

*Government of the District of Columbia
Office of the Chief Financial Officer
Office of Revenue Analysis*

D.C. Tax Facts



As of September 2009

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Mayor*

*Vincent C. Gray, Chair
Council of the District of Columbia*

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MESSAGE FROM THE CFO

The District of Columbia is a single unit of government that provides many of the same services typically provided by and shared between state and local levels of government in the fifty states. Typical local level revenue sources used by the District include the real property tax, personal property tax, deed transfer and recordation taxes, traffic fines, and a variety of other taxes and fees. D.C. also uses many state level revenue sources, including the individual income tax, the general sales and use tax, motor vehicle license fees, business net income taxes and various excise taxes. The District levies 16 taxes and a great number of fees in support of General Fund revenue each year. With over \$6 billion generated by the General Fund, our taxpayers are an important investor in the nation's capital city.

The District's principal local revenue producers are the individual income tax, real property taxes, sales tax and gross receipts taxes. The real property tax, which is generally administered by local jurisdictions, is the largest source of tax receipts for the District government, accounting for 26.9 percent of its total local source General Fund revenues in fiscal year 2008. Several property tax relief options are available to eligible property owners. The most widely used is the Homestead Deduction Program. For owner-occupied residences of five units or less, the homestead program provides a \$67,500 deduction from the assessed value. In addition, the homestead deduction will continue to be increased annually beginning in FY2009 by a cost-of-living adjustment. Other property tax relief measures include a 10 percent cap on the annual growth of real property tax liability for homeowners and the Senior Citizen Homestead Tax Relief Program, which allows certain senior citizens a 50 percent reduction in property taxes.

The individual income tax, which is administered by state governments, is the second largest source of tax revenue for the District, providing 21.6 percent of the total local source General Fund revenues for fiscal year 2008. Because the individual income tax is progressive, the rate of increase for income tax revenues is greater than the rate of increase in income subject to the tax. Personal income tax credits include out-of-state tax credit, credit for child and dependent care expenses, D.C. police and government employees first time homebuyer credit, D.C. low income credit, property tax credit, and D.C. earned income tax credit.

The District's third largest revenue producer, the sales and use tax, is based on taxable sales in the District, which include most retail items, construction materials, and utilities used by business entities. Groceries, prescription and non-prescription drugs, disability appliances, and dry cleaning and laundry services are exempted from sales and use tax collections. The sales and use tax is generally administered by state and local governments. This tax provided 16.3 percent of the District's fiscal year 2008 local revenue.

Although the District has features of a complete state/local revenue structure, it does not have the mix of economic activity of a typical state or city revenue base. Business and industry, which enhance the tax bases of most major cities and states, are largely lacking in the District.

The federal presence in the District further compounds the disparity between the revenue-raising capacity of the District and that of many state and local governments. Some of the revenue implications due to the extraordinary federal presence include: (1) a narrower property tax base because of the substantial amount of federally owned tax-exempt property in the city; (2) a reduced income and sales tax base because of the tax-exempt status of the federal government, which is the city's largest employer; and (3) a less diversified economic base because of the limited size and totally urban nature of the District. Federal actions that limit the District's tax revenues include: (1) prohibition of taxation of non-resident income earned in the District; (2) exemptions granted for land held by foreign governments; and (3) congressional limitations on the height of buildings in the District, which restrain economic development.

Details concerning the various taxes used by the District are presented in this publication for the purpose of taxpayer education and to enhance citizens' awareness of their tax responsibilities.

Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia

INTRODUCTION

Each year the Office of Revenue Analysis in the Office of the Chief Financial Officer receives numerous requests from citizens, legislators and the general public for statistics relating to District tax collections, tax burdens and tax rates.

D.C. Tax Facts presents a brief summary of the District's tax structure, tax rates, legal references and other comparative tax data. Tax rates used in this publication are those in effect as of January 1, 2009. More detailed information on these subjects may be obtained from other publications of this office, including: (1) *A Comparison of Tax Rates and Burdens in the Washington Metropolitan Area*, and (2) *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*. These publications are available on the Internet at WWW.CFO.DC.GOV.

The primary source for the 2008 revenue numbers presented in this report is the District of Columbia Comprehensive Annual Financial Report (CAFR).

District of Columbia revenues (including non-tax revenues) totaled \$6,229,811,000 in FY2008. Details concerning the various taxes used by the District are presented in this publication for the purpose of taxpayer education and to enhance citizens' awareness of their tax responsibilities.

Questions regarding this report or requests for copies of this or other publications should be directed to: Edward W. Wyatt, Fiscal Analyst, Office of the Chief Financial Officer, Office of Revenue Analysis, 441 4th Street, NW, Suite 410 South, Washington, DC 20001. Telephone (202) 727-7775.

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**PART I -- D.C. GENERAL FUND REVENUES, FY 2008,
FY 2009 and FY 2010 (estimated)**

TABLE 1

GENERAL FUND

FISCAL YEAR 2008 REVENUES

(In Thousands of Dollars and Percent Composition)

Tax	FY 2008 Revenues	Percent of General Fund Own Source Revenues
Real Property 1/	1,672,969	26.9%
Personal Property 2/	59,690	1.0%
Public Space Rental 3/	27,697	0.4%
Sales and Use 4/	1,015,182	16.3%
Alcoholic Beverages	5,190	0.1%
Cigarette	23,900	0.4%
Motor Vehicle Excise	40,160	0.6%
Motor Vehicle Fuel Tax 5/	23,199	0.4%
Individual Income	1,342,800	21.6%
Corporate Franchise	286,204	4.6%
U.B. Franchise	126,891	2.0%
Public Utility 6/	153,543	2.5%
Toll Telecommunications Tax 6/	65,741	1.1%
Insurance Premiums 7/	52,636	0.8%
Health Care Provider Tax 8/	13,771	0.2%
Baseball Gross Receipts Tax	24,989	0.4%
Estate	66,899	1.1%
Deed Recordation 9/	155,974	2.5%
Deed Transfer 9/	112,434	1.8%
Economic Interest	54,815	0.9%
Total Tax Revenue	\$5,324,683	85.5%
Non-Tax Revenue 10/	385,856	6.2%
Other Sources 11/	70,300	1.1%
Special Purpose (O Type) 12/	448,972	7.2%
TOTAL GENERAL FUND	\$6,229,811	100.0%

TABLE 2

**GENERAL FUND
FY 2009 REVENUE ESTIMATES
FY 2010 REVENUE ESTIMATES**

(In Thousands of Dollars)

Tax	FY 2009 Estimates	FY 2010 Estimates
Real Property 1/	1,803,171	1,781,331
Personal Property 2/	57,422	56,216
Public Space Rental 3/	25,589	28,412
Sales and Use 4/	983,948	987,895
Alcoholic Beverages	5,157	5,126
Cigarette	47,586	45,411
Motor Vehicle Excise	40,160	40,963
Motor Vehicle Fuel Tax 5/	19,719	20,173
Individual Income	1,112,357	1,069,360
Corporate Franchise	237,264	252,121
U.B. Franchise	107,822	124,395
Public Utility 6/	153,627	153,696
Toll Telecommunications Tax 6/	63,283	63,360
Insurance Premiums 7/	64,050	74,767
Health Care Provider Tax 8/	11,000	11,000
Baseball Gross Receipts Tax	20,748	20,603
Estate	70,000	60,000
Deed Recordation 9/	89,014	71,746
Deed Transfer 9/	60,040	47,587
Economic Interest	17,955	14,091
Total Tax Revenue	\$4,989,912	\$4,928,253
Non-Tax Revenue 10/	339,840	335,178
Other Sources 11/	70,300	65,775
Special Purpose (O Type) 12/	453,612	449,368
TOTAL GENERAL FUND	\$5,853,664	\$5,778,574

1/ Gross of transfer to the TIF Fund.

