00
<b>DISTRICT OF COLUMBIA</b>	<b>15.00</b>	
Florida	3.50	
Georgia	.50	
Hawaii	.50	
Idaho	--	
Illinois	.50	
Indiana	--	
Iowa	.80	
Kansas	1.30	
Kentucky	3.50	
Louisiana	--	
Maine	1.10	
<b>MARYLAND</b>	<b>2.50</b>	<b>\$10.25</b> 2/
Massachusetts	2.28	\$10.25
Michigan	3.75	.55%
Minnesota	1.65	
Mississippi	--	
Missouri	--	
Montana	--	
Nebraska	.875	
Nevada 3/	.65	
New Hampshire	7.50	

**50 STATE RECORDATION/TRANSFER TAX FACTS – Continued**

**COMPARATIVE DATA:**

Tax Per \$500 of Consideration  
Optional Maximum Local Rate in Parentheses

	<b>State Deed Recordation And Realty Transfer 1/</b>	<b>Max Local Rate</b>
New Jersey 4/	1.75	
New Mexico	--	
New York	2.00	
North Carolina	1.00	
North Dakota	--	
Ohio	.50	
Oklahoma	.75	
Oregon	--	
Pennsylvania	5.00	\$5.00
Rhode Island	1.40	
South Carolina	1.30	
South Dakota	.50	
Tennessee	1.85	
Texas	--	
Utah	--	
Vermont 5/	6.50	
<b>VIRGINIA</b>	<b>.75</b>	<b>\$0.25</b>
Washington	6.40	\$2.50
West Virginia	1.10	\$1.10
Wisconsin	1.50	
Wyoming	--	

1/ State transfer tax rate only.

2/ Additional \$0.75 for each \$500 of consideration over \$150,000.

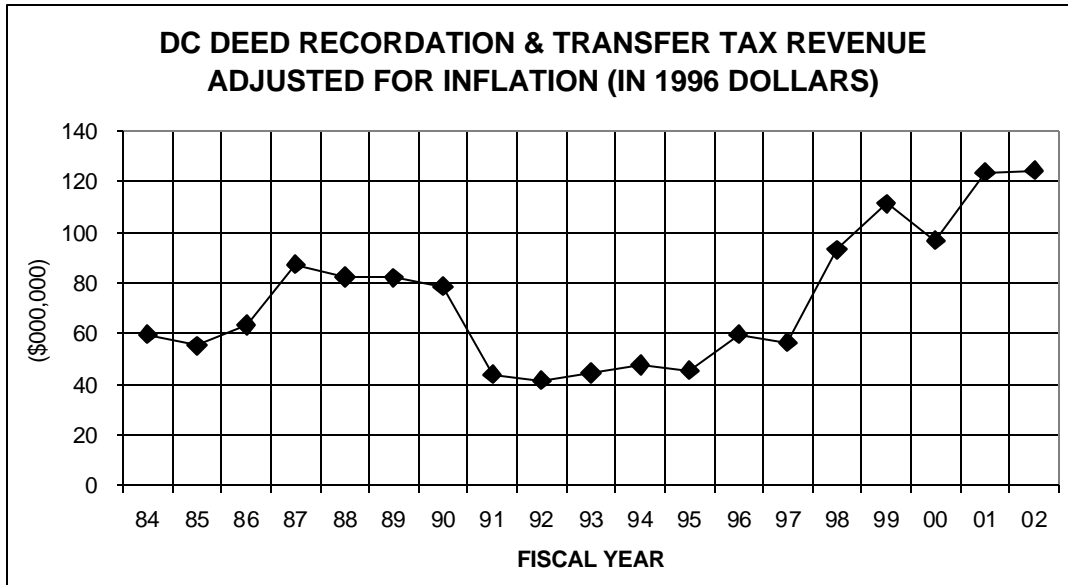
3/ In counties whose population is 400,000 or more, \$1.25.

4/ Rate is \$1.25 for first-time homebuyers. State recordation tax is only collected in certain instances and is not reflected in this number.

5/ A \$2.50 on the first \$100,000.



**RECORDATION AND TRANSFER TAXES – Continued**



<b>YEAR</b>	<b>DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)</b>	<b>PERCENT TO TOTAL TAX COLLECTED</b>
1984	\$ 59.7	2.8%
1985	\$ 55.3	2.5%
1986	\$ 63.4	2.7%
1987	\$ 87.2	3.4%
1988	\$ 82.4	3.1%
1989	\$ 82.1	3.0%
1990	\$ 78.6	2.9%
1991	\$ 43.8	1.6%
1992	\$ 41.6	1.6%
1993	\$ 44.5	1.8%
1994	\$ 47.5	1.8%
1995	\$ 44.5	1.9%
1996	\$ 59.8	2.5%
1997	\$ 56.6	2.3%
1998	\$ 93.2	3.5%
1999	\$111.4	4.2%
2000	\$ 96.7	3.5%
2001	\$123.8	4.3%
2002	\$124.4	4.5%

## SALES AND USE TAX

### GENERAL LIABILITY:

The District of Columbia has five tax categories that fall under the general sales and use tax. The retail sales tax rate of 5.75% is imposed on all tangible personal property sold or rented at retail in the District and on certain selected services. Grocery-type foods, prescription and non-prescription drugs, disability appliances and residential utility services are among items exempt from the sales tax. Construction materials and business purchases of public utility services are among those included. The other rate categories apply to goods and services as indicated below.

The use tax is imposed at the same rate on property sold or purchased outside the District and then brought into the District to be used, stored or consumed. Vendors subject to the jurisdiction of the District are required to collect and pay the use tax. When the vendor is not subject to the jurisdiction of the District, or when the purchaser brings the property into the District, the purchaser is required to pay the tax.

D.C. Code Citation: Title 47, Chapters 20 and 22.

PRESENT RATES: (January 1, 2003)

A five-tier rate structure is presently in effect:

- 5.75% Retail rate for tangible personal property and selected services, alcoholic beverages sold in stores, food sold in vending machines
- 9% Liquor sold for off the premises consumption
- 10% Restaurant meals, liquor sold for consumption on the premises, rental vehicles
- 12% Parking motor vehicles in commercial lots
- 14.5% Transient accommodations

Note: Convention Center sales tax rates of 4.45% for transient accommodations and 1.0% for restaurants are included in rates noted above.

### REVENUE:

Fiscal Year	Collections
2000	\$640,212,000
2001	\$617,217,000
2002	\$612,354,000
2003 (Est.)	\$703,022,000

Note: Collections net of legislative mandated transfers to the Washington Convention Center Authority.

**SALES AND USE TAXES – Continued**

**COMPARATIVE DATA:** (January 1, 2003)

**Sales Tax Facts**

<b>State</b>	<b>Rate State</b>	<b>Max Local</b>
Alabama	4.0%	(4.5%)
Alaska does not levy a sales tax		
Arizona	5.0%	
Arkansas	5.125%	(3.0%)
California	6.0%	(2.5%)
Colorado	2.9%	(5.0%)
Connecticut	6.0%	
Delaware does not levy a sales tax		
<b>DISTRICT OF COLUMBIA</b>	<b>5.75%</b>	
Florida	6.0%	
Georgia	4.0%	(3.0%)
Hawaii	4.0%	
Idaho	5.0%	
Illinois	6.25%	(3.0%)
Indiana	5.0%	
Iowa	5.0%	(1.0%)
Kansas	4.9%	(2.0%)
Kentucky	6.0%	
Louisiana	4.0%	(5.0%)
Maine	5.0%	
<b>MARYLAND</b>	<b>5.0%</b>	
Massachusetts	5.0%	
Michigan	6.0%	
Minnesota	6.5%	(1.0%)
Mississippi	7.0%	
Missouri	4.225%	(5.3125%)
Montana does not levy a sales tax		
Nebraska	5.5%	(2.6875%)
Nevada	2.0%	(4.5%)
New Hampshire does not levy a sales tax		

**SALES AND USE TAXES – Continued**

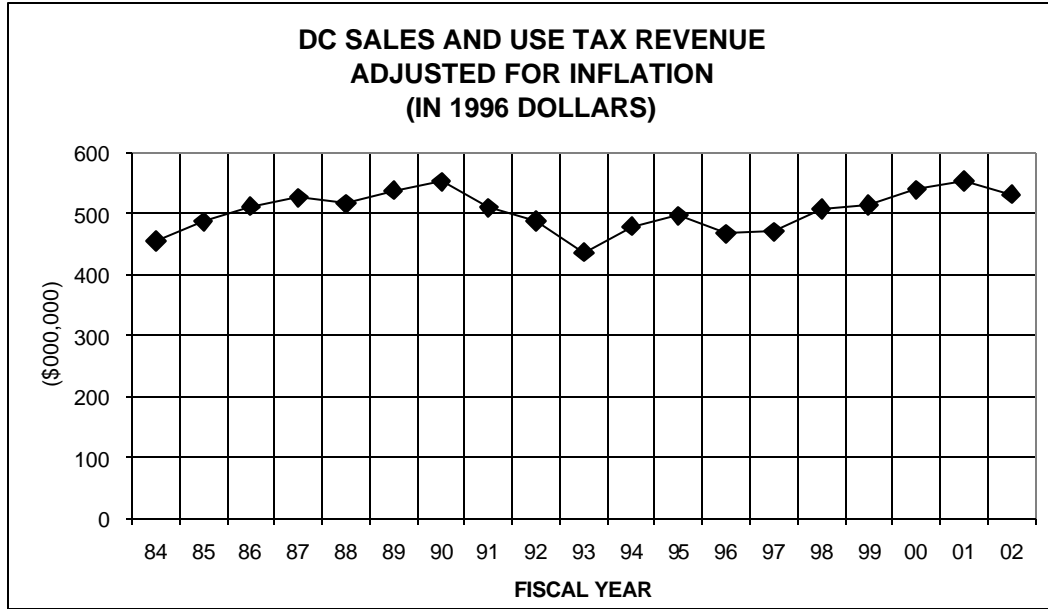
**COMPARATIVE DATA:** (January 1, 2003)

