



The Council will vote soon on DC’s budget. But first, they need to hear from the community about the Mayor’s proposal. Tell them we need a budget for ‘One City’ that will:

1) Protect funding for programs that serve basic human needs.

The Mayor asks the poorest DC residents to shoulder \$130 million of the \$187 million in budget cuts, a full 67%. These programs constitute just 25% of our local budget, and have already suffered repeated funding cuts in the last several years.

The affected programs include cash assistance to needy families, homeless shelters, rental assistance, temporary assistance to the disabled, and mental health programs. Many of these programs benefit the 30% of DC children who live below the poverty level.

The Mayor’s budget cuts will create more homeless, hungry, sick and desperate people, reducing the quality of life for all of us. **If the Mayor adds our ideas (see below) to his proposals, we could raise \$230.7M, enough to restore funding for these cost-effective programs.**

2) Achieve savings by challenging policies that do not offer a clear public benefit.

Only DC and Indiana offer tax exemption for municipal bonds from other states, costing us \$25 million each year.

DC offers various tax subsidies to select private entities with the stated purpose of economic development. Tax subsidies cost us \$11 million in 2010, with \$166 million of new abatements granted from 2011- 2024. [1]

Today, residential parking permits for gas-guzzling trucks/SUVS are the same as for regular autos: \$15. Raising the rate on these vehicles to \$100 would raise \$3.4 million.

DC also pays interest on public bonds that finance private development. In 2010 alone, taxpayers paid \$65 million in interest for the baseball stadium and convention center. [2]

Raise about \$28.4 million by repealing the tax exemption on other states’ municipal bonds, and raising residential parking fees for non-commercial trucks/SUV’s to \$100. Achieve as yet unquantified savings by imposing a moratorium on tax abatements and public financing of private projects, and by pre-paying larger amounts on our public debt, which now costs us about \$700 million a year.

3) Improve our tax system by making it more progressive.

We are glad the mayor has proposed new taxes on high-income earners. It is absurd that DC residents earning \$40K/year pay the same tax rate (8.5%) as those who earn \$1 million, and that those making \$25K/year have an overall tax burden higher than that of millionaires. [3]

The Mayor proposes a small tax increase for those earning above \$200K to 8.9%. DC residents earning \$150K typically pay \$13K in total taxes (sales, property, automobile, & income), versus \$16K in Prince Georges and \$15K in Montgomery counties. [4] Taxes can be increased further, while keeping DC within the area norm (see table below).

Raise \$94M in additional income taxes on the wealthiest 17% of DC filers who earn more than \$100K. This is \$75M more than the Mayor raises from his new high-income tax brackets (\$18.7M). When our revenues recover with the economy, we should consider lowering tax rates for the bottom 83%, in order to maintain a progressive tax structure.

Taxable Income	Proposed new rate	Estimated taxes (after itemizing deductions)
\$100K - \$200K	9.0%	A person earning \$125K would pay \$94 more per year
\$200K - \$500K	9.5%	A person earning \$350K would pay \$1,330 more per year
\$500K and up	10.0%	A person earning \$600K would pay \$3,125 more per year

Call Chairperson Kwame Brown, and one other member of the DC Council today. Then use your social network to ask 11 friends to do the same. Together, we will make a difference.

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Footnotes:

- [1] Unified Economic Development Budget Report, FY 2010 (CFO), Appendix III - p. 15
- [2] Unified Economic Development Budget Report, FY 2010 (CFO), Appendix III - p. 3
- [3] Tax Rates & Tax Burdens, Washington Metropolitan Area, 2009 (CFO), p.12
- [4] Tax Rates & Tax Burdens, Washington Metropolitan Area, 2009 (CFO), p.11



DC for Democracy is a progressive grassroots organization based in the Washington, DC metro area. We are the local affiliate of Democracy for America (DFA), founded by Governor Howard Dean.

DC for Democracy works on a variety of local and national campaigns, including DC statehood/voting rights, living wage, streetcars, marriage equality, health care reform, and peace issues. We have worked on behalf of many progressive candidates in DC, northern Virginia, Pennsylvania, and other states.

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