

PUBLIC HEARING
ON
**BILL 18-0047 “THE NON-INDIVIDUAL INCOME TAX
ELECTRONIC FILING AMENDMENT ACT OF 2009”**

**Before the
Committee on Finance and Revenue
Council of the District of Columbia**

The Honorable Jack Evans, Chairman

**February 25, 2009, 10:00 a.m.
John A. Wilson Building, Room 120**



**Testimony of Stephen M. Cordi
Deputy Chief Financial Officer
Office of Tax and Revenue
Office of the Chief Financial Officer**

**Natwar M. Gandhi
Chief Financial Officer
District of Columbia**

Mr. Chairman and members of the Committee, my name is Stephen Cordi, Deputy Chief Financial Officer for the Office of Tax and Revenue. I am pleased to present testimony today on Bill 18-0047 “The Non-Individual Income Tax Electronic Filing Amendment Act of 2009.”

Bill 18-0047 would reduce the level at which business taxpayers are required to make payments electronically from \$25,000 to \$10,000. For the most part, this requirement will impact monthly withholding and sales and use tax returns. We estimate that we would receive approximately 500 additional electronic payments per month if this legislation were enacted.

The advantages to the District of receiving payments electronically are substantial. Payments will no longer be subject to the vagaries of the mail and paper processing and will be available for District use on the due date. Electronic payments are dishonored at a far lower level than paper checks, reducing administrative costs and enhancing revenues. The District will derive a small but very real benefit in bankruptcy cases because electronic payments, unlike paper checks, cannot be stopped once received. Most taxpayers will respond to the change by the simple expedient of using our online electronic filing system, resulting in additional savings to the District as the cost of processing paper returns are reduced. Electronic returns provide highly accurate return data, free of the mathematical mistakes and key errors common to paper returns.

The District is generally behind other jurisdictions as to the level required for electronic payment. Maryland has been at \$10,000 per month for some years and Virginia and Pennsylvania are at \$20,000 per month. Other states are much lower. Connecticut and New Jersey require electronic payment once tax payments in any one tax reach just \$10,000 per year. There are some that are higher. West Virginia is at \$100,000 per payment.

There was a time that making electronic payments seemed complicated to business owners and so states kept the requirements high so only the most sophisticated taxpayers were required to make electronic payments. The growing sophistication of business taxpayers and advent of internet filing have eliminated both the perception and reality of complication.

The Office of the Chief Financial Officer supports the enactment of Bill 18-0047. I very much appreciate the opportunity to testify on this legislation.