**Sales Tax Facts**

<b>State</b>	<b>Rate State</b>	<b>Max Local</b>
New Jersey	6.0%	
New Mexico 1/	5.0%	
New York	4.0%	(4.5%)
North Carolina	4.5%	(2.5%)
North Dakota	5.0%	(2.0%)
Ohio	5.0%	(3.0%)
Oklahoma	4.5%	(5.0%)
Oregon does not levy a sales tax		
Pennsylvania	6.0%	(1.0%)
Rhode Island	7.0%	
South Carolina	5.0%	
South Dakota	4.0%	(2.0%)
Tennessee	7.0%	(2.75%)
Texas	6.25%	(2.0%)
Utah	4.75%	(1.85%)
Vermont	5.0%	
<b>VIRGINIA</b>	<b>3.5%</b>	<b>(1.0%)</b>
Washington	6.5%	(2.3%)
West Virginia	6.0%	
Wisconsin	5.0%	(0.6%)
Wyoming	4.0%	(1.0%)

1/ A 5% credit within municipal boundaries.

**SALES AND USE TAXES – Continued**



(\$000,000)

<b>YEAR</b>	<b>DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)</b>	<b>PERCENT TO TOTAL TAX COLLECTED</b>
1984	\$454.6	21.2%
1985	\$486.0	21.6%
1986	\$511.9	21.4%
1987	\$525.5	20.4%
1988	\$516.1	19.3%
1989	\$537.8	19.4%
1990	\$552.1	20.5%
1991	\$509.9	19.0%
1992	\$487.3	18.6%
1993	\$437.1	17.2%
1994	\$478.7	18.6%
1995	\$496.6	20.5%
1996	\$467.5	19.5%
1997	\$470.7	19.4%
1998	\$507.2	19.1%
1999	\$513.7	19.4%
2000	\$539.0	19.3%
2001	\$553.5	19.2%
2002	\$530.7	19.4%

## **TOLL TELECOMMUNICATIONS TAX**

### **GENERAL LIABILITY:**

The tax is imposed on telecommunication companies for the privilege of providing toll telecommunication service in the District, including wireless telecommunication providers.

D.C. Code Citation: Title 47, Chapter 38.

### **PRESENT RATE:** (January 1, 2003)

11% of gross charges

Note: Rate increased from 10% to 11%, effective January 1, 2003.

### **REVENUE:**

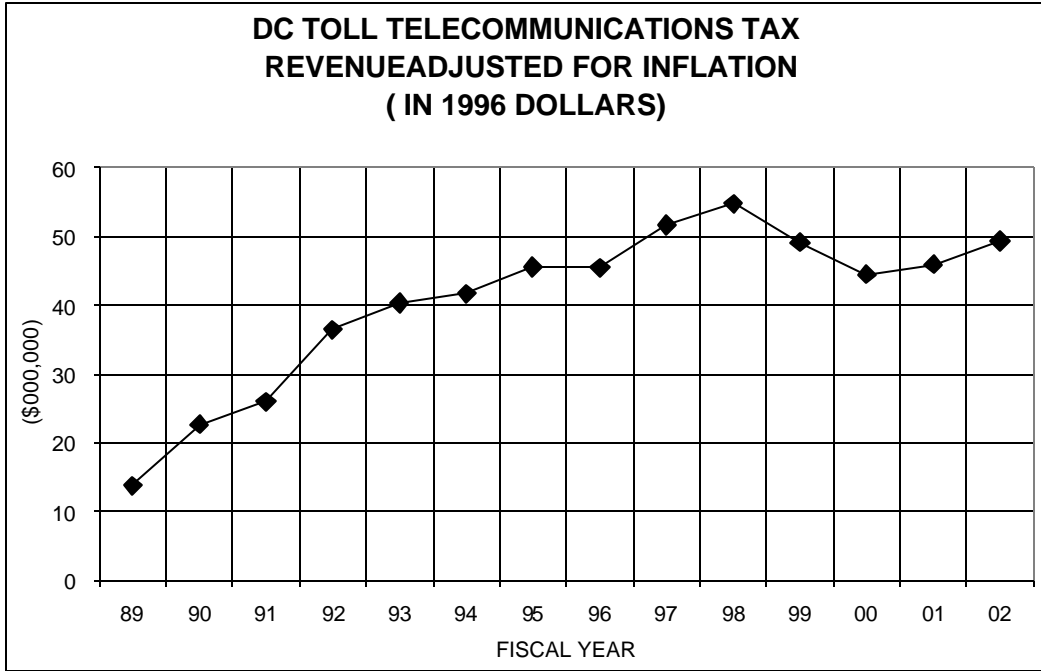
<b>Fiscal Year</b>	<b>Collections</b>
2000	\$ 48,280,000
2002	\$ 51,259,000
2002	\$ 55,353,000
2003 (Est.)	\$ 64,958,000

### **COMPARATIVE DATA:** (January 1, 2003)

#### **Metropolitan Area Telecommunications Tax Facts**

<b>State</b>	<b>Rate</b>
D.C.	11.0%
Maryland	2.0%
Virginia	1.0%

**TOLL TELECOMMUNICATIONS TAX – Continued**



(\$000,000)

<b>YEAR</b>	<b>DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)</b>	<b>PERCENT TO TOTAL TAX COLLECTED</b>
1989	\$13.8	0.5%
1990	\$22.7	0.8%
1991	\$26.0	1.0%
1992	\$36.5	1.4%
1993	\$40.3	1.6%
1994	\$41.7	1.6%
1995	\$45.6	1.9%
1996	\$45.5	1.9%
1997	\$51.7	2.1%
1998	\$54.8	2.1%
1999	\$49.2	1.9%
2000	\$44.4	1.6%
2001	\$46.0	1.6%
2002	\$49.4	1.8%

**PART III – SELECTED D.C. TAX STATISTICS**



**TABLE 3**  
**D.C. TAX COLLECTIONS**  
**(In Thousands of Dollars)**

<b>Fiscal Year</b>	<b>Total Net Collections</b> <sup>1/</sup>	<b>Individual and Corporate Income</b>	<b>Property Taxes</b> <sup>2/</sup>	<b>Excise and Sales and Use Taxes</b>	<b>Gross Receipts Taxes</b> <sup>3/</sup>	<b>Miscellaneous Taxes</b> <sup>4/</sup>
1984	1,398,812	480,453 <sup>5/</sup>	397,449	365,587	98,449	56,874
1985	1,536,027	524,620 <sup>6/</sup>	455,097	402,743	91,445	62,122
1986	1,684,535	595,964 <sup>6/</sup>	488,849	432,969	93,799	72,954
1987	1,873,667	682,788 <sup>6/</sup>	541,211	459,418	99,786	90,464
1988	2,021,912	744,326 <sup>6/</sup>	609,425	468,942	103,285	95,934
1989	2,204,598	759,883 <sup>6/</sup>	710,766	507,169	136,680	90,100
1990	2,279,127	777,651 <sup>6/</sup>	737,138	546,823	127,573	89,942
1991	2,371,732	749,025 <sup>6/</sup>	881,878	531,004	142,562	67,263
1992	2,384,300	708,085 <sup>6/</sup>	903,319	542,750	180,192	67,954
1993	2,557,852	730,519 <sup>6/</sup>	1,011,663	504,735	229,593 <sup>7/</sup>	81,342
1994	2,470,053	800,868 <sup>6/</sup>	811,009	557,474	243,199 <sup>7/8/</sup>	57,503
1995	2,391,041	804,355 <sup>6/</sup>	730,343	584,107	210,912 <sup>7/9/</sup>	61,324
1996	2,402,521	843,553 <sup>6/</sup>	701,635	530,391	234,957 <sup>7/</sup>	91,985
1997	2,490,036	936,980 <sup>6/</sup>	687,599	540,837	229,242 <sup>7/</sup>	95,378
1998	2,773,561	1,083,102 <sup>6/</sup>	695,440	618,500	236,637 <sup>7/</sup>	139,882
1999	2,849,873	1,169,751 <sup>6/</sup>	679,550	645,949	207,290	147,333
2000	3,083,827	1,338,564 <sup>6/</sup>	692,781	698,861	212,011	141,610
2001	3,209,273	1,400,237 <sup>6/</sup>	707,423	677,139	233,740	190,734
2002	3,147,582	1,160,424 <sup>6/</sup>	803,389	668,837	231,786	283,146

1/ Collection is on a modified accrual basis.