2/ Gross of transfer to the Neighborhood Investment Fund (NIF).

3/ Gross of transfer to DDOT Unified Fund.

4/ Gross of legislated transfers to the Washington Convention Center Authority (WCCA) for retirement of debt; and transfer to the Tax Increment Financing Fund (TIF), parking tax transfer to the District Department of Transportation (DDOT) Unified Fund, transfer to the Ballpark Fund and School Modernization Fund.

5/ Gross of transfer to the Highway Trust Fund.

6/ Gross of transfer to the Ballpark Fund.

7/ Gross of transfer to the Healthy DC Unified Fund.

8/ Gross of transfer to the Nursing Facility Quality of Care Fund.

9/ Gross of transfer to the Housing Production Trust Fund (HPTF).

10/ Net of Parking Meters (non-tax) dedicated to DDOT Unified Fund.

11/ Legalized gambling transfer (lottery).

12/ The Term "O" type for Other refers to Special Purpose Revenues.

Note: Estimates are FY 2010 Budget as submitted to Congress.

**PART II – DISTRICT OF COLUMBIA TAXES
AND NON-TAX REVENUE SOURCES**

DISTRICT TAXES

ALCOHOLIC BEVERAGE TAX

GENERAL LIABILITY:

The tax is levied on all alcoholic beverages manufactured by a holder of a manufacturer's license and on all beverages brought into the District by the holder of a wholesaler's license.

D.C. Code Citation: Title 25, Chapter 9.

PRESENT RATES: (January 1, 2009)

- Beer -- \$2.79 per 31 gallon barrel
- Light wine (14% alcohol or less) -- 30¢ per gallon
- Heavy wine (over 14% alcohol) -- 40¢ per gallon
- Champagne and sparkling wine -- 45¢ per gallon
- Spirits -- \$1.50 per gallon

REVENUE:

Fiscal Year	Revenues
2008	\$5,190,000
2009 (Estimate)	\$5,157,000
2010 (Estimate)	\$5,126,000

COMPARATIVE DATA:

**Metropolitan Area
Alcoholic Beverage Tax Facts**

ITEM	DC	MD	VA
Beer (per barrel)	\$2.79	\$2.79	\$7.95 ^{1/}
Spirits (per gallon)	1.50	1.50	20% of retail price
Wine (per gallon)			
14% or less alcohol	.30	.40	1.51 ^{2/}
More than 14% alcohol	.40	.40	1.51 ^{2/}
Sparkling wine (per gallon)			
14% or less alcohol	.45	.40	1.51 ^{2/}
More than 14% alcohol	.45	.40	1.51 ^{2/}

^{1/} Sales at ABC Stores are subject to the 5% sales tax rate in addition to the rate above.

^{2/} Additionally, a state tax of 4% of the price charged is imposed on wine sold to persons other than licensees.

CIGARETTE TAX

GENERAL LIABILITY:

The cigarette tax is levied on the sale or possession of all cigarettes in the District. Cigarettes sold to the military and to Congress are exempt from the tax.

D.C. Code Citation: Title 47, Chapter 24.

PRESENT RATE: (January 1, 2009)

\$2.00 per package of twenty cigarettes.

NOTE: Rate will increase to \$2.50 per package of twenty cigarettes on 10/01/09.

REVENUE:

Fiscal Year	Revenues
2008	\$23,900,000
2009 (Estimate)	\$47,586,000
2010 (Estimate)	\$45,411,000

COMPARATIVE DATA:

Metropolitan Area Cigarette Tax Facts

State	Tax Per Pack of 20
DC	\$2.00
Maryland	\$2.00
Virginia ^{1/}	\$0.30

^{1/} Plus additional local rates:

Alexandria	\$0.70
Arlington County	\$0.30
Fairfax City	\$0.30
Fairfax County	\$0.30
Falls Church	\$0.75
Prince William County	--

INCOME TAXES

CORPORATION AND UNINCORPORATED BUSINESS FRANCHISE TAXES

GENERAL LIABILITY:

The corporation franchise tax is imposed on corporations carrying on a trade, business or profession in the District or receiving income from District sources. Effective July 1, 1981, financial institutions became subject to the corporation franchise tax. Prior to this date these institutions were subject to a gross earnings tax.

Whoever engages in a trade, business or profession in the District of Columbia must register. Failure to register may result in a fine of not more than \$500 and a civil penalty of \$50 for each and every separate day that such failure to register continues.

The tax on unincorporated businesses is imposed on businesses with gross income over \$12,000. A 30% salary allowance for owners and a \$5,000 exemption are deductible from net income to arrive at taxable income. No person other than a corporation shall engage in or conduct a trade, business or profession, which is excluded from the imposition of the District of Columbia tax on unincorporated businesses and whose gross income for the calendar year is expected to exceed \$12,000, without first making application for a trade and business license. A person who fails to obtain a trade or business license may be fined not more than \$300 for each day that such failure continues.

Generally, persons exempt from filing an unincorporated business franchise tax return include trade, business, or professional organizations having a gross income not in excess of \$12,000 for the taxable year, and trade, business, or professional organizations which by law, customs, or ethics cannot be incorporated, such as doctors and lawyers. Federal conformity is maintained pursuant to Public Law 105-100. It continues the District's limited conformity with the Internal Revenue Code (IRC) of 1986 as amended through August 20, 1996.

D.C. Code Citation: Title 47, chapter 18.

PRESENT RATES: (January 1, 2009)

The franchise tax rate is 9.975 percent of taxable income, 9.5 percent rate plus surtax equal to 5 percent of the base rate.

