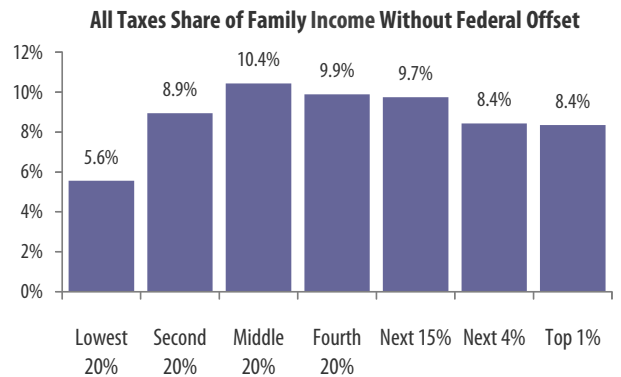
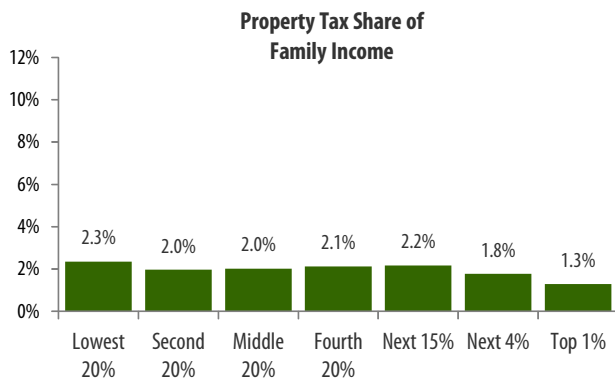
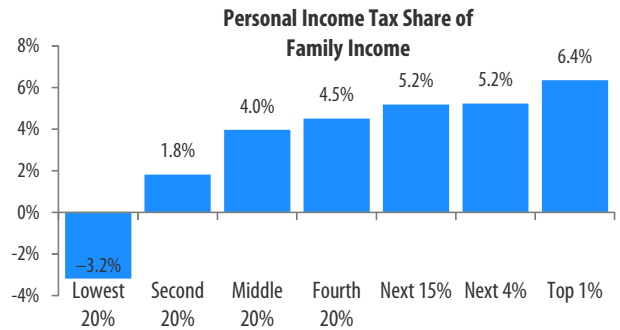
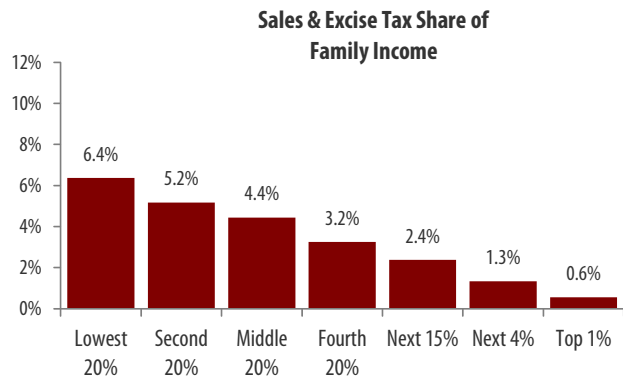
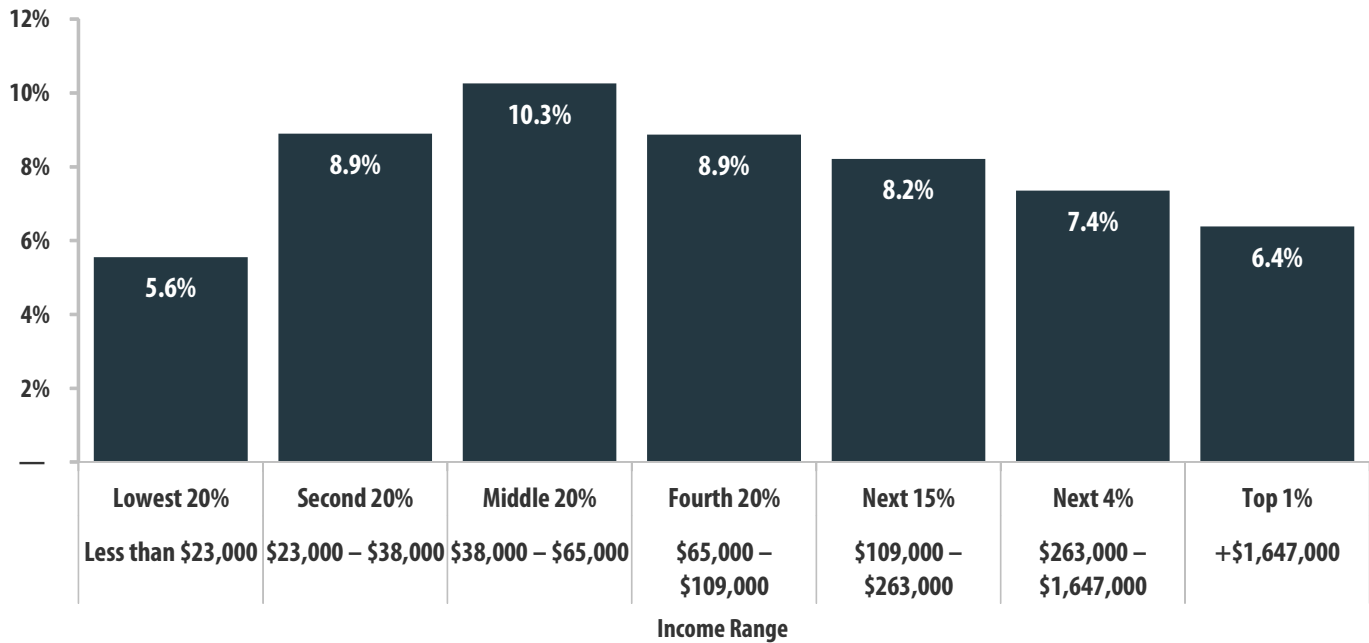


# District of Columbia Taxes in 2015

## Shares of family income for non-elderly taxpayers



Note: Figures show permanent law in the District of Columbia (DC) enacted and fully funded through December 31, 2014 at 2012 income levels. Top figure represents total state and local taxes as a share of income, post-federal offset. Figures in Appendix D on page 27 show DC law under the assumption that current “triggers” in the law are eventually reached, causing various reductions in personal income tax and business tax rates, as well as increases in the personal exemption and standard deduction.