2/ Includes public space rental and personal property.

3/ Includes Toll Telecommunication, public utility taxes and insurance companies.

4/ Includes inheritance and estate, recordation and transfer, and economic interest taxes.

5/ Includes one-half of corporate income surtax.

6/ Includes total corporate income surtax.

7/ Includes health care providers tax.

8/ Includes Public Safety Fee.

9/ Includes Arena Fee.

**TABLE 4**  
**2001 D.C. INCOME TAX DISTRIBUTION**

Adjusted Gross Income Class	Number of Returns	Percent <sup>1/</sup>	Adjusted Gross Income Amount	Percent <sup>1/</sup>	Net Taxable Income Amount	Percent <sup>1/</sup>
<b>ITEMIZED DEDUCTIONS</b>						
Less Than \$0	652	0.4%	-111,845,193	-0.9%	0	0.0%
\$0- \$9,999	17,514	11.5%	84,620,296	0.7%	43,596,531	0.4%
\$10,000-\$19,999	16,424	10.8%	247,652,682	1.9%	154,229,913	1.4%
\$20,000-\$29,999	19,197	12.7%	481,327,235	3.8%	318,697,496	3.0%
\$30,000-\$39,999	18,407	12.1%	642,159,659	5.0%	454,824,847	4.3%
\$40,000-\$49,999	15,007	9.9%	672,236,549	5.3%	493,587,177	4.6%
\$50,000 & Over	64,544	42.5%	10,725,033,675	84.2%	9,204,704,812	86.3%
<b>Total</b>	<b>151,745</b>	<b>100.0%</b>	<b>12,741,184,902</b>	<b>100.0%</b>	<b>10,669,640,776</b>	<b>100.0%</b>
<b>STANDARD DEDUCTION</b>						
Less Than \$0	593	0.5%	-34,889,531	-1.3%	0	0.0%
\$0- \$9,999	32,540	26.3%	161,545,523	5.8%	52,076,198	2.3%
\$10,000-\$19,999	33,254	26.9%	497,437,546	17.9%	321,726,731	14.4%
\$20,000-\$29,999	25,577	20.7%	629,016,783	22.6%	490,986,910	21.9%
\$30,000-\$39,999	14,983	12.1%	517,163,161	18.6%	444,743,339	19.8%
\$40,000-\$49,999	7,885	6.4%	350,202,937	12.6%	314,300,697	14.0%
\$50,000 & Over	8,684	7.0%	656,667,386	23.6%	617,443,937	27.5%
<b>Total</b>	<b>123,516</b>	<b>100.0%</b>	<b>2,777,143,806</b>	<b>100.0%</b>	<b>2,241,277,813</b>	<b>100.0%</b>

<sup>1/</sup> Detail may not add to total due to rounding.

TABLE 5

## DISTRICT OF COLUMBIA ASSESSMENTS – TAXABLE, EXEMPT AND TOTALS

TAX YEAR 2002

TYPE OF PROPERTY	TOTAL ACRES	LAND VALUE	IMPROVE- MENTS	TOTAL VALUE	FOREGONE TAX	% OF ALL PROPERTIES			NUMBER OF ITEMS
						LAND ACRES	LAND VALUE	TOTAL VALE	
<b>Total Taxable</b>	12,482.04	\$24,296,332,134	\$40,245,040,150	\$64,541,372,284	\$64,541,372,284	42.4	53.5	63.8	172,983
<b>Class One (Gross)</b>	9,278.32	\$10,731,353,613	\$23,266,411,044	\$33,997,764,657	\$283,174,410	31.5	23.6	33.6	156,745
Residential/Single Family	5,488.71	6,654,054,109	15,353,079,797	22,007,133,906	193,933,190	18.7	14.7	21.7	110,447
Residential/Multifamily	1,270.95	1,470,616,774	2,299,393,941	3,770,010,715	36,189,529	4.3	3.2	3.7	3,229
Commercial 1/	46.24	270,299,305	240,646,877	510,946,182	4,328,355	0.2	0.6	0.5	695
Flats/Conversions	543.93	768,248,089	2,050,795,844	2,819,043,933	27,059,889	1.8	1.7	2.8	9,846
Hotels/Motels 1/	0.72	3,738,290	2,961,880	6,700,170	64,322	0.0	0.0	0.0	10
Garage/Unimproved 1/	177.69	151,727,623	171,516,839	323,244,462	3,097,596	0.6	0.3	0.3	8,978
Seniors	1,750.08	1,412,669,423	3,148,015,866	4,560,685,289	18,501,529	5.9	3.1	4.5	23,540
<b>Class Two (Gross)</b>	3,203.72	\$13,564,978,521	\$16,978,629,106	\$30,543,607,627	\$565,056,741	10.9	29.9	30.2	16,238
Residential/Single Family 2/	111.01	75,625,422	118,585,793	194,211,215	3,592,907	0.4	0.2	0.2	1,437
Residential/Multifamily 2/	75.57	15,481,366	36,022,613	51,503,979	952,824	0.3	0.0	0.1	218
Commercial	2,051.75	11,466,039,489	14,896,122,894	26,362,162,383	487,700,004	7.0	25.2	26.1	7,707
Flats/Conversions 2/	32.27	18,311,297	33,953,849	52,265,146	966,905	0.1	0.0	0.1	451
Hotels/Motels	101.74	1,011,708,401	1,409,652,186	2,421,360,587	44,795,171	0.3	2.2	2.4	175
Garage/Unimproved	831.38	977,812,546	484,291,771	1,462,104,317	27,048,930	2.8	2.2	1.4	6,250
<b>TOTAL EXEMPT</b>	16,994.13	\$21,117,637,169	\$15,534,645,267	\$36,652,282,436	\$433,127,515	57.6	46.5	36.2	22,189
Total US/DC Government	13,347.22	16,182,732,500	8,913,631,595	25,096,364,095	301,156,369	45.4	35.6	24.8	5,186
United States	11,498.30	14,565,554,804	7,236,475,601	21,802,030,405	261,624,365	39.1	32.1	21.5	3,037
District of Columbia	1,848.91	1,617,177,696	1,677,155,994	3,294,333,690	39,532,004	6.3	3.6	3.3	2,149
Total Non-US/DC Exempt	3,596.92	\$4,934,904,669	\$6,621,013,672	\$11,555,918,341	\$131,971,145	12.2	10.9	11.4	17,003
W.M.A.T.A.	197.46	12,6879,320	35,084,330	161,963,650	2,996,328	0.7	0.3	0.2	444
Tax Abated	0.11	545,190	1,509,620	2,054,810	24,658	0.0	0.0	0.0	18
D.C.R.L.A.	46.33	22,7617,414	210,716,359	438,333,773	5,260,005	0.2	0.5	0.4	222
Homestead Preservation	1.48	763,945	1,342,298	2,106,243	20,220	0.0	0.0	0.0	15
Low Income-Abated	299.06	239,502,156	578,874,089	818,376,245	7,856,412	1.0	0.5	0.8	6,825
Religious	604.25	568,112,693	807,053,185	1,375,165,878	16,501,991	2.1	1.3	1.4	1,188
Educational	698.67	1,000,625,090	1,277,575,166	2,278,200,256	27,338,403	2.4	2.2	2.3	429
Foreign Government	292.26	520,229,113	942,648,681	1,462,877,794	17,554,534	1.0	1.1	1.4	602
Charitable	173.20	158,965,836	245,204,861	404,170,697	4,850,048	0.6	0.4	0.4	503
Cemetery	345.68	144,552,366	2,263,747	146,816,113	2,716,098	1.2	0.3	0.1	24
Hospital	34.36	28,948,211	69,131,854	98,080,065	1,814,481	0.1	0.1	0.1	7
Library	1.18	3,086,760	5,587,240	8,674,000	160,469	0.0	0.0	0.0	1
Miscellaneous	902.87	1,915,076,575	2,359,098,817	4,359,098,817	44,877,500	3.1	4.2	4.3	6,725
<b>TOTAL TAXABLE AND EXEMPT</b>	29,426.17	\$45,413,969,303	\$55,779,685,417	\$101,193,654,720	\$1,281,358,666	100.0	100.0	100.0	195,172

NOTE: Detail may not add to total due to rounding.

**TABLE 6**  
**DISTRICT OF COLUMBIA**  
**REAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**(\$000)**

<b>Property Tax Year (1)</b>	<b>Tax Levy (2)</b>	<b>Total Tax collections</b>	<b>Percent of Total Collections to Levy</b>	<b>Outstanding Delinquent Taxes</b>
1993	928,934	889,238	95.7	81,385
1994	721,924	707,488	98.0	64,025
1995	720,331	692,953	96.2	52,277
1996	700,171	681,086	97.3	50,464
1997	648,166	627,437	96.8	48,270
1998	638,569	620,797	97.2	37,229
1999	637,647	583,142	91.5	73,286
2000	613,385	592,777	96.6	37,877
2001	669,016	635,324	95.0	44,437
2002	740,387	707,624	95.6	53,242

- (1) Property tax year is from October 1 to September 30 starting in 1996. From 1986 to 1995, the property tax year was July 1 to June 30.
- (2) This column reflects the original tax levies for the years indicated and excludes later increases or decreases resulting primarily from audits and judgments.