REVENUE:

Fiscal Year	Corporation	Unincorporated Business
2008	\$286,204,000	\$126,891,000
2009 (Estimate)	\$237,264,000	\$107,822,000
2010 (Estimate)	\$252,121,000	\$124,395,000

INCOME TAXES—Continued

YEAR	DC BUSINESS FRANCHISE TAX REVENUE ADJUSTED FOR INFLATION (IN 2000 DOLLARS) (\$000,000)	PERCENT OF TOTAL TAX COLLECTED
1989	\$222.0	7.1%
1990	\$189.0	6.1%
1991	\$171.8	5.6%
1992	\$110.0	3.7%
1993	\$171.3	5.5%
1994	\$177.9	6.1%
1995	\$185.2	6.7%
1996	\$172.9	6.3%
1997	\$200.7	7.3%
1998	\$239.9	7.9%
1999	\$225.3	7.6%
2000	\$261.2	8.4%
2001	\$293.8	9.2%
2002	\$202.5	6.5%
2003	\$222.9	7.0%
2004	\$234.0	6.7%
2005	\$275.7	7.4%
2006	\$304.3	7.9%
2007	\$350.6	8.2%
2008	\$326.5	7.8%

INDIVIDUAL INCOME TAX

GENERAL LIABILITY:

The tax is imposed on every resident, defined as any individual who is domiciled in the District at any time during the tax year, or who maintains an abode in the District for 183 or more days during the year.

On June 11, 1982, D.C. Law 4-118, the District of Columbia Individual, Estates, and Trusts Federal Conformity Tax Act, which adopted the federal definition of income and made other modifications to the D.C. income tax, became law. Provisions of this legislation are effective for tax years beginning after December 31, 1981.

Further conformity to federal provisions was made pursuant to D.C. Law 5-32, the District of Columbia Income and Franchise Tax Conformity Act of 1983; the Conformity Act of 1984; the Income and Franchise Tax Conformity and Revision Amendment Act of 1987.

Under current District law (DC Law 13-175) federal changes in income and deductions are adopted automatically.

The latest conformity legislation is Public Law 105-100. It maintains the District’s limited conformity with the Internal Revenue Code (IRC) of 1986 as amended through August 20, 1996.

D.C. Code Citation: Title 47, Chapter 18.

PRESENT RATES: (January 1, 2009)

Taxable Income	Tax Rate
First \$10,000	4.0%
Over \$10,00, but not over \$40,000	\$ 400 + 6.0% of excess > \$10,000
Over \$40,000	\$2,200 + 8.5% of excess > \$40,000

Standard Deduction/Exemption	
Standard Deduction	
Married Filing Separately	\$2,000
All Others	\$4,000
Exemptions	
Single/Married Filing Separate	\$1,675
Married Filing Jointly/ Head of Household	\$3,350

REVENUE:

Fiscal Year	Revenues
2008	\$1,342,799,000
2009 (Estimate)	\$1,112,357,000
2010 (Estimate)	\$1,069,361,000

INDIVIDUAL INCOME TAX-Continued

YEAR	DC INDIVIDUAL INCOME TAX REVENUE ADJUSTED FOR INFLATION (IN 2000 DOLLARS) (\$000,000)	PERCENT OF TOTAL TAX COLLECTED
1989	\$ 856.5	27.4%
1990	\$ 862.9	28.0%
1991	\$ 793.6	26.0%
1992	\$ 776.4	26.0%
1993	\$ 716.4	23.0%
1994	\$ 770.6	26.3%
1995	\$ 741.9	26.9%
1996	\$ 773.3	28.3%
1997	\$ 824.0	29.9%
1998	\$ 932.6	30.7%
1999	\$ 985.7	33.1%
2000	\$1,077.3	34.6%
2001	\$1,068.2	33.3%
2002	\$ 910.1	29.4%
2003	\$ 868.2	27.5%
2004	\$ 950.2	27.4%
2005	\$1,023.9	27.3%
2006	\$1,048.8	27.3%
2007	\$1,090.0	25.6%
2008	\$1,061.2	25.4%

ESTATE TAX

GENERAL LIABILITY:

The estate tax is imposed on the estate of every decedent who died while still a resident of the District, and on the estate of every nonresident decedent owning property having a taxable situs in the District at the time of his or her death.

The District's estate tax is no longer in conformity with the federal estate tax. The Federal Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 changed the conformity with the federal estate tax. This legislation gradually eliminates the federal estate tax over the next several years, with full repeal taking effect in year 2010. However, the estate tax elimination is only temporary with the full estate tax scheduled to return in 2011.

District law, however, stipulates that existing District estate tax laws are automatically decoupled from the recent and forthcoming federal estate tax law changes. For example, while the federal threshold was \$2 million in FYs 2006 and 2007, the District threshold was \$1 million. Furthermore, when the federal threshold is raised to \$3.5 million in FY 2009, the District threshold will remain \$1 million. Hence, some District estate tax payers may be required to file and pay District estate taxes even when no federal filing or tax is due.

There is no inheritance or gift tax in the District of Columbia.

D.C. Code Citation: Title 47, Chapter 37.

REVENUES:

Fiscal Year	Revenues
2008	\$66,899,000
2009 (Estimate)	\$70,000,000
2010 (Estimate)	\$60,000,000

INSURANCE PREMIUMS TAX

GENERAL LIABILITY:

The tax is imposed on the gross insurance premiums received for insuring against risks in the District, less premiums received for reinsurance assumed, returned premiums and dividends paid to policyholders. All domestic and foreign insurance companies are liable for the tax, which is in lieu of all other taxes except real estate taxes and fees provided for by the District's insurance law.

D.C. Code Citation: Title 31; Title 47, Chapter 26.

REVENUE:

Fiscal Year	Gross Revenues	Net Revenues
2008	\$52,636,000	\$46,672,000
2009 (Estimate)	\$64,050,000	\$56,457,000
2010 (Estimate)	\$74,767,000	\$57,281,000

TRANSFER:

Fiscal Year	Healthy DC Fund
2008	\$ 5,964,000
2009 (Estimate)	\$ 7,593,000
2010 (Estimate)	\$17,486,000

COMPARATIVE DATA: (January 1, 2009)

Insurance Premiums Tax Facts

Type of Company/Policy	DC ^{1/}	MD	VA ^{2/}
Life insurance companies	1.70%	2.00%	2.25% ^{3/}
Life insurance special benefits	1.70%	2.00%	2.75%
Domestic mutual companies	1.70%	2.00%	1.00%
Industrial sick benefit companies	1.70%	2.00%	1.00%
Workmen's companies	1.70%	2.00%	2.50%
Other	1.70% ^{4/}	2.00% ^{5/}	2.25%
Legal service insurance companies	---	---	2.25%

1/ The District levies an additional fee of 0.30 percent to offset the administrative costs of regulation. Tax rate on health insurance premiums and HMO's increased from 1.7% to 2.0%. The 0.3% increase will go into the Healthy DC Fund.

2/ To offset the administrative cost of regulating each line of insurance, an additional fee up to .375 percent for providers of workmen's compensation insurance and 0.1 percent for other insurers may be levied.

