

**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:** March 4, 2002

**SUBJECT:** Fiscal Impact Statement: "Income Tax Rates Freeze  
Emergency Act of 2002"

**REFERENCE:** Bill Number Not Available – Draft Legislation as Introduced

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**Conclusion**

Funds are sufficient in the FY 2002 budget and the proposed FY 2003 through FY 2006 budget and financial plan to implement the provisions of the proposed legislation. The proposed legislation will result in additional tax collections of \$34 million in FY 2002 and \$252 million in FY 2002 through FY 2005.

**Background**

The proposed legislation will freeze the highest income tax rate of 9.3 percent.

**Financial Plan Impact**

Funds are sufficient in the FY 2002 budget and the proposed FY 2003 through FY 2006 budget and financial plan to fund activities associated with implementing the provisions of the proposed legislation. The proposed legislation will result in additional tax collections of \$34 million in FY 2002, \$77 million in FY 2003 and \$141 million in FY 2004. Impacts to local General Fund revenue are presented in the table below:

Impact to Local General Fund Revenue				
(\$ in millions)				
FY 2002	FY 2003	FY 2004	FY 2005	4-Year Total
\$34	\$77	\$141	\$0	\$252