**TABLE 7  
MAJOR STATE AND LOCAL TAX BURDENS FOR A HYPOTHETICAL FAMILY OF FOUR RESIDING IN  
SELECTED WASHINGTON METROPOLITAN AREA JURISDICTIONS, 2002**

TAX	DISTRICT OF COLUMBIA	MARYLAND			VIRGINIA	
		MONTGOMERY COUNTY	PRINCE GEORGE'S COUNTY	ALEXANDRIA	ARLINGTON COUNTY	FAIRFAX COUNTY
<b>\$25,000 INCOME LEVEL</b>						
Income	\$ 455	\$ 0	\$ 0	\$ 580	\$ 580	\$ 580
Real Estate	612	1,066	1,284	1,013	931	1,134
Sales & Use	397	371	365	307	316	268
Automobile	213	174	174	250	218	247
<b>TOTAL</b>	<b>\$ 1,677</b>	<b>\$ 1,611</b>	<b>\$ 1,824</b>	<b>\$ 2,150</b>	<b>\$ 2,045</b>	<b>\$ 2,230</b>
<b>RANK</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>1</b>
<b>\$50,000 INCOME LEVEL</b>						
Income	\$ 2,316	\$ 2,659	\$ 2,398	\$ 1,758	\$ 1,768	\$ 1,746
Real Estate	1,392	1,990	2,398	1,890	1,738	2,118
Sales & Use	754	702	696	585	603	511
Automobile	218	180	180	315	273	310
<b>TOTAL</b>	<b>\$ 4,681</b>	<b>\$ 5,531</b>	<b>\$ 5,672</b>	<b>\$ 4,549</b>	<b>\$ 4,381</b>	<b>\$ 4,685</b>
<b>RANK</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>3</b>
<b>\$75,000 INCOME LEVEL</b>						
Income	\$ 4,145	\$ 4,061	\$ 4,094	\$ 2,989	\$ 3,004	\$ 2,969
Real Estate	2,232	2,985	3,596	2,835	2,607	3,176
Sales & Use	1,131	1,052	1,044	878	904	766
Automobile	363	313	313	520	451	515
<b>TOTAL</b>	<b>\$ 7,872</b>	<b>\$ 8,411</b>	<b>\$ 9,047</b>	<b>\$ 7,222</b>	<b>\$ 6,966</b>	<b>\$ 7,426</b>
<b>RANK</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>5</b>
<b>\$100,000 INCOME LEVEL</b>						
Income	\$ 6,079	\$ 5,762	\$ 5,814	\$ 4,252	\$ 4,272	\$ 4,229
Real Estate	2,832	3,695	4,453	3,510	3,227	3,933
Sales & Use	1,434	1,337	1,323	1,112	1,145	971
Automobile	380	332	332	687	595	677
<b>TOTAL</b>	<b>\$ 10,725</b>	<b>\$ 11,126</b>	<b>\$ 11,921</b>	<b>\$ 9,561</b>	<b>\$ 9,239</b>	<b>\$ 9,809</b>
<b>RANK</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>5</b>
<b>\$150,000 INCOME LEVEL</b>						
Income	\$ 10,068	\$ 9,115	\$ 9,211	\$ 6,748	\$ 6,776	\$ 6,715
Real Estate	4,032	5,117	6,165	4,860	4,469	5,445
Sales & Use	2,037	1,896	1,879	1,580	1,627	1,379
Automobile	380	323	323	907	775	890
<b>TOTAL</b>	<b>\$ 16,517</b>	<b>\$ 16,451</b>	<b>\$ 17,579</b>	<b>\$ 14,096</b>	<b>\$ 13,646</b>	<b>\$ 14,429</b>
<b>RANK</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>5</b>

SOURCE: A Comparison of Tax Rates and Burdens in the Washington Metropolitan Area, 2002. WWW.CFO.DC.GOV

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2002

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
Alcoholic Beverage				
Bear	1970	1970	Rate increased 5¢/barrel to \$2.25/barrel	+\$ 150,000
	1989	1989	Rate increased 54¢/barrel to \$2.79/barrel	+\$ 250,000
Sparkling Wine	1989	1989	Rate decreased 5¢/gallon to 40¢/gallon	-\$ 25,000
	1990	1990	Rate increased 5¢/gallon to 45¢/gallon	+\$ 20,000
Spirits	1970	1970	Rate increased 25¢/gallon to 2.00/gallon	+\$ 1,500,000
	1978	1978	Rate decreased 50¢/gallon to \$1.50/gallon	-\$ 1,800,000
Wine				
(14% or Less Alcohol)	1989	1989	Rate increased 25¢/gallon to 40¢/gallon	+\$ 750,000
	1990	1990	Rate decreased 10¢/gallon to 30¢/gallon	-\$ 300,000
(More than 14% Alcohol)	1989	1989	Rate increased 7¢/gallon to 40¢/gallon	+\$ 25,000
Cigarette	1970	1970	Rate increased from 3¢/pack to 4¢/pack	+\$ 1,050,000
	1973	1973	Rate increased from 4¢/pack to 6¢/pack	+\$ 1,800,000
	1976	1976	Rate increased from 6¢/pack to 10¢/pack	+\$ 2,600,000
	1977	1977	Rate increased from 10¢/pack to 13¢/pack	+\$ 2,400,000
	1987	1987	Rate increased from 13¢/pack to 17¢/pack (April 1987)	+\$ 1,200,000
	1991	1992	Rate increased from 17¢/pack to 30¢/pack (April 1991)	+\$ 5,200,000
	1992	1992	Rate increased from 30¢/pack to 50¢/pack (April 1992)	+\$ 4,500,000
	1993	1993	Rate increased from 50¢/pack to 65¢/pack (July 1993)	+\$ 4,500,000
	2002	2003	Rate increased from 65¢/pack to \$1.00/pack (January 2003)	+\$ 5,800,000
FINANCIAL INSTITUTIONS:				
Banks, Building	1976	1976	Rate on banks increased from 4% to 6%; rate on building	
Association Gross Earnings			Associations increased from 2% to 3%	+\$ 5,600,000
			Rate on building association decreased from 3% to 2%.	-\$ 2,500,000
	1977	1977	Payment due with return-August 1.	
	1980	1981	Financial institutions added to corporation franchise base/gross earnings tax phased out. 2/	+\$ 3,569,000
INCOME TAXES:				
Individual Income	1970	1970	District taxation of capital gains and sick pay conformed to the federal treatment. New rates and brackets From % <u>2 3 4 5 6</u> \$000 <u>1 2 2 5</u> over 10 to % <u>2 3 4 5 6 7 8 9 10</u> \$000 <u>1 1 1 2 3 4 5 8</u> over 25	
	1975	1976	Income tax credit for excess property taxes paid by low income persons	
	1976	1976	Personal exemptions and childcare deduction conformed to federal treatment New rates and brackets % <u>2 3 4 5 6 7 8 9 10 11</u> \$000 <u>1 1 1 1 1 5 3 4 8</u> over 25	+\$ 1,500,000
	1977	1977	Income tax credit for excess property taxes paid: a) over 62, blind, disabled-income limit \$20,000-credit limit \$750.	-\$ 3,917,000
		1978	b) under 62-income limit \$7,000-credit limit \$320. Income tax credit for excess property taxes paid: a) over 62, blind, disabled-income limit \$20,000-credit limit \$750.	-\$ 2,309,000
	1978	1979	b) under 62-income limit \$10,000-credit limit \$400. Income tax credit for excess property taxes paid is increased to \$750 and the income limit is increased to \$20,000 for claimants under age 62 who are not blind or disabled.	-\$ 1,000,000
	1980	1980	Installment dates for payments of and declarations of estimated tax changed from July 15 to June 15 and from October 15 to September 15.	+\$ 2,500,000

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2002

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/									
				FY '87	FY '88	FY '89	FY '90	FY '91	FY '92	FY '93	FY '94	FY '95	
Individual Income-continued	1982	1982	D.C. income tax conformed to the federal income tax with certain modifications.										
	1982	1983	Conformity to federal treatment of medical and dental expenses, and casualty losses.										
	1987	1987	Require seizure of individual income tax refunds of the University of the District of Columbia adjudicated student loan defaulters.										
													-
													Estimated full Year Revenue Effect at Time of Change 1/3/ (Millions of Dollars)
FISCAL YEAR OF ENACTMENT				FY '87	FY '88	FY '89	FY '90	FY '91	FY '92	FY '93	FY '94	FY '95	
	1987		1987 new rates and brackets										
			% 6 8 10										
			\$000 10 10 over 20 for calendar year 1987										
			% 6 8 9.5 for calendar year 1988										
			\$000 10 10 over 20 and subsequent years.	2.9	17.7	19.9	23.0	26.0					
1987			Increased personal exemption to \$885 for 1987; \$1,025 for 1988; \$1,160 for 1989; \$1,270 for 1990; and \$1,370 for 1991 and subsequent calendar years.	-7.6	-11.9	-17.7	-22.5	-26.8					
1987			Increased standard deduction from \$1,000 to \$2,000.	-10.0	-10.0	-10.0	-10.0	-10.0					
1987			Retained \$3,000 exclusion for certain retirees.	-5.0	-5.0	-5.0	-5.0	-5.0					
1987			Established low individual income tax credit.	-2.0	-1.0	-1.0	-1.0	-1.0					
1989			Repealed Political Contribution Credit	-	-	0.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0
			Required same deduction method used when filing federal return.	-	-	1.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
			Begin taxation of lottery winnings.	-	-	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
1995			Confirm to Internal Revenue code provisions as of April 11, 1995										Minimal
				FY '00	FY '01	FY '02	FY '03	FY '04					
1999			Tax Parity Act of 1999 (estimates assume full enactment)	\$21.2 (M)	\$56.2 (M)	\$77.2 (M)	\$99.9 (M)	\$148.7 (M)					