3/ 2.75% on premiums paid for special or additional benefits.

4/ 2.0% on surplus line brokers, and on health insurance premiums and HMO's.

5/ 3.0% on unauthorized insurers, and 1% on auto liability insurers.

MOTOR VEHICLE TAXES

MOTOR VEHICLE EXCISE TAX

GENERAL LIABILITY:

The excise tax is imposed on the issuance of every original and subsequent certificate of title on motor vehicles and trailers. Vehicles brought into the District by new residents, who have been titled elsewhere, are exempt from the tax.

D.C. Code Citation: Title 50, Chapter 22.

PRESENT RATES: (January 1, 2009)

Based on manufacturer's shipping weight

6% of fair market value-3,499 pounds or less

7% of fair market value-3,500 - 4,999 pounds

8% of fair market value-5,000 pounds or more

REVENUE:

Fiscal Year	Collections
2008	\$40,160,000
2009 (Estimate)	\$40,160,000
2010 (Estimate)	\$40,963,000

COMPARATIVE DATA: (January 1, 2009)

Metropolitan Area Motor Vehicle Excise Tax Facts

State	Rate
DC	6-8%
Maryland	6%
Virginia	3%

MOTOR VEHICLE FUEL TAX

GENERAL LIABILITY:

The tax is imposed on every importer of motor vehicle fuels, including gasoline, diesel fuel, benzol, benzene, naphtha, kerosene, heating oils, all liquefied petroleum gases and all combustible gases and liquids suitable for the generation of power for the propulsion of motor vehicles.

Beginning on October 1, 1996, the motor vehicle fuels tax is deposited to the Highway Trust Fund, rather than to the Local General Fund.

D.C. Code Citation: Title 47, Chapter 23.

PRESENT RATES: (January 1, 2009)

20¢ per gallon

NOTE: Rate will increase to 23.5¢ per gallon 10/01/09.

REVENUE:

Fiscal Year	Revenues
2008	\$23,199,000
2009 (Estimate)	\$19,719,000
2010 (Estimate)	\$20,173,000

COMPARATIVE DATA: (January 1, 2009)

Metropolitan Area Gasoline Tax Facts

State	Rate
DC	\$0.200
Maryland	\$0.235
Virginia *	\$0.175

* Virginia also has a 2% local tax.

MOTOR VEHICLE REGISTRATION FEES

GENERAL LIABILITY:

Imposed on every vehicle operated over the highways of the District of Columbia by a resident. A resident has the option of registering every two years.

D.C. Code Citation: Title 50, Chapter 15.

PRESENT RATES: (January 1, 2009)

Based on manufacturer's shipping weight

PASSENGER CARS – Class A	
Class I (3,499 pounds or less)	\$ 72
Class II (3,500 – 4,999 pounds)	\$115
Class III (5,000 pounds or greater)	\$155
Class IV (clean fuel or electric vehicle [Hybrid])	\$ 36
Motorized bicycle	\$ 30
Motorcycles	\$ 52
Antique vehicles	\$ 25
TRUCKS AND BUSES – Class B	
Class I (3,499 pounds or less)	\$125
Class II (3,500 – 4,999 pounds)	\$160
Class III (5,000 – 6,999 pounds)	\$220
Class IV (7,000 – 9,999 pounds)	\$300
Class V (10,000 pounds or greater) ^{1/}	\$575
TRAILERS – Class C	
Class I (1,499 pounds or less)	\$ 50
Class II (1,500 – 3,499 pounds)	\$125
Class III (3,500 – 4,999 pounds)	\$250
Class IV (5,000 – 6,999 pounds)	\$400
Class V (7,000 – 10,999 pounds)	\$500
Class VI (11,000 pounds – or greater) ^{2/}	\$550
Driver's license (1 st time & renewal)	\$ 39
Learner's permit	\$ 20
Driver's license reinstatement	\$ 98
Driver's instructor license	\$ 78
Vehicle titles:	
New titles	\$ 26
Duplicate titles	\$ 26
Lien recordation (per lien)	\$ 20
Temporary tags	\$ 13
Inspection fee ^{3/}	\$ 25
Residential parking permits	\$ 15
Reciprocity parking permit for students	\$338

^{1/} Additional \$25 per 1,000 pounds over 10,000 pounds.

^{2/} Additional \$50 per 1,000 pounds over 11,000 pounds.

^{3/} Two years.

Source: DC Department of Motor Vehicles www.dmv.dc.gov.

MOTOR VEHICLE REGISTRATION FEES-Continued**REVENUE:**

Fiscal Year	Revenues
2008	\$30,676,000
2009 (Estimate)	\$23,607,000
2010 (Estimate)	\$23,530,000

COMPARATIVE DATA:**METROPOLITAN AREA MOTOR VEHICLE REGISTRATION FEES****VEHICLE WEIGHTS**

JURISDICTION	3,499 lbs. OR LESS	3,500- 3,700 lbs.	3,701- 4,999 lbs.	OVER 5,000 lbs.
District of Columbia	\$72.00	\$115.00	\$115.00	\$155.00
Charles County, MD	64.00	64.00	90.00	90.00
Montgomery County, MD	64.00	64.00	90.00	90.00
Prince George's County, MD	64.00	64.00	90.00	90.00
Alexandria, VA 1/	56.50	56.50	61.50	61.50
Arlington County, VA 1/	31.00	31.00	35.00	35.00
Fairfax, VA 1/	51.00	51.00	55.00	55.00
Fairfax County, VA 1/	51.00	51.00	55.00	55.00
Falls Church, VA 1/	51.00	51.00	55.00	55.00
Loudoun County, VA 1/	50.00	50.00	54.00	54.00
Prince William County, VA 1/	55.50	55.50	60.50	60.50

1/ Autos also subject to personal property tax. Rates shown include a \$29.50 state fee on vehicles weighing 4,000 pounds or less and a \$34.50 fee on vehicles weighing more than 4,000 pounds.

PROPERTY TAXES

PERSONAL PROPERTY TAX

GENERAL LIABILITY:

The tax is levied on all tangible property, except inventories, used in a trade or business. Such property includes machinery, equipment, furniture and fixtures. Beginning July 1, 1981, financial institutions are included in the personal property tax base.

D.C. Code Citation: Title 47, Chapter 15.

