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**Testimony of Jen Jenkins
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**Before the Committee of the Whole
Council of the District of Columbia**

Public Hearing Regarding Revenue Proposals for the Fiscal Year 2028 Budget

October 16, 2026

Legal Aid DC¹ sees firsthand how critical equitable revenue measures are to adequately funding and effectively administering the District's social safety net. We primarily serve District residents living at or below 200 percent of the federal poverty level – residents who experience cuts to safety-net programs first and most acutely and who have the fewest resources to absorb even modest reductions in income or assistance.

The need for the District to adopt equitable revenue measures is especially clear in light of recent budget cuts to programs that serve DC's most vulnerable residents. The FY2027 budget underfunds critical programs, including the Emergency Rental Assistance Program (ERAP) and housing vouchers for single adults, while other programs are barely sustained through one-time funding. These cuts make it increasingly difficult for our clients to meet their day-to-day needs and have a particularly pronounced

¹ 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.

impact on communities that have historically faced economic and racial inequities, including Black and immigrant communities.²

At the same time, DC's local underinvestment in the safety net is compounded by growing federal restrictions on access to critical safety-net programs, including Supplemental Nutrition Assistance Program (SNAP) and Medicaid, through policies such as work requirements³ and expanded public charge rules.⁴ As federal support and access to these programs become increasingly uncertain, the burden on our client communities will only grow. The District must therefore do more to invest in residents with limited incomes and ensure they have resources to meet their basic needs.

The Council does not need to wait until the FY2028 budget cycle to begin generating additional revenue. Legal Aid DC strongly urges the Council to (1) enact the Wealth Proceeds Tax before the end of the current Council Period, and (2) make the estimated \$200 million in resulting revenue available through an additional supplemental budget at the beginning of calendar year 2027.

Equitable Revenue Measures Are Essential to Protect DC's Most Vulnerable Residents

The Committee of the Whole is considering five tax proposals that could strengthen DC's fiscal outlook while generating revenue in ways that benefit Legal Aid's client community if implemented as recommended by the Just Recovery DC Coalition.⁵ These proposals include a new business activity tax, a wealth proceeds tax, a land value tax, an increase in the real property tax, and income tax increases. If structured and implemented as recommended by the Just Recovery DC Coalition, these proposals would raise revenue progressively by asking those with greater wealth or income to contribute more. By

² Kat Lundie, National Immigrant Law Center, How Anti-Black Racism Shapes Welfare Inequality for Immigrants, <https://www.nilc.org/articles/how-anti-black-racism-shapes-welfare-inequality-for-immigrants/>.

³ Legal Aid DC, Important Changes to SNAP Work Requirements, <https://www.legalaiddc.org/legal-info/important-changes-snap-work-requirements>; Legal Aid DC, Medicaid/DC Healthy Families: Know Your Rights, <https://www.legalaiddc.org/legal-info/know-your-rights-medicaid>.

⁴ See Immigration Legal Resource Center, Latest on Public Charge (Oct. 5, 2026), <https://www.ilrc.org/public-charge/latest>.

⁵ Just Recovery DC, Our Platform, <https://justrecoverydc.org/our-platform>.

contrast, the proposed sales tax increase would impose a regressive tax that places a greater relative burden on residents with lower incomes.

Legal Aid strongly cautions against adopting a regressive sales tax that would disproportionately burden DC residents with the fewest resources. A sales tax would be particularly harmful to low-income residents and communities of color, who already face the consequences of the District's profound racial wealth gap.⁶ Black DC households have a median income of approximately \$62,000, compared with approximately \$174,000 for white households – nearly three times as much.⁷ Yet a sales tax would require residents across all income levels to pay the same tax on essential goods and services, meaning that this new financial burden would fall most heavily on those with the least ability to absorb it.

At a time when DC struggles to adequately fund programs that serve residents with limited incomes, the District should not pursue revenue policies that further strain the households and communities that have been historically and disproportionately underserved. Instead, DC should prioritize progressive revenue measures that ask those with greater income, wealth, and property holdings to contribute their fair share. Doing so would strengthen the District's fiscal position while advancing racial and economic equity and protecting residents who are least able to bear additional costs.

The Wealth Proceeds Tax

Of the progressive revenue options before the Council, the Wealth Proceeds Tax presents an immediate opportunity to generate substantial new revenue while asking households with greater investment income and resulting wealth to contribute more. It would provide the District with a targeted and predictable source of revenue while helping address persistent income and wealth disparities.

The federal version of the Wealth Proceeds Tax, known as the Net Investment Income Tax (NIIT), is a 3.8% federal surtax on investment income for certain high-income individuals, estates, and trusts. In effect since 2013, the NIIT applies to the lesser of a taxpayer's net investment income or the amount by which their Modified Adjusted Gross

⁶ See The Journal of Blacks in Higher Education, Research Finds Washington, D.C. Has the Highest Racial Wealth Gap in the United States, <https://jbhe.com/2026/02/research-finds-washington-d-c-has-the-highest-racial-wealth-gap-in-the-united-states/>.