**REDUCED TAX RATES AS FOLLOWS:**

Lowest Rate \$0 - \$10,000 (currently 6.0%)	5.0%	5.0%	5.0%	4.5%	4.0%
Middle Rate \$10,001 - \$20,000 (currently 8.0%)	7.5%	7.5%	7.0%	7.0%	6.0%
Top Rate Over \$20,000 (currently 9.5%)	9.5%	9.3%	9.0%	8.7%	8.5%
Top Bracket 4/	\$20K	\$30K	\$30K	\$40K	\$40K

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
				FY '00	FY '01
		2001	Tax Parity Act of 1999 suspended		-
	2002	2003	Earned Income Tax Credit		
			Tax Year 2001 – 10% of federal credit		
			Tax Year 2002 – 25% of federal credit		
					-\$ 18,711,000

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2002

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/						
Corporation and Unincorporated Business Franchise	1970	1970	\$25 minimum tax and quarterly declaration payment requirements	+\$		2,500,000				
	1972	1972	Rate increased to 7%	+\$		3,000,000				
		1974	Rate increased to 8%	+\$		3,000,000				
	1976	1976	Professional added to unincorporated business franchise tax base at 12% rate with new exemption and salary allowance amounts	+\$		8,250,000 (gross amount before individual income tax impact)				
			Permanent corporate and unincorporated business tax rate increase from 8% to 9%.	+\$		3,675,000				
			Temporary increase for calendar year 1975 from 9% to 12%.	+\$		11,025,000				
			Require professional corporations to file as unincorporated business..	+\$		1,250,000				
			10% surtax imposed; effective rate for fiscal year 1976 returns became 9.9%.	+\$		6,000,000				
	1977	1977	Only unincorporated businesses with gross incomes in excess of \$12,000 must file a return.	-\$		40,000				
	1978	1978	10% surtax continued indefinitely	+\$		5,600,000				
	1980	1980	Installment dates for payments and declarations of estimated tax changed from July 15 to June 15 and from October 15 to September 15.	+\$		2,500,000				
	1980	1980	Professionals deleted from unincorporated business franchise tax base.	-\$		10,410,000				
	1980	1981	Financial institutions added to corporation franchise tax base.	+\$		3,569,000				
	1983	1983	Minimum franchise tax increased from \$25 to \$100.	+\$		800,000				
	1984	1985	Rate increased from 9% to 10%, surtax decreased from 10% to 5% for an effective rate of 10.5%.	+\$		7,000,000				
	1986	1986	Nondeductible expenses incurred to produce, treated as exempt income.							
					<b>FY '87</b>	<b>FY '88</b>	<b>FY '89</b>	<b>FY '90</b>	<b>FY '91</b>	<b>FY '92</b>
	1987		Surtax decreased from 5% to 2.5%.		0	-4.4	-4.8	-5.3	-5.8	-
	1987		Established net operating loss.		-5.0	-5.0	-5.0	-5.0	-	-
	1989		Surtax increased from 2.5% to 5%.		-	4.3	4.7	5.1	-	-
	1993	1993	Surtax decreased from 5% to 2.5%, effective October 1, 1992.	-\$						2,950,000
	1994	1995	Reduce franchise tax rate to 9.5%.	-\$						6,400,000
	1994	1995	Allow a deduction for Subpart F income.	-\$						3,000,000
	1994	1994	Conform to provisions of omnibus budget reconciliation act of 1993	+\$						100,000
	1994	1994	Add a 2.5% surtax to finance the Convention Center.	+\$						3,143,000
	1995	1995	Conform to Internal Revenue Code provisions as of April 11, 1995.							-
	1999	1999	Surtax (2.5%) financing the Convention Center shifted to general fund. 5/	+\$						6,200,000
	1999	2000	Eliminate carry back of net operating losses/adjust net operating loss provisions to reflect single entity filing.							-
	1999	2003	Reduce 9.975% rate to 9.0%.	-\$						16,700,000
	1999	2004	Reduce 9.0% rate to 8.5% (rate reduction impact is cumulative).	-\$						28,700,000
	2002	2003	Tax Parity suspended.	+\$						17,500,000



**HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2002**

<b>REVENUE SOURCE</b>	<b>FISCAL YEAR OF ENACTMENT</b>	<b>FISCAL YEAR EFFECTIVE</b>	<b>CHANGE</b>	<b>FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/</b>
Corporation and Unincorporated Business Franchise-continued	2002	2003	Bonus depreciation decoupling from the Federal Corporation Tax code (recently passed federal job Creation and Worker Assistance Act of 2002).	+\$ 24,000,000
Inheritance and Estate	1972	1972	Rates increased to a range of 1% - 23%, Class B merged with Class C and exemption lowered.	-\$ 2,800,000
	1987	1987	Inheritance tax abolished for decedents dying on or after April 1, 1987.	-\$ 15,000,000
	2002	2002	DC Estate Tax is no longer in conformity with the Federal Estate Tax, and the filing threshold increases from \$600,000 to \$675,000 effective January 1, 2002.	-
Insurance	1977	1977	Payment dates changed. If liability is over \$2,000, at least 25% of tax must be paid in each of 3 installments during the year taxable income is received. Remainder is due by march 1 following close of calendar year.	-
	1992	1993	Increase insurance gross premiums tax rate from 2% to 2.25% (October 1992).	+\$ 4,000,000
	1999	1999	Decrease insurance gross premiums tax rate from 2.25% to 1.7% (January 1, 1999).	-\$ 6,000,000
Motor Vehicles:	1970	1970	Rate increased from 3% to 4%.	+\$ 1,700,000
Motor Vehicle Excise	1973	1973	Rate increased from 4% to 5%.	+\$ 1,900,000
	1976	1976	Rate increased from 5% to 6%.	+\$ 1,800,000
			New rates and weight classes instituted 4% 2799 lbs. Or less 5% 2800 – 3400 lbs. 6% 3500 – 3999 lbs. 7% 4000 lbs. or over	+\$ 550,000
	1983	1983	New rates and weight classes instituted (June 1983) 6% 3499 lbs. or less 7% 3500 lbs. or over	+\$ 2,000,000
	1990	1990	Exempted taxicabs from motor vehicle excise tax and required new residents to pay excise tax on motor vehicles transferred into the District.	+\$ 700,000
	1999	1999	Repeal requirement that new residents pay second excise tax on vehicles transferred into the District. 6/	-\$ 12,000,000
Motor Vehicle Fuel	1972	1972	Rate increased from 1¢/gallon to 8¢/gallon	+\$ 2,400,000
	1976	1976	Rate increased from 2¢/gallon to 10¢/gallon	+\$ 4,825,000
	1980	1980	Rate increased from 10¢/gallon to 11¢/gallon	+\$ 1,512,000
	1980	1981	Rate increased from 11¢/gallon to 13¢/gallon (June 1981)	+\$ 3,024,000
	1980	1982	The gasoline excise tax rate becomes indexed to the consumer price urban index. Rate increased from 13¢/gallon to 14¢/gallon after indexing (June 1982).	-
	1983	1983	Rate increased from 14¢/gallon to 14.8¢/gallon (June 1983).	+\$ 1,600,000
	1984	1984	Rate increased from 14.8¢/gallon to 15.5¢/gallon (June 1984).	+\$ 1,300,000
	1985	1985	Rate set at 15.5¢/gallon (June 1985), indexing repealed.	+\$ 1,100,000
	1989	1989	Rate increased from 15.5¢/gallon to 18¢/gallon (June 1989).	-\$ 1,700,000
	1992	1993	Rate increased from 18¢/gallon to 20¢/gallon (October 1992).	+\$ 4,000,000
	1994	1994	Temporary rate increase (4 months) from 20¢/gallon to 22.5¢/gallon (June 1994).	+\$ 3,300,000
MV Registration	1970	1970	Rate increased from \$22.50 on cars under 3500 lbs. to \$30.00 on cars under 3400 lbs.; rate increased on cars over 3500 lbs. from \$32.50 to \$50.00 on cars over 3400 lbs.; rates on other vehicles increased by one-third.	+\$ 1,300,000
	1976	1976	Rate increased on cars under 3400 lbs. from \$30.00 to \$40.00; rate increased on cars over 3400 lbs. from \$50.00 to \$67.00; rates on other vehicles increased by one-third.	+\$ 3,300,000
				+\$ 3,850,000