PRESENT RATE:

\$3.40 per \$100 of assessed value; the first \$225,000 of taxable value is excluded from tax

REVENUE:

Fiscal Year	Gross Revenues	Net Revenues
2008	\$59,690,000	\$49,690,000
2009 (Estimate)	\$57,422,000	\$47,422,000
2010 (Estimate)	\$56,216,000	\$46,216,000

Neighborhood Investment Fund Transfer:

Fiscal Year	Transfer Amount
2008	\$10,000,000
2009 (Estimate)	\$10,000,000
2010 (Estimate)	\$10,000,000

COMPARATIVE DATA: (January 1, 2009)

Metropolitan Area Personal Property Tax Facts 1/

Jurisdiction	Rate
District of Columbia	\$3.400
Charles County, MD	\$2.405
Montgomery County, MD	\$2.220
Prince George's County, MD	\$2.400 2/
Alexandria, VA	\$4.750 3/
Arlington County, VA	\$5.000
Fairfax City, VA	\$4.130
Fairfax County, VA	\$4.570
Falls Church, VA	\$4.710
Loudoun County, VA	\$4.200
Prince William County, VA	\$3.700

Note: The above rates are per \$100 of assessed value.

1/ Personal property tax year in the Virginia area jurisdictions is on a calendar year basis. The rates submitted by Virginia jurisdictions for this report are applicable to calendar year 2008. In the District of Columbia and the Maryland area jurisdictions, the 2009 personal property tax is July 1, 2008 to June 30, 2009. The rates presented are those in effect for this period. Since 2001, the Virginia personal property tax relief is varies by jurisdiction for qualifying vehicles.

2/ Rate applied to non-town businesses. The county rate for incorporated town businesses ranges from \$1.949 to \$2.387. Maryland property tax rate is not levied against personal property.

3/ Rate applied to regular individual personal property, and business tangible personal property.

PERSONAL PROPERTY TAX-continued

YEAR	DC PERSONAL PROPERTY TAX REVENUE ADJUSTED FOR INFLATION (IN 2000 DOLLARS) (\$000,000)	PERCENT OF TOTAL TAX COLLECTED
1989	\$ 90.0	2.9%
1990	\$ 84.7	2.7%
1991	\$ 90.1	2.9%
1992	\$ 82.1	2.8%
1993	\$ 85.1	2.6%
1994	\$ 73.9	2.5%
1995	\$ 70.7	2.6%
1996	\$ 73.1	2.7%
1997	\$ 66.0	2.4%
1998	\$ 74.1	2.4%
1999	\$ 76.5	2.6%
2000	\$ 70.1	2.3%
2001	\$ 62.4	1.9%
2002	\$ 62.5	2.0%
2003	\$ 62.9	2.0%
2004	\$ 57.9	1.7%
2005	\$ 63.6	1.7%
2006	\$ 55.7	1.5%
2007	\$ 55.9	1.3%
2008	\$ 47.2	1.1%

REAL PROPERTY TAX

GENERAL LIABILITY:

All real properties, other than owner-occupied and expressly exempted properties, are subject to taxation at 100% of estimated market value; but not more than 10% above their previous tax paid. The current District of Columbia property tax uses three classifications of property: Class I--improved residential real property that is occupied (owner and rental) and is used exclusively for non-transient residential dwellings purposes; Class II--commercial property; and Class III--unimproved or abandoned property.

The assessed value for each Class I owner-occupied single-family residence (including condominiums) is reduced by a \$67,500 homestead deduction for all Class I properties (owner-occupant). This exemption will be indexed annually (by the CPI), beginning October 1, 2008. The assessed value of residential real property owned by a cooperative housing association is reduced by 60% (but the exemption may not exceed \$67,500 multiplied by the number of units occupied by the shareholders). Owner-occupied residential properties are also subject to a 10% property tax cap whereby the property tax paid on the property is limited to at most 10% more than the tax paid the previous year. First-time homeowners may be eligible for abatement of real property taxes for a period of five years under the First Time Homebuyers Lower Income Home Ownership Tax Abatement program. Owners of certified historic buildings may benefit from a special tax program for at least twenty years. The District also has a property tax relief "circuit-breaker" program for qualified homeowners and renters, which provides a tax credit for those with low and moderate income, the elderly, blind and disabled. For qualified retired senior homeowners, the District allows a 50 percent reduction in the amount of real property taxes that would otherwise be payable. In addition, a property tax deferral program allows qualified homeowners to defer a portion of their taxes. Homeowners have a 10 percent annual cap on growth in their real property tax liability.

District law limits the estimated amount of total real property taxes collected from all residential properties (Class I) by limiting the annual growth in total real property taxes from all owner-occupied and non owner-occupied residential properties-the so-called "calculated rate". If, just before the start of the fiscal year, it is estimated that actual Class I revenue will exceed the targeted growth amount, the residential tax rate is to be lowered to achieve only the statutorily specified revenue amount.

District law states that beginning in FY 2009, Class II properties will be subject to a split tax rate structure. The tax rate for the first \$3 million in assessed value for Class II properties in FY 2009, would be \$1.65 per \$100 of assessed value and the tax rate for assessed valued greater than \$3 million is to remain \$1.85 per \$100 of assessed value. Additionally, legislation limits the growth in total Class II revenue to 10 percent annually beginning in FY 2010. If, just before the start of the fiscal year, it is estimated that actual Class II revenue will exceed the targeted growth amount, the tax rate for the first \$3 million of assessed value is to be lowered to achieve only the statutorily specified revenue amount for all of Class II properties. Beginning in FY 2009, the tax rate for the assessed value greater than \$3 million will remain \$1.85 per \$100 of assessed value indefinitely.

D.C. Code Citation: Title 47, Chapters 7 - 14.

The District's Real Property Tax Year is October 1 through September 30.

REAL PROPERTY TAX-Continued

REVENUE:

Fiscal Year	Gross Revenues	Net Revenues
2008	\$1,672,969,000	\$1,666,315,000
2009 (Estimate)	\$1,803,171,000	\$1,773,208,000
2010 (Estimate)	\$1,781,331,000	\$1,738,471,000

Tax Increment Financing (TIF) Program Transfer:

Fiscal Year	Transfer Amount
2008	\$ 6,654,000
2009 (Estimate)	\$29,963,000
2010 (Estimate)	\$42,860,000

COMPARATIVE DATA: (January 1, 2009)

Metropolitan Area Real Property Tax Facts

JURISDICTION	NOMINAL TAX PER \$100 VALUE	LEGAL ASSESSMENT (% of estimated market value)	TAX RATE PER \$100 VALUE 5/
D.C.			
Class I (Residential) 1/	\$0.850	100%	\$0.850
Class II (commercial) 2/	\$1.850	100%	\$1.850
Class III (vacant)	\$10.000	100%	\$10.000
MARYLAND			
Charles Co. 3/ 4/	\$1.138	100%	\$1.138
Montgomery Co. 3/	\$1.015	100%	\$1.015
Prince George's Co. 3/	\$1.072	100%	\$1.072
VIRGINIA			
Alexandria	\$0.845	100%	\$0.845
Arlington Co.	\$0.848	100%	\$0.848
Fairfax City	\$0.790	100%	\$0.790
Fairfax Co.	\$0.920	100%	\$0.920
Falls Church	\$1.010	100%	\$1.010
Loudoun Co.	\$1.140	100%	\$1.140
Prince William Co.	\$1.032	100%	\$1.032

- 1/ The first \$67,500 of assessed value is exempt from the tax on owner-occupied housing.
- 2/ 1st \$3(M) rate is \$1.65 per \$100 of assessed value.
- 3/ Rates shown include a state rate of 11.2 cents per \$100 of assessed value.
- 4/ Rates are different in tax districts with various levies for fire, rescue and recreation.
- 5/ Nominal tax rate x assessment = tax rate.