# District of Columbia Taxes in 2015

## Details, Tax Code Features, & Tax Code Changes Enacted in 2013 & 2014

| Income Group                    | Lowest 20%   | Second 20%         | Middle 20%          | Fourth 20%          | Top 20%              |                                   |                                    |
|---------------------------------|--------------|--------------------|---------------------|---------------------|----------------------|-----------------------------------|------------------------------------|
|                                 | Income Range | Less than \$23,000 | \$23,000 – \$38,000 | \$38,000 – \$65,000 | \$65,000 – \$109,000 | Next 15%<br>\$109,000 – \$263,000 | Next 4%<br>\$263,000 – \$1,647,000 |
| Average Income in Group         | \$13,600     | \$30,000           | \$52,100            | \$84,200            | \$158,200            | \$490,300                         | \$2,840,300                        |
| <b>Sales &amp; Excise Taxes</b> | <b>6.4%</b>  | <b>5.2%</b>        | <b>4.4%</b>         | <b>3.2%</b>         | <b>2.4%</b>          | <b>1.3%</b>                       | <b>0.6%</b>                        |
| General Sales—Individuals       | 2.8%         | 2.3%               | 2.1%                | 1.6%                | 1.3%                 | 0.8%                              | 0.3%                               |
| Other Sales & Excise—Ind.       | 0.9%         | 0.8%               | 0.6%                | 0.4%                | 0.3%                 | 0.1%                              | 0.0%                               |
| Sales & Excise on Business      | 2.6%         | 2.1%               | 1.7%                | 1.2%                | 0.8%                 | 0.5%                              | 0.2%                               |
| <b>Property Taxes</b>           | <b>2.3%</b>  | <b>2.0%</b>        | <b>2.0%</b>         | <b>2.1%</b>         | <b>2.2%</b>          | <b>1.8%</b>                       | <b>1.3%</b>                        |
| Property Taxes on Families      | 1.3%         | 1.2%               | 1.4%                | 1.7%                | 1.8%                 | 1.2%                              | 0.7%                               |
| Other Property Taxes            | 1.0%         | 0.7%               | 0.6%                | 0.4%                | 0.4%                 | 0.6%                              | 0.6%                               |
| <b>Income Taxes</b>             | <b>-3.2%</b> | <b>1.8%</b>        | <b>4.0%</b>         | <b>4.5%</b>         | <b>5.2%</b>          | <b>5.3%</b>                       | <b>6.5%</b>                        |
| Personal Income Tax             | -3.2%        | 1.8%               | 4.0%                | 4.5%                | 5.2%                 | 5.2%                              | 6.4%                               |
| Corporate Income Tax            | 0.0%         | —                  | 0.0%                | 0.0%                | 0.0%                 | 0.1%                              | 0.1%                               |
| <b>Total Taxes</b>              | <b>5.6%</b>  | <b>8.9%</b>        | <b>10.4%</b>        | <b>9.9%</b>         | <b>9.7%</b>          | <b>8.4%</b>                       | <b>8.4%</b>                        |
| <b>Federal Deduction Offset</b> | <b>—</b>     | <b>-0.0%</b>       | <b>-0.2%</b>        | <b>-1.0%</b>        | <b>-1.5%</b>         | <b>-1.1%</b>                      | <b>-2.0%</b>                       |
| <b>OVERALL TOTAL</b>            | <b>5.6%</b>  | <b>8.9%</b>        | <b>10.3%</b>        | <b>8.9%</b>         | <b>8.2%</b>          | <b>7.4%</b>                       | <b>6.4%</b>                        |

Note: Table shows detailed breakout of data on previous page.

## District of Columbia Tax Code Features

### Progressive Features

- Graduated personal income tax structure
- Provides a 40% refundable EITC for families with children and 100% credit to childless workers (income eligibility is higher than the federal credit)
- Limits itemized deductions for upper-income taxpayers
- Provides a refundable property tax “circuit breaker” credit for low-income and elderly taxpayers
- Sales tax base excludes groceries
- Requires the use of combined reporting for the corporate income tax

### Tax Changes Enacted in 2013 & 2014

- Expanded property tax “circuit breaker”
- Expanded earned income tax credit (EITC) for childless workers
- Increased the standard deduction
- Created a new middle-income tax bracket with a lower rate
- Began phasing-out personal exemptions for high-income taxpayers

### Regressive Features

- Comparatively high cigarette tax rate
- Reduced sales tax rate to 5.75 percent (from 6.0 percent) and broadened the sales tax base to include more services
- Reduced business franchise tax rate
- Reformed gasoline tax to allow rate to grow alongside gas prices
- Additional changes will be enacted if revenue growth targets are met

## ITEP Tax Inequality Index

According to ITEP’s Tax Inequality Index, DC has the **50th** most unfair state and local tax system in the country making it one of the least regressive tax systems. States with regressive tax structures have negative tax inequality indexes, meaning that incomes are less equal in those states after state and local taxes than before (See Appendix B for state-by-state rankings and more details).