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2002

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
Motor Vehicles-continued				
MV Registration	1976	1976	New rates and weight classes instituted \$ 50 2800 lbs. or less \$ 57 2801 – 3499 lbs. \$ 83 3500 – 3999 lbs. \$ 96 4000 lbs. and over Rates on other vehicles increased by one-third.	
	1977	1977	New reduced rates and weight classes instituted \$ 35 2800 lbs. or less \$ 42 2801 – 3499 lbs. \$ 68 3500 – 3999 lbs. \$ 76 4000 lbs. and over	-\$ 3,900,000
	1983	1983	New rates and weight classes instituted \$ 45 3499 lbs. or less \$ 78 3500 lbs. and over	+\$ 1,400,000
	1991	1991	New rates instituted \$ 55 3499 lbs. or less \$ 88 3500 lbs. and over	+\$ 3,000,000
	2003	2003	New rates instituted \$ 72 3499 lbs. or less \$115 3500 lbs. and over	+\$ 10,900,000
Property Taxes:				
Personal Property	1970	1970	Rate increased 10¢/\$100 of assessed value to \$2.40/\$100.	+\$ 700,000
	1973		Phase-out of tax applicable to business inventories FY 1973 2/3 rate applies FY 1974 1/3 rate applies FY 1975 phase-out completed	-\$ 2,600,000 -\$ 5,300,000 -\$ 8,500,000
	1976	1977	Rate increased 42¢/\$100 of assessed value to \$2.82/\$100.	+\$ 2,300,000
	1977	1977	Payment due with return-July 31	-
	1980	1980	Rate increased 28¢/\$100 of assessed value to \$3.10/\$100.	+\$ 2,200,000
	1987	1987	Created a retroactive personal property tax credit to all telecommunications providers	-
	1992	1992	Rate increased \$3.10/\$100 of assessed value to \$3.40/\$100 (July 1992).	-\$ 6,400,000
	1999	2000	Provide \$50,000 taxable value threshold (revenue impact is full year for FY 2001).	-\$ 6,000,000
	1999	2000	Accelerated depreciation for computer equipment (revenue impact is full year for FY 2001)	-\$ 9,000,000
Real Estate	1970	1970	Rate increased 10¢/\$100 of assessed value to \$3.10/\$100.	+\$ 3,600,000
	1972	1972	Rate increased 10¢/\$100 of assessed value to \$3.20/\$100.	+\$ 3,900,000
	1973	1973	Rate increased 12¢/\$100 of assessed value to \$3.32/\$100.	+\$ 4,700,000
	1975	1975	Assessment level increased to 100% of estimated market value; rate dropped to \$1.83/\$100.	-
	1976	1976	First half real estate payment advance to September 15 from September 30.	-
	1977	1978	Single-family homes, condominiums and cooperatives assessed value reduced by \$6,000.	-\$ 11,650,000
	1977	1978	Single-family homes, condominiums and cooperatives must be owner-occupied in order to receive \$6,000 Homestead Exemption.	-\$ 8,500,000
	1978	1979	Increased owner-occupied single-family homes, condominiums and cooperatives Homestead Exemption to \$9,000.	-\$ 3,000,000
	1979	1979	Three classifications of real property established for determining the applicable property tax rate.	-
	1980	1980	Class 3 rate increased 30¢/\$100 of assessed value to \$2.13/\$100.	+\$ 15,800,000

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2002

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
Real Estate-continued	1982	1982	A quinquennial (every 5 years) filing permitted for the \$9,000 homeowner's exemption.	-
	1984	1984	Class 3 rate decreased 10¢/\$100 of assessed value to \$2.03/\$100.	-\$ 11,200,000
	1984	1984	Public space rental formula changed from a fractional assessment basis (65%) to a method based upon the property's full assessed value.	+\$ 900,000
	1985	1985	Four classifications of real property established for determining the applicable property tax rate.	-\$ 3,400,000
	1986	1987	Established a July Nuisance Tax Sale in addition to the annual January Real Property Tax Sale.	-
	1986	1987	Retired Senior Citizens, 65 or older, receive 50% reduction on real property taxes (January 1987).	-\$ 6,400,000
	1987	1987	Increased owner-occupied single-family homes, condominiums and cooperatives Homestead Exemption to \$15,000 (January 1987).	-\$ 6,500,000
	1988	1989	Increased owner-occupied single-family homes, condominiums and cooperatives Homestead Exemption to \$22,000 (June 1988).	-\$ 7,600,000
	1990	1990	Increased owner-occupied single-family homes, condominiums and Cooperatives Homestead Exemption to \$30,000 (June 1990).	-\$ 7,100,000
	1990	1990	Class 1 rate decreased from \$1.06 to \$0.96.	-\$ 14,100,000
			Established Class 5 for unimproved vacant land at rate of \$3.29.	+\$ 5,800,000
	1992	1992	Expand eligibility for senior citizen property tax relief and cap eligibility at \$100,000 income (July 1992).	+\$ 2,500,000
	1993	1994	Increase Class 5 rate from \$3.29 to \$5.00.	+\$ 5,100,000
	1995	1995	Calculated rates go into effect for the 1 <sup>st</sup> half of year. Class 1 rate = \$0.96 Class 2 rate = \$1.62 Class 3 rate = \$1.81 Class 4 rate = \$2.31 Class 5 rate = \$5.35	+\$ 40,100,000
	1996	1996	Eliminated January Nuisance Tax Sale.	-
	1997	1997	Replace January Real Property Sale to a July Real Property Tax Sale.	-
	1997	1999	The District began 3-year phase-in of a triennial assessment system. Properties were divided into three triennial groups for assessment purposes. One tri-group is reassessed each year. Tri-group I in FY 1999, tri-group II in FY 2000, and tri-group III in FY 2001.	-
	1999	2000	Reduce Class 2 rate as follows: FY 2000 - from \$1.54 to \$1.34 FY 2001 - from \$1.34 to \$1.15 FY 2002 - from \$1.15 to \$0.96	-\$ 13,100,000 -\$ 25,600,000 -\$ 38,100,000
			Reduce Class 4 rate as follows: FY 2000 - from \$2.15 to \$2.05 FY 2001 - from \$2.05 to \$1.95 FY 2002 - from \$1.95 to \$1.85	-\$ 16,800,000 -\$ 33,500,000 -\$ 50,300,000
			Reduce Class 5 rate as follows: FY 2000 - from \$5.00 to \$2.05 FY 2001 - from \$2.05 to \$1.95 FY 2002 - from \$1.95 to \$1.85	-\$ 4,100,000 -\$ 4,300,000 -\$ 4,400,000
	2000	2000	Purchaser of tax sale property does not receive deed until Court judgment forecloses right of redemption.	-
	2002	2003	Created a new Class 3 for abandoned and vacant property, rate increased from \$1.85 to \$5.00.	+\$ 15,900,000

**HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2002**

<b>REVENUE SOURCE</b>	<b>FISCAL YEAR OF ENACTMENT</b>	<b>FISCAL YEAR EFFECTIVE</b>	<b>CHANGE</b>	<b>FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/</b>	
Real Estate-continued	2002	2002	Return to annual assessment and instituting a 25 percent cap on annual tax growth of residential properties. One triennial group shifts into annual assessment each year through FY 2004, beginning with tri-group I, tri-group II in FY 2003, and tri-group III in FY 2004. By FY 2004, all property in the District will once again be reassessed on an annual basis.	+\$	55,000,000
Public Utilities	1973	1973	Rate increased from 4% to 5%.	+\$	3,000,000
	1976	1976	Rate increased from 5% to 6%.	+\$	4,800,000
	1977	1977	Payment due with return August 1.		-
	1983	1983	Rate increased from 6% to 6.7%.	+\$	8,200,000
	1983	1984	Repealed estimated reporting and payment provisions.		-
	1983	1984	Payment dates changed from annually on or before August 1 to monthly by the 20 <sup>th</sup> day of each month.		-
	1987	1987	Gross receipts tax imposed on all telecommunications service providers.	+\$	20,000,000
	1989	1989	Gross receipts tax repealed on all telecommunications service providers.	-\$	20,000,000
	1991	1991	Gross receipts tax rate increased, by temporary legislation, from 6.7% to 9.7% (estimated revenue effect is for three months).	+\$	12,200,000
	1992	1992	Gross receipts tax rate of 9.7% mad permanent (April 1992).	+\$	44,300,000
	1992	1992	Expand public utility gross receipts tax to include cable TV, video, radio and other services (July 1992).	+\$	4,200,000
	1994	1994	Gross receipts rate increases to 10% (June 1994).	+\$	3,900,000
	1994	1994	Expand gross receipts tax to heating oil (June 1994).	+\$	1,800,000
	1997	1997	Tax base expanded to 3 <sup>d</sup> party providers of natural gas.	+\$	800,000
1998	1999	Tax base narrowed to exclude gross receipts tax collected from consumers.	-\$	14,000,000	
	2002	2003	Rate increased from 10% to 11%.	+\$	10,400,000
Toll Telecommunications	1989	1989	Effective March 3, 1989, toll telecommunications gross charges subjected to a tax of 6.7%. This replaced the gross receipts tax on all telecommunication service providers and also provided partial sales and personal property tax exemptions.	+\$	20,000,000
	1991	1991	Toll telecommunication gross charges tax rate increased by temporary legislation, from 6.7% to 9.7%.	+\$	2,500,000
	1992	1992	Gross charges tax rate of 9.7% made permanent (April 1992).	+\$	10,000,000
	1994	1994	Gross charges tax rate increases to 10% (June 1994).	+\$	2,700,000
	1996	1997	Toll telecommunications tax base expanded to include commercial mobile cellular service.	+\$	4,800,000
	1998	1999	Toll telecommunications tax base for commercial mobile cellular service changed..	-\$	500,000
	1998	1999	Tax base narrowed to exclude gross receipts tax collected from consumers.	-\$	5,000,000
		2002	2003	Rate increased from 10% to 11%.	+\$
Deed Recordation and Transfer: Recordation	1976	1976	Rate increased from .5% to 1% of consideration.	+\$	1,200,000
	1978	1978	An excise tax is imposed on the transferrers of residential real property containing 4 or fewer dwelling units at rates ranging from 3% to 97% of gain.		-
	1978	1982	Excise tax on transferrers of residential real property expired.		-