REAL PROPERTY TAX-Continued

YEAR	DC REAL PROPERTY TAX REVENUE ADJUSTED FOR INFLATION (IN 2000 DOLLARS) (\$000,000)	PERCENT OF TOTAL TAX COLLECTED
1989	\$ 905.8	28.9%
1990	\$ 899.0	29.2%
1991	\$1,033.4	33.8%
1992	\$1,027.6	34.4%
1993	\$1,128.1	36.3%
1994	\$ 865.4	29.6%
1995	\$ 754.1	27.4%
1996	\$ 700.4	25.7%
1997	\$ 675.5	24.5%
1998	\$ 667.9	22.0%
1999	\$ 618.6	20.8%
2000	\$ 610.9	19.6%
2001	\$ 615.9	19.2%
2002	\$ 696.1	22.5%
2003	\$ 769.0	24.3%
2004	\$ 863.9	24.9%
2005	\$ 936.1	25.0%
2006	\$ 981.0	25.5%
2007	\$1,201.9	28.3%
2008	\$1,322.1	31.6%

PUBLIC SPACE RENTAL

GENERAL LIABILITY:

The tax is imposed on commercial use of publicly owned property between the property line and the street

D.C. Code Citation: Title 10, Chapter 11.

PRESENT RATE: (January 1, 2009)

Various rates for the following: vault, sidewalk (enclosed and unenclosed cafes), surface and fuel oil tank.

Calculation of Vault Rental Fees
Vault Rental Fee = (assessed value of the land by square foot) x (vault square footage) x (utilization factor)

Note: The assessed value of the land is determined by the Office of Tax & Revenue; the vault square footage is supplied by PSMA/DDOT; and the utilization factor is currently 1.8% for vaults with a single level and .45% for additional levels (which is applied based on information supplied by PSMA/DDOT).

REVENUE:

Fiscal Year	Revenues
2008	\$27,697,000
2009 (Estimate)	\$25,589,000
2010 (Estimate)	\$28,412,000

Note: Effective October 1, 2005, Public Space Rental revenue is dedicated to DDOT as Special Purpose Revenue.

PUBLIC UTILITY TAX

GENERAL LIABILITY:

The tax is imposed on the gross receipts of telephone, television and radio companies and on the units delivered to customers of natural gas, electricity and heating oil.

D.C. Code Citation: Title 47, Chapter 25.

PRESENT RATE: (January 1, 2009)

- 10% of gross receipts – residential
- 11% of gross receipts – non-residential

Note: 1 percentage point of the non-residential rate is dedicated towards financing construction of the new baseball stadium

REVENUE:

Fiscal Year	Gross Revenues	Net Revenues
2008	\$153,543,000	\$144,315,000
2009 (Estimate)	\$153,627,000	\$143,027,000
2010 (Estimate)	\$153,696,000	\$143,091,000

Transfer to Ballpark Fund:

Fiscal Year	Transfer Amount
2008	\$ 9,228,000
2009 (Estimate)	\$10,600,000
2010 (Estimate)	\$10,605,000

COMPARATIVE DATA:

Metropolitan Area Utility Tax Facts

JURISDICTION	UTILITIES SUBJECT TO TAX	RATE	BASIS
District of Columbia	Television, radio and telephone	10.0% 11.0%	Gross receipts Residential Non-residential
	Heating oil	\$0.17 \$0.187	Per Gallon Residential Non-residential
	Natural gas	\$0.0707 \$0.07777	Per Therm Residential Non-residential
	Electric distribution	\$0.0070 \$0.0077	Per Kilowatt Hr Residential Non-residential.
Maryland	Electric, Light and power, gas, oil pipeline, telegraph and telephone companies	2.0%	Gross receipts
Virginia	Electric, gas, heat light, power and water Up to \$100,000 Over \$100,000	1.125% 2.3%	Gross receipts
	Pipeline transmission Up to \$100,000 Over \$100,000 Telegraph and telephone 1/	1.125% 2.3%	

1/ Telephone companies are subject to the corporate income tax, not the utility gross receipts tax.

PUBLIC UTILITY TAX-continued

YEAR	DC PUBLIC UTILITY TAX REVENUE ADJUSTED FOR INFLATION (IN 2000 DOLLARS) (\$000,000)	PERCENT OF TOTAL TAX COLLECTED
1989	\$135.5	4.3%
1990	\$100.9	3.3%
1991	\$111.1	3.6%
1992	\$144.3	4.8%
1993	\$154.6	5.0%
1994	\$159.0	5.4%
1995	\$151.0	5.5%
1996	\$162.5	6.0%
1997	\$155.2	5.6%
1998	\$152.7	5.0%
1999	\$133.0	4.5%
2000	\$132.8	4.3%
2001	\$145.0	4.5%
2002	\$135.1	4.4%
2003	\$155.8	4.9%
2004	\$154.5	4.5%
2005	\$153.7	4.1%
2006	\$131.9	3.4%
2007	\$135.9	3.2%
2008	\$121.3	2.9%

**RECORDATION AND TRANSFER TAXES
ECONOMIC INTEREST TAX**

GENERAL LIABILITY:

Recordation Tax

The recordation tax is imposed on the recording of all deeds to real estate in the District. The basis of the tax is the amount of consideration given for the property, including cash, property other than cash, mortgages, liens and security interest in non-residential property. Where there is no consideration or where the consideration is nominal, the tax is imposed on the basis of the fair market value of the property.

D.C. Code Citation: Title 42, Chapter 11.

PRESENT RATE: (January 1, 2009)

Deed Recordation

1.1% of consideration or fair market value for residential property transfers < \$400,000
1.45% of consideration or fair market value on the entire amount if transfer is > \$400,000

REVENUE:

Fiscal Year	Gross Revenues	Net Revenues
2008	\$155,974,000	\$118,302,000
2009 (Estimate)	\$ 89,014,000	\$ 75,662,000
2010 (Estimate)	\$ 71,746,000	\$ 60,984,000

Transfer Tax

The transfer tax is imposed on each transfer of real property at the time the deed is submitted for recordation. The tax is based upon the consideration paid for the transfer. Where there is no consideration or where the amount is nominal, the basis of the transfer tax is the fair market value of the property conveyed.

D.C. Code Citation: Title 47, Chapter 9.

