

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer

**DATE:** November 6, 2002

**SUBJECT:** Fiscal Impact Statement: "Income from Discrimination  
Exclusion Amendment Act of 2002"

**REFERENCE:** Bill 14-885 as Introduced

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**Conclusion**

Funds are sufficient in the FY 2003 through FY 2006 consensus budget and financial plan as agreed upon by the Mayor and the Council of the District of Columbia because the negative impact on local General Fund revenue is negligible.

**Background**

The proposed legislation requires that funds received as court-ordered awards that cite unlawful discrimination are to be excluded from gross income taxation. Current law exempts the amounts received from a favorable decision for the claimant in a civil rights case for employment discrimination. Current law and the proposed amendment will exclude backpay, frontpay, and punitive damages. The proposed legislation will remove the condition of employment litigation and make the existing provisions of law apply to claimants with favorable Court decisions in all civil rights litigation.

**Financial Plan Impact**

Should a court make an award that results in the dedication of a portion of an individual's gross income as tax exempt the District will treat those funds accordingly. The District can only approximate the revenue foregone by the provisions of the proposed legislation but assumes that those impacts would reduce local General Fund revenue by a negligible amount. If the proposed legislation had already been implemented the District would have foregone approximately \$4,000 a year for the last five years.