⁷ See Conor Zielinski, DC Fiscal Policy Institute, Three Out of Five Black Residents Can't Afford DC (Aug. 3, 2026), <https://dcfpi.org/all/three-out-of-five-black-residents-cant-afford-dc/>.

Income (MAGI) exceeds specified thresholds (\$200,000 for single filers and \$250,000 for married couples filing jointly).⁸ The NIIT applies to income derived from wealth, including interest, dividends, and capital gains, and is targeted to higher-income households.

A local version of the federal NIIT, at the proposed 3% rate, is estimated to generate approximately \$200 million in revenue for the District.⁹ Implementing the Wealth Proceeds Tax Amendment Act of 2026 would provide DC with a targeted and predictable source of revenue while asking those with the greatest ability to pay to contribute more. As a member of the Just Recovery DC Coalition and the Fair Budget Coalition, Legal Aid joins the call for the Council to pass the Wealth Proceeds Tax by the end of the Council Period.

Investing Wealth Proceeds Tax Revenue in DC's Safety Net

Without adequate funding for essential services, Legal Aid's clients will continue to bear the consequences of disinvestment in the programs they rely on to remain healthy and housed. We are already seeing the effects of the FY2027 cuts in our work with District residents. Clients who have lost or are at risk of losing access to health care, including through programs such as Alliance Healthcare, face difficult choices about whether they can afford necessary medical care. Restoring eligibility and permanently funding healthcare programs like the Alliance is critical to ensuring that low-income residents are not forced to forgo care simply because they cannot afford it. Similarly, inadequate investment in housing assistance and vouchers leaves our clients vulnerable to eviction, homelessness, and unsafe or unstable housing. These are not abstract budgetary consequences; they are the circumstances Legal Aid attorneys encounter every day when representing District residents.

The District has an opportunity to make meaningful progress toward addressing its housing affordability crisis.¹⁰ The 2026 Point-in-Time Count identified 9,790 individuals

⁸ See Internal Revenue Service, Find Out If Net Investment Income Tax Applies to You [https://www.irs.gov/individuals/net-investment-income-tax#:~:text=The Net Investment Income Tax \(NIIT\) is,Rental and royalty income * Non-qualified annuities](https://www.irs.gov/individuals/net-investment-income-tax#:~:text=The Net Investment Income Tax (NIIT) is,Rental and royalty income * Non-qualified annuities).

⁹ See Nadeau Introduces Proposed Tax on Passive Income, Calls for Fairer Tax Code, <https://brianneknadeau.com/wealth-proceeds-tax/>.

¹⁰ See Rara Grumbel, The RENTAL Act Misdiagnoses the True Cause of DC's Housing Crisis: Unaffordability, Georgetown J. on Poverty Law & Policy (Oct. 4, 2026),

experiencing homelessness in the DC region, underscoring the scale of the need for stable and affordable housing.¹¹ At the same time, the Chief Financial Officer recently reported that the District's 4,357 apartment buildings contain approximately 231,514 housing units, with roughly 18,256 units or 9.6 percent of units reported as vacant.¹² These figures show the gap between the housing resources that exist in the District and the ability of low-income residents to access and afford them. Revenue from the Wealth Proceeds Tax can help close that gap by sustaining and expanding the housing assistance that Legal Aid clients depend on.

For residents already struggling to make ends meet, adequate public investment can mean the difference between remaining housed and facing eviction, between receiving needed medical care and going without it, and between being able to remain in the District and being forced to leave. The Council should pass the Wealth Proceeds Tax and direct this new revenue toward the essential services that allow all District residents to live safely and with dignity.

Conclusion

The District cannot afford to wait for the FY2028 budget process to address the significant gaps in the safety net created by the FY2027 budget. Low-income DC residents are already struggling to meet their basic needs, and growing uncertainty around federal support makes timely local action even more critical. The Council has an opportunity to respond by adopting a progressive revenue measure that asks those with the greatest ability to pay to contribute more and directs those resources toward the programs low income residents rely on most.

<https://www.law.georgetown.edu/poverty-journal/blog/the-rental-act-misdiagnoses-the-true-cause-of-dcs-housing-crisis-unaffordability/>.

¹¹ Homelessness in Metropolitan Washington: Results and Analysis from the Annual Point-in-Time (PIT) Count of Persons Experiencing Homelessness, May 2026

<https://www.mwcog.org/documents/2026/05/13/homelessness-in-metropolitan-washington-results-and-analysis-from-the-annual-point-in-time-pit-count-of-persons-experiencing-homelessness-featured-publications-homelessness/>.

¹² Government of the District of Columbia, Office of the Chief Financial Officer, District of Columbia Economic and Revenue Trends: April 2023, Table 10. Inventory and Construction for apartments and condos in DC Inventory: 2026q2 <https://ora-cfo.dc.gov/publication/economic-and-revenue-trend-report-august-2026>.

Legal Aid DC therefore urges the Council to enact the Wealth Proceeds Tax before the end of the current Council Period and use the resulting revenue through an additional supplemental budget in January 2027 to address the District's most urgent safety-net needs, including housing assistance and essential public benefits. DC should not wait for another budget cycle to act. The District has the tools to raise revenue equitably, and it should use those tools now to ensure that residents with limited incomes can remain housed and access essential services.