PRESENT RATE: (January 1, 2009)

Deed Transfer

Same rates as for Deed recordation Tax (see above)

REVENUE:

Fiscal Year	Gross Revenues	Net Revenues
2008	\$112,434,000	\$ 86,238,000
2009 (Estimate)	\$ 60,040,000	\$ 51,034,000
2010 (Estimate)	\$ 47,587,000	\$ 40,449,000

Note: All property other than Class 1 taxed at 1.45% of consideration of full market value of transfer.

**RECORDATION AND TRANSFER TAXES
ECONOMIC INTEREST TAX-continued**

Fifteen percent of the District's real estate transfer taxes and 15 percent of deed recordation taxes are deposited into the Housing Production Trust Fund. Also, 40 percent of the difference between 1.1 percent and 1.45 percent increase in the transfer and recordation taxes, is transferred to Comprehensive Housing Strategy Fund. Starting in FY 2009, a portion of the deed taxes will no longer be transferred to the Comprehensive Housing Strategy Fund.

Housing Production Trust Fund Transfer:

Fiscal Year	Recordation Tax	Transfer Tax
2008	\$23,853,000	\$16,736,000
2009 (Estimate)	\$13,352,000	\$ 9,006,000
2010 (Estimate)	\$10,762,000	\$ 7,138,000

Comprehensive Housing Task Force Fund Transfer:

Fiscal Year	Recordation Tax	Transfer Tax
2008	\$13,819,000	\$9,460,000
2009 (Estimate)	\$0	\$0
2010 (Estimate)	\$0	\$0

Economic Interest Tax

Economic interest tax is triggered by either one of the following two elements: 1) 80% or more of the assets of the entity consist of real property located in the District of Columbia; or 2) more than 50% of the gross receipts of the entity are derived from ownership or disposition of real property in DC. The consideration is not always equal to the assessed value of the property. The consideration is what is paid for the interest being transferred. If there is no tangible consideration, then the tax basis will be the assessed value of the property owned by the corporation.

D.C. Code Citation: Title 42, Chapter 11.

PRESENT RATE: (January 1, 2009)

Economic Interest Transfer

2.9% of consideration or fair market value

REVENUE:

Fiscal Year	Revenues
2008	\$54,815,000
2009 (Estimate)	\$17,955,000
2010 (Estimate)	\$14,091,000

RECORDATION AND TRANSFER TAXES-continued

YEAR	DC DEED RECORDATION & TRANSFER TAX REVENUE ADJUSTED FOR INFLATION (IN 2000 DOLLARS) (\$000,000)	PERCENT OF TOTAL TAX COLLECTED
1989	\$ 92.9	3.0%
1990	\$ 89.9	2.9%
1991	\$ 50.0	1.6%
1992	\$ 47.3	1.6%
1993	\$ 50.7	1.6%
1994	\$ 53.9	1.8%
1995	\$ 51.3	1.9%
1996	\$ 67.1	2.5%
1997	\$ 63.4	2.3%
1998	\$104.4	3.4%
1999	\$121.5	4.1%
2000	\$105.1	3.4%
2001	\$134.2	4.2%
2002	\$145.9	4.7%
2003	\$222.7	7.0%
2004	\$307.0	8.9%
2005	\$297.4	7.9%
2006	\$280.7	7.3%
2007	\$314.6	7.4%
2008	\$212.1	5.1%

SALES AND USE TAX

GENERAL LIABILITY:

The District of Columbia has five tax categories that fall under the general sales and use tax. The retail sales tax rate of 5.75% is imposed on all tangible personal property sold or rented at retail in the District and on certain selected services. Grocery-type foods, prescription and non-prescription drugs, disability appliances and residential utility services are among items exempt from the sales tax. Construction materials and business purchases of public utility services are among those included. The other rate categories apply to goods and services as indicated below.

The use tax is imposed at the same rate on property sold or purchased outside the District and then brought into the District to be used, stored or consumed. Vendors subject to the jurisdiction of the District are required to collect and pay the use tax. When the vendor is not subject to the jurisdiction of the District, or when the purchaser brings the property into the District, the purchaser is required to pay the tax.

D.C. Code Citation: Title 47, Chapters 20 and 22.

PRESENT RATES: (January 1, 2009)

A five-tier rate structure is presently in effect:

- 5.75% Retail rate for tangible personal property and selected services, food sold in vending machines
- 9% Liquor sold for off the premises consumption
- 10% Restaurant meals, liquor sold for consumption on the premises, rental vehicles, prepaid telephone cards, tickets sold for baseball games, merchandise sold at the baseball stadium, tickets sold for events at the Verizon Center and merchandise sold at the Verizon Center.
- 12% Parking motor vehicles in commercial lots, rolled tobacco products usually used for smoking, chewing or as snuff, made in whole or in part with tobacco, except for cigarettes, premium cigars or pipe leaf tobacco products.
- 14.5% Transient accommodations

Note: Convention Center sales tax rates of 4.45% (14.5% rate) for transient accommodations and 1.0% for restaurants (10% rate) are included in rates noted above.

REVENUE:

Fiscal Year	Gross Revenues	Net Revenues
2008	\$1,015,182,000	\$ 750,455,000
2009 (Estimate)	\$ 983,948,000	\$ 723,545,000
2010 (Estimate)	\$ 987,895,000	\$ 719,677,000

TRANSFERS:

Fiscal Year	Convention Center	Tax Increment Financing (TIF)
2008	\$ 91,493,000	\$ 23,450,000
2009 (Estimate)	\$ 91,950,000	\$ 27,440,000
2010 (Estimate)	\$ 93,054,000	\$ 26,203,000
Fiscal Year	DDOT Parking Tax	Ballpark Fund
2008	\$ 37,420,000	\$ 7,364,000
2009 (Estimate)	\$ 26,112,000	\$ 8,900,000
2010 (Estimate)	\$ 27,389,000	\$ 9,212,000
Fiscal Year	School Modernization Fund	
2008	\$100,000,000	
2009 (Estimate)	\$106,000,000	
2010 (Estimate)	\$112,360,000	

SALES AND USE TAX—Continued

YEAR	DC SALES & USE TAX REVENUE ADJUSTED FOR INFLATION (IN 2000 DOLLARS) (\$000,000)	PERCENT OF TOTAL TAX COLLECTED
1989	\$608.6	19.4%
1990	\$631.1	20.5%
1991	\$582.0	19.0%
1992	\$553.9	18.6%
1993	\$498.3	16.0%
1994	\$543.1	18.6%
1995	\$559.7	20.3%
1996	\$524.4	19.2%
1997	\$527.5	19.1%
1998	\$603.1	19.8%
1999	\$613.6	20.6%
2000	\$640.2	20.5%
2001	\$654.7	20.4%
2002	\$638.8	20.6%
2003	\$645.2	20.4%
2004	\$668.4	19.3%
2005	\$760.0	20.3%
2006	\$772.7	20.1%
2007	\$796.4	18.7%
2008	\$802.3	19.2%

TOLL TELECOMMUNICATIONS TAX

GENERAL LIABILITY:

The tax is imposed on telecommunication companies, including wireless telecommunications providers, for the privilege of providing toll telecommunication service in the District. The service charge is on any sound, vision or speech communication for which there is a toll charge that varies in amount with the distance or elapsed transmission time of each individual communication or the transmission or reception of any sound, vision or speech communication that entitles a person upon the payment of a periodic charge that is determined as a flat amount or upon the basis of a total elapsed transmission time, to an unlimited number of communications to or from all or a substantial portion of persons who have telephone or radio telephone stations in a specified area outside the local telephone system area in which the station that provides the service is located.