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2002

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/				
Deed Recordation and Transfer-continued	Recordation	1980	1980	Tax base expanded to include construction loan deeds of trust on mortgages permanent loan deeds of trust on mortgages and purchase mortgages.	+\$ 1,000,000			
		1989	1989	Rate increased from 1% to 1.1% of consideration.	+\$ 4,000,000			
		1989	1990	Established recordation tax on transfers of economic interests at the rate of 2.2%.	+\$ 5,500,000			
		1994	1994	Expand recordation tax base to security interest (June 1994).	+\$ 1,800,000			
		2002	2003	Rate increased from 1.1% to 1.5%. 7/	+\$ 16,722,000			
	Transfer		2002	2003	15% of the District's real estate recordation taxes will be deposited in The Housing Production Trust Fund to provide financial assistance for housing available to low and moderate-income families and individuals.	-\$ 2,529,000		
			1980	1980	A transfer tax is imposed on each transfer of real property at the rate of 1% of the consideration paid.	+\$ 12,000,000		
			1989	1989	Rate increased from 1% to 1.1% of consideration.	+\$ 3,300,000		
			2000	2000	Clarifies that the transfer tax will be based on the sales price of real property.	-		
			2002	2003	Rate increased from 1.1% to 1.5%. 7/	+\$ 11,072,000		
Sales and Use Tax		1980	2003	15% of the District's real estate recordation taxes will be deposited in The Housing Production Trust Fund to provide financial assistance for housing available to low and moderate-income families and individuals.	-\$ 2,471,000			
				2002	2003			
				1970	1970	Rate of 5% imposed on all restaurant meals and sales of alcoholic beverages.	+\$ 3,400,000	
						Rate of 2% applies to:		
						Groceries-with a sales tax credit for residents earnings Below \$6,000.	+\$ 1,300,000	
						Laundry and dry cleaning	+\$ 1,000,000	
						Non-prescription drugs	+\$ 350,000	
						Rate of 4% applies to:		
							Admissions to theaters and public events	+\$ 700,000
							Repair of tangible personal property	+\$ 2,200,000
						Duplicating, addressing and mailing services	+\$ 800,000	
						Rentals of linens added to base at 2%.	+\$ 125,000	
						General rate increased from 4% to 5%.	+\$ 13,000,000	
						Transient accommodations sale of alcoholic beverages and restaurant meals increased from 5% to 6%.	+\$ 2,800,000	
						Groceries, non-prescription drugs and laundry and dry cleaning exempted.		
							-\$ 6,800,000	
						Rental of linens increased from 2% to 5%.	+\$ 300,000	
						Motor vehicle parking subject to tax at 8%.	+\$ 3,300,000	
						Motor vehicle parking increased from 8% to 12%.	+\$ 1,600,000	
						Transient accommodations, restaurant meals increased from 6% to 8%.	+\$ 9,400,000	
General rate increased from 5% to 6%. Sales of motor fuel subjected to general sales tax rate of 6%. Rate on transit accommodations increased from 8% to 10%.	+\$ 29,000,000							
Candy, confectionery, chewing gum and soft drink sales are taxable at 8%. Rental or leasing of rental vehicles and utility trailers subject to 8% use tax.	+\$ 2,500,000							
Sales tax on motor fuel sales repealed effective, December 1, 1990.	-\$ 13,000,000							
Repeal of the blanket 8% tax on candy, confectionery, chewing gum and soft drinks.	-\$ 2,500,000							
Sales tax rate on items sold in vending machines increased from 2% to 6%.	+\$ 1,000,000							

**HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2002**

<b>REVENUE SOURCE</b>	<b>FISCAL YEAR OF ENACTMENT</b>	<b>FISCAL YEAR EFFECTIVE</b>	<b>CHANGE</b>	<b>FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/</b>
Sales and Use-continued	1987	1987	Exempt certain food items to maintain conformity to federal food stamp laws.	-
			Examine District of Columbia sales exemption status organization exempt under Internal Revenue Code 501©(4).	-
	1989	1989	Established tax on real property services at the rate of 6%.	+\$ 10,000,000
	1989	1989	Established tax on data processing and information services at the rate of 6%.	+\$ 25,000,000
	1989	1989	Established vendor credit of 1% of sales.	-\$ 1,600,000
	1989	1989	Restaurant meals and sales of alcoholic beverages increased from 8% to 9%.	+\$ 11,000,000
	1989	1989	Transient accommodations increased from 10% to 11%.	+\$ 7,000,000
	1990	1990	Clarified tax on services not to apply to services provided to affiliated companies.	-\$ 1,000,000
	1991	1991	Sales tax on residential utility services repealed by temporary legislation. (estimated revenue effect is for three months).	-\$ 3,900,000
	1992	1992	Increase sales tax rate on off-sale alcoholic beverages from 6% to 8% (June 1992).	+\$ 2,900,000
	1992	1992	Expand 6% sales tax base to include laundering services (July 1992).	+\$ 3,000,000
	1992	1992	Make repeal of sales tax on residential services permanent (April 1992).	-\$ 15,700,000
	1993	1993	Expand 6% sales tax base to include the following: Snack foods	+\$ 2,700,000
			Selected telecommunications services	+\$ 7,600,000
			All publications and newspapers	+\$ 2,700,000
	1994	1994	Temporarily increase general sales tax rate to 7% (June 1994).	+\$ 10,800,000
	1994	1994	Expand sales tax base to courier services (June 1994).	+\$ 2,000,000
	1994	1994	Expand sales tax base to employment services (June 1994).	+\$ 2,500,000
	1994	1995	Permanently reduce general sales tax rate to 5.75% (October 1994).	-\$ 9,200,000
	1994	1995	Restaurant meals and alcohol for on premise consumption increased from 9% to 10% with the 1% increase to finance the Convention Center (October 1994).	+\$ 12,400,000
	1994	1995	Hotel sales tax increased from 11% to 13% with 2.5% to finance the Convention Center (October 1994).	+\$ 10,960,000
	1999	1999	Hotel sales tax increased from 13% to 14.5% to increase funding for new Convention Center. However, general fund tax portion of hotel sales tax reduced from 10.2% to 10.05% (October 1999). 8/	-\$ 4,000,000
	1999	2000	Sales tax on Internet access eliminated.	-
	2001	2001	Repeal the sales tax on snack foods.	-\$ 3,300,000
	2001	2001	Eliminates the 1% sales tax credit allowed to vendors for timely filing their returns.	-
	2001	2001	Sales tax holiday (10 days: August 3 <sup>rd</sup> to August 12 <sup>th</sup> ).	-\$ 908,000
	2002	2003	Increased retail alcoholic beverage from 8% to 9%.	+\$ 1,350,000
Hotel Occupancy	1978	1978	Hotel occupancy tax of \$0.80 per room per day enacted.	+\$ 3,000,000
	1982	1983	Rate increased to \$1 per room per day.	+\$ 938,000
	1989	1989	Rate increased from \$1.00 to \$1.50 per room per day.	+\$ 3,000,000
	1999	1999	Repeal of hotel occupancy tax (October 1, 1998). 8/	-\$ 5,400,000

**HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2002**

<b>REVENUE SOURCE</b>	<b>FISCAL YEAR OF ENACTMENT</b>	<b>FISCAL YEAR EFFECTIVE</b>	<b>CHANGE</b>	<b>FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/</b>
Special Programs:	1985	1985	District of Columbia Rental Housing Act of 1985. 9/	-
	1987	1987	Tax Amnesty Program (July1, 1987 – September 30, 1987). 10/	+\$ 10,000,000
	1994	1994	One year public safety fee implementation	+\$ 34,000,000
	1994	1995	Arena fee, to finance a downtown sports arena.	+\$ 9,100,000
	1999	2000	Arena Fee rates changed as follows:	+\$ 3,000,000
			<b>CURRENT RATES</b>	<b>NEW RATES</b>
			DC Gross Receipts	Arena Fee Rate
			DC Gross Receipts	Arena Fee Rate
			\$0-\$200K	\$25 \$2M - \$3M \$1,000
			\$200K - \$500K	\$50 \$3M - \$10M \$3,300
			\$500K - \$1M	\$100 \$10M - \$15M \$6,500
			\$1M - \$3M	\$825 Over \$15M \$11,000
			\$3M - \$10M	\$2,500
			\$10M - \$15M	\$5,000
			\$15M & over	\$8,400
	2001	2001	Arena Fee terminated in fiscal year 2001.	-\$ 12,000,000

1/ The revenue effects of each law change is mutually exclusive.

