



www.legalaiddc.org
1331 H Street, NW
Suite 350
Washington, DC 20005
(202) 628-1161

**Testimony of Jen Jenkins
Policy Counsel, Systemic Advocacy, and Law Reform
Legal Aid DC**

**Before the Committee on Business and Economic Development
Council of the District of Columbia**

Budget Oversight Hearing Regarding Chief Financial Officer

June 4, 2025

The District is facing economic challenges, but that does not mean that we cannot continue to invest in and support all District residents. The Council can choose to deepen its commitment to safety net programs and District residents through equitable taxation. The Council can fill many of the gaps in the mayor's budget for programs such as Medicaid, Alliance, permanent housing vouchers, Emergency Rental Assistance Program (ERAP), Temporary Assistance for Needy Families (TANF), Child Tax Credits, and Baby Bonds by raising revenue through fair taxation. Restoring the funding for these programs is critical to stop the racial wealth gap from increasing.¹

Legal Aid² urges this Committee to implement the revenue raising proposals in both the Just Recovery DC "All in for DC" and Fair Budget platforms with specific attention to

¹ See Institute on Taxation and Economic Policy, The Geographic Distribution of Extreme Wealth in the U.S., <https://itep.org/the-geographic-distribution-of-extreme-wealth-in-the-u-s/> ("In all, fourteen states and the District of Columbia are home to an above-average concentration of extreme wealth, meaning that their share of nationwide wealth over \$30 million per household is greater than their share of the nation's population.").

² Legal Aid DC is the oldest and largest general civil legal services program in the District of Columbia. The largest part of our work is comprised of individual representation in housing, domestic violence/family, public benefits, and consumer law. We also work on immigration law matters and help individuals with the collateral consequences of their involvement with the criminal legal system. From the experiences of our clients, we identify opportunities for court and law reform, public policy advocacy, and systemic litigation. For more information, visit www.LegalAidDC.org.

raising income taxes, taxing capital gains, increasing property taxes, and beginning the process to implement a business activity tax and land value tax.

DC's Wealthiest Residents Can Afford to Pay More in Local Taxes for Public Benefits Programs

Any budget crunch should not fall on our most vulnerable residents when DC has 12 billionaire, 88 centi-millionaire, and 28,300 millionaire residents.³ The Council should correct course for the District by raising taxes, particularly on those who stand to benefit from proposed congressional tax cuts.⁴ The Council can capture some of the federal tax cut dollars and use them to fund the District through what will likely be many years of financial recovery. The racial wealth gap between Black and White residents in DC will not go away on its own, and is exacerbated by austere budgets.

This Committee and the DC Council as a whole can make the tax system more racially just *and* raise needed resources by:

- Raising the tax rate on capital gains: Capital gains – profit from selling assets like stocks – overwhelmingly flow to the top 1 percent. (\$123 million in revenue)
- Deepening the progressivity of the residential property tax by creating additional brackets and marginal rates for the top 5 percent of homes. (\$35 million in revenue)
- Increasing tax rates on income above \$500,000, and especially rates for incomes over \$1 million. (\$109 million in revenue)
- Making business taxes fair. DC can enact a Business Activity Tax so that corporations that operate in the District and benefit from our economy but currently do not pay taxes to DC begin to contribute to our shared resources. (\$505.8 million in revenue)
- Implementing a Land Value Tax to fund WMATA. (\$505.1 million in revenue)

³ Henley and Partners, The USA Wealth Report, America's Wealthiest Cities, <https://www.henleyglobal.com/publications/usa-wealth-report-2024/americas-wealthiest-cities>.

⁴ Erica Williams, DCFPI, US House Details its Cruel Plan to Take Food and Health Care from the Poor to Give to the Rich <https://www.dcfpi.org/all/us-house-details-its-cruel-plan-to-take-food-and-health-care-from-the-poor-to-give-to-the-rich/>

The Council's enactment of these tax proposals would significantly contribute to DC's fortification against economic downturn.

Conclusion

We need the Council to invest in all of DC, but not on the backs of its poorest and most marginalized. Increasing tax rates on the wealthiest in DC will benefit not only DC's poorest residents, but the entire District, which will have a stronger economic outlook without relying on potentially harmful or inequitable sources of revenue, resulting in fewer deep cuts to the District's safety net.