The items clearly omitted from this tax are anything to do with equipment sales, rental, maintenance, repair or charges.

D.C. Code Citation: Title 47, Chapter 39.

PRESENT RATE: (January 1, 2009)

- 10% of gross charges – residential
- 11% of gross charges – non-residential

Note: 1% of non-residential is dedicated towards financing construction of new baseball stadium through the life of the bonds (2036).

REVENUE:

Fiscal Year	Gross Revenues	Net Revenues
2008	\$65,741,000	\$63,182,000
2009 (Estimate)	\$63,283,000	\$60,625,000
2010 (Estimate)	\$63,360,000	\$60,699,000

Transfer to Ballpark Fund:

Fiscal Year	Transfer Amount
2008	\$ 2,559,000
2009 (Estimate)	\$ 2,658,000
2010 (Estimate)	\$ 2,661,000

Metropolitan Area

TOLL TELECOMMUNICATIONS TAX RATES

District of Columbia	Maryland	Virginia
10.0% Residential	-0-	-0-
11.0% Non-residential	2.0%	1.0%

TOLL TELECOMMUNICATIONS TAX-continued

YEAR	DC TOLL TELE- COMMUNICATIONS TAX REVENUE ADJUSTED FOR INFLATION (IN 2000 DOLLARS) (\$000,000)	PERCENT OF TOTAL TAX COLLECTED
1989	\$15.6	0.5%
1990	\$25.9	0.8%
1991	\$29.6	1.0%
1992	\$41.4	1.4%
1993	\$45.9	1.5%
1994	\$47.3	1.6%
1995	\$51.4	1.9%
1996	\$51.0	1.9%
1997	\$58.0	2.1%
1998	\$61.4	2.0%
1999	\$53.7	1.8%
2000	\$48.3	1.5%
2001	\$49.9	1.6%
2002	\$53.1	1.7%
2003	\$49.8	1.6%
2004	\$50.1	1.4%
2005	\$49.0	1.3%
2006	\$48.1	1.3%
2007	\$49.0	1.2%
2008	\$52.0	1.2%

BASEBALL GROSS RECEIPTS TAX

GENERAL LIABILITY:

The Ballpark Omnibus Financing and Revenue Act of 2004 DC Law requires that a Ballpark Fee must be paid by certain persons on June 15th of every District fiscal year until the bonds issued to build the ballpark are re-paid. To determine if an entity is subject to the Ballpark Fee, that person must compute its annual District gross receipts for its most recent taxable year ending before June 15th.

The persons subject to the Ballpark Fee are persons that have income of \$5,000,000 or more in annual District gross receipts and either are subject to filing franchise tax returns (whether Corporate or Unincorporated) or are employers required to make unemployment insurance contributions.

An entity granted exemption from the DC Franchise Tax pursuant to DC Code 47-1802.01, is not subject to the Ballpark Fee, unless it has unrelated business taxable income. A tax exempt entity with unrelated business taxable income must pay the Ballpark Fee if \$5,000,000 or more of its annual DC Gross Receipts are attributable to any unrelated business taxable income for its most recent calendar or fiscal year.

D.C. Code Citation: 47-2762

PRESENT RATE: (January 1, 2009)

BALLPARK FEE SCHEDULE

DC Gross Receipts	Ballpark Fee
Less than \$ 5,000,000	\$0
\$ 5,000,000 to \$ 8,000,000	\$5,500
\$ 8,000,001 to \$12,000,000	\$10,800
\$12,000,001 to \$16,000,000	\$14,000
\$16,000,001 and greater	\$16,500

REVENUE:

Fiscal Year	Revenue
2008	\$ 24,989,000
2009 (Estimate)	\$ 20,748,000
2010 (Estimate)	\$ 20,603,000

NON-TAX REVENUE AND LOTTERY

NON-TAX REVENUE

GENERAL LIABILITY:

Local non-tax revenue includes licenses and permits, parking and traffic fines, charges for services, interest income, unclaimed property and other revenue sources.

REVENUE:

Fiscal Year	Revenues
2008	\$385,856,000
2009 (Estimate)	\$339,841,000
2010 (Estimate)	\$335,178,000

LOTTERY

GENERAL LIABILITY:

Every year, the District of Columbia Lottery and Charitable Games Control Board transfers the net proceeds of receipts from lottery gaming to the General Fund. The proceeds are equal to gross receipts net of payouts and administrative costs. Games included as part of the DC Lottery are DC Lucky Numbers, DC Four, Powerball, DC Keno, Rolling Cash 5, DC Daily 6, Hot Lotto, Instant Tickets, and Extra. The transfer is based primarily on ticket sales and prize payout.

REVENUE:

Fiscal Year	Revenues
2008	\$70,300,000
2009 (Estimate)	\$70,300,000
2010 (Estimate)	\$65,775,000

SPECIAL PURPOSE NON-TAX REVENUE

GENERAL LIABILITY:

Special purpose non-tax revenues, often times referred to as “Other” or “O”-Type or dedicated revenues, are funds generated from fees, fines, assessments or reimbursements that are dedicated to the District agency that collects the revenues to cover the cost of performing the function. The “dedication” of the revenue to the collecting agency is what distinguishes this revenue from the general-purpose non-tax revenues. The legislation that creates the fee, fine or assessment must stipulate its purpose-designation and must also state whether any unspent funds are to retain designation at the conclusion of the fiscal year or revert to general-purpose funds. Unspent revenue in certain funds cannot revert to general purpose funds. Dedicated revenues limit the use of the District’s General Fund revenue by earmarking a portion of the revenue for special purposes. Prior to Fiscal Year 2002, dedicated non-tax revenues were not considered local revenues and as such, were reported with private grants in the Comprehensive Annual Financial Report (CAFR). Beginning with the Fiscal Year 2004 proposed budget, they have been included in the General fund along with non-dedicated local revenues.

REVENUE:

Fiscal Year	Revenues
2008	\$448,972,000
2009 (Estimate)	\$444,496,000
2010 (Estimate)	\$458,816,000

PART III -- SELECTED D.C. TAX STATISTICS

**TABLE 3
D.C. TAX REVENUES
(In Thousands of Dollars)**

FISCAL YEAR	TOTAL NET COLLECTIONS