2/ The revenue effect of adding financial institutions to the corporation franchise tax base resulted in a revenue loss of \$7.2 million annually by FY1985. The increase shown results from the mechanisms of phasing in the change.

3/ Increase tax change effective on a calendar year basis.

4/ Top bracket may be reduced as low as 8.0%, depending upon revenue and economic performance.

5/ Revenue impact represents increase in general fund (local) revenues.

6/ Estimate provided by Department of Public Works.

7/ For owner-occupied, property sold under \$250,000, the rate will remain at 1.1%.

8/ Revenue effect reflects loss to general fund (local) revenues.

9/ Department of Finance and Revenue required to provide Tax Standing Evaluation Reports.

10/ Amnesty from penalties and interest for all taxes except real property tax and unemployment compensation. Effective October 1, 1987, penalties and interest for all taxes except real property and unemployment compensation increases.

**PART V – FILING AND PAYMENT DATES IN FY 2003**



**FILING AND PAYMENT DATES  
FY 2003**

**Alcoholic Beverage Tax**

The tax is due by the 15th day of each month on the preceding month's sales.

**Cigarette Tax**

Payment is made by the purchase of stamps.

**Estate Tax**

Returns and tax are due 10 months after death of decedent. A District of Columbia Estate Tax Return must be filed if a Federal Estate Tax Return is required to be filed. Generally, the amount of the tax is the credit for state death tax allowed on the federal return.

A penalty of 5% per month, but not more than 25% in the aggregate, of the tax due is imposed for the failure to timely file the return or pay the tax. Interest is assessed on any tax not paid by the due date at the rate of 1.5% per month.

**Income Taxes:**

**Corporate and Unincorporated Business Franchise Taxes**

Corporate returns are due and payment of the tax must be made on or before the 15th day of the third month following the close of the taxable year. Unincorporated business franchise tax returns are due and payment of tax must be made on or before the 15th day of the fourth month following the close of the taxable year. A penalty of 5%, but not more than 25% in the aggregate, is imposed for failure to timely file returns. Interest is imposed for any tax not paid when due at the rate of 1.5% per month until the tax is paid.

**Individual Income Tax**

Calendar year returns are due on or before April 15 of the succeeding year while fiscal year returns are due on or before the 15th day of the fourth month following the close of the fiscal year.

The penalty for failure to file a return on time is 5% of the tax due, but not more than 25% in the aggregate. Interest is charged at the rate of 1.5% per month from the due date of the return to the date the tax is paid.

The penalty for failure to file in a timely manner a declaration of estimated tax is 5% per month of the estimated tax, but not more than 25% in the aggregate. Interest is imposed for failure to pay any installment when due at the rate of 1.5% per month.

## **FILING AND PAYMENT DATES – Continued**

### **Individual Income Tax – continued**

The penalty for failure to file in a timely manner a declaration of estimated tax is 5% per month of the estimated tax, but not more than 25% in the aggregate. Interest is imposed for failure to pay any installment when due at the rate of 1.5% per month.

Employers must withhold District individual income taxes from employees who are subject to the tax. If such withholding is less than \$50 per month, the employer must remit the tax by the last day of the month following the close of the tax year; if withholding is \$50 or more per month, it must be remitted on the 20th day of the following month.

The penalty for failure to file the withholding tax return or to pay the tax when due is 5% of the tax withheld during the reporting period, but not more than 25% in the aggregate. Interest is charged for late payment at the rate of 1.5% per month from the due date of the return to the date the tax is paid.

### **Insurance Tax**

If tax liability is less than \$1,000, the tax must be paid before March 1 of the succeeding calendar year. If tax liability is \$1,000 or more, at least 50% of tax must be paid by June 1 of the calendar year in which the taxable income is received. The remainder is due on or before March 1 following the close of the calendar year. A penalty of 8% per month of the tax due is charged for failure to timely pay the insurance tax.

### **Motor Vehicle Fuel Tax**

Reports and tax are due on the 25th day of each month on the preceding month's sales or dispositions.

### **Motor Vehicle Registration Fee**

Under the staggered motor vehicle registration system, motorists will pay their registration fees upon assumption of ownership of the vehicle or on an assigned day of the year.

### **Personal Property Tax**

The return, accompanied by the tax payment, is due on or before July 31 of each year on the tangible personal property remaining cost (current value) as of July 1. A penalty of 5% per month, but not more than 25% in the aggregate, is imposed for failure to timely file returns. Interest at the rate of 1.5% per month is charged until the tax is paid.

## **FILING AND PAYMENT DATES – Continued**

### **Real Property Tax – continued**

appeal such assessments before the Assessment Division. If the assessor and the property owner, or party of interest, do not resolve a disputed value, the property owner may proceed to the Board of Real Property Assessments and Appeals (BRPAA). BRPAA will not accept an appeal unless there has first been an appeal to the Assessment Division.

The tax may be paid in full or in two equal installments. One-half the tax is payable on or before March 31 and the other half tax is due on or before September 15. A 10% penalty is imposed for late payment of real estate tax bills. Interest at the rate of 1% per month is charged from the date the tax is due until the date the tax is paid.

### **Public Utility Tax**

Returns are due on the 20th day of each month on the preceding month's gross receipt. A penalty of 5% per month, but not more than 25% in the aggregate, is charged for failure to file return or pay taxes on time. Interest is charged at the rate of 1.5% per month until the tax is paid.

### **Recordation Tax**

The deed recordation tax is due when the deed is recorded. Each deed must be accompanied by a return before it can be recorded. The penalty for failure to make and file a correct return is 5% per month, but not more than 25% in the aggregate. Interest at the rate of  $\frac{1}{2}$  of one percent per month is charged on any recordation tax not paid when due.

### **Real Property Transfer Tax**

The transfer tax is due when the deed is recorded and each deed must be accompanied by a transfer tax return. A penalty of 4% of the tax due is imposed for failure to file the transfer tax return. Interest is charged at the rate of 1.25% per month.

### **Economic Interest Transfer**

The economic interest transfer tax is triggered by two elements. These elements are 1) 80% of the assets of a corporation consist of real property located in the District of Columbia, and 2) more than 50% of the controlling interest of the corporation is being transferred. If these two elements are met then the tax rate is 3.0% of the consideration. The consideration is not always equal to the assessed value of the property. The consideration is what is paid for the interest being transferred. If there is no tangible consideration, then the tax basis will be the assessed value of the property owned by the corporation. The tax is due at the time of recordation.

## **FILING AND PAYMENT DATES – Continued**

### **Sales and Use Taxes**

Monthly returns and tax are due on the 20th day of each month following the reporting period. If the due date falls on Saturday, Sunday or a legal holiday, the return is due on the next business day.

To avoid a delinquency notice, a return must be filed even if no sales were made or no sales or use tax is due.

An annual return is due on or before January 20<sup>th</sup>. To avoid delinquency notices, a return must be filed even if no sales were made or no sales or use tax is due.

A penalty of 5% per month, but not more than 25% in the aggregate, is charged for failure to file sales and use tax returns or to pay sales and use taxes on time. Interest is charged at the rate of 1.5% per month until the tax is paid.

There is a 20% penalty on any understatement of taxes due if the understatement exceeds either 10% of the tax determined to be due or \$2,000, whichever is the greater. (Understatement of taxes is the difference between the amount shown on the original or amended return and any greater amount of tax determined to be due as a result of an audit or review.)

### **Toll Telecommunications Tax**

Returns and tax are due on the 20th day of each month on the preceding month's charges. An annual return must be filed on or before 30 days after the end of the tax year.

A penalty of 5% per month, but not more than 25% in the aggregate, is charged for failure to file tax returns or to pay toll telecommunications taxes on time. Interest is charged at the rate of 1.5% per month until the tax is paid.

**TABLE 8  
DISTRICT OF COLUMBIA  
RETURNS FILED BY TAX TYPE  
2002**

<b>TAX</b>	<b>RETURN VOLUME</b>	
Individual Income Tax	316,500	1/
Franchise Taxes	57,554	1/
Employer Withholding	363,986	1/2/
Personal Property	17,515	1/
Estate	473	
Sales and Use	150,720	1/2/
Income Declarations	58,250	3/
Franchise Declarations	21,041	3/
Real Property	281,249	4/
Arena Fee	<u>1,342</u>	1/
<b>Total Volume</b>	<b>1,268,630</b>	

1/ Returns filed annually.

2/ Returns filed monthly.

3/ Returns filed quarterly.

4/ Tax is due in two equal installments on or before March 31 and on or before September 15 of each year.

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