


Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** November 17, 2020

**SUBJECT:** Fiscal Impact Statement – Tax Revision Commission Reestablishment  
Amendment Act of 2020

**REFERENCE:** Bill 23-316, Committee Print provided to the Office of Revenue  
Analysis on November 13, 2020

---

**Conclusion**

Funds are not sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill. The bill will cost \$600,000 in fiscal year 2021 and \$800,000 over the four-year financial plan.

**Background**

The Bill amends current law<sup>1</sup> to re-establish the Tax Revision Commission, with the purpose of preparing comprehensive recommendations to the Council and Mayor regarding the District's tax structure. Specifically, the Commission is tasked under current law with:

- (1) Analyzing revenue productivity and stability, efficiency, equity, simplicity of administration, and the effect on the District's economy;
- (2) Proposing innovative solutions for meeting the District's projected revenue needs while recommending modifications to tax rates;
- (3) Identifying economic activities which are either beneficial or detrimental to the District's economy, and which should be either encouraged or discouraged through tax policy;
- (4) Recommending changes in the District's current tax policies and laws;
- (5) Establishing or revising criteria and a conceptual framework for evaluating current and future taxes; and
- (6) Identifying unused and duplicative tax credits and tax abatements, and recommending policy changes to improve the way the District utilizes tax expenditures.

---

<sup>1</sup> Chapter 4 of Title 47 of the D.C. Official Code.

The Honorable Phil Mendelson

FIS: "Tax Revision Commission Reestablishment Amendment Act of 2020," Bill 23-316 Committee Print as provided to the Office of Revenue Analysis on November 13, 2020.

Like previous iterations of the Commission, it will be composed of 10 members and a Chairperson. The Mayor and the Council will each appoint five members, and the Chairman of the Council will appoint the Chairperson. The Chief Financial Officer will be an ex officio member. Each member will serve without compensation.

The bill adds a requirement for the Commission to specifically analyze changes to the District's tax structure that have occurred since the Commission concluded its previous round of work in February 2014.

The Commission is required to submit its recommendations to Council and the Mayor within a year of the Commission's appointment, in a form like the 2014 report. The report must be accompanied by draft legislation, regulations, amendments to existing regulations, or other specific steps for implementing the recommendations.

### **Financial Plan Impact**

Funds are not sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill. The bill will cost \$600,000 in fiscal year 2021 and \$800,000 over the four-year financial plan. The previous Commission spent \$971,000 over two years<sup>2</sup> to provide for an Executive Director of the commission, support staff, commissioned studies and analyses, and cost of publication. This estimate assumes that the next commission will operate similarly and complete the most of its work within a year. There will be some costs in year two, however, with staffing required to respond to requests and formally close out the commission's work.

<b>Tax Revision Commission Reestablishment Amendment Act of 2020</b>					
<b>Bill 23-316</b>					
<b>Fiscal Year 2021 – Fiscal Year 2024</b>					
<b>(\$ thousands)</b>					
	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Total</b>
<b>Funding to stand up the Commission including Executive Director, support staff, commissioned studies and analyses, and publication cost.</b>	\$600	\$200	\$0	\$0	\$800

---

<sup>2</sup> See the budget chapter for the previous Commission here: <https://cfo.dc.gov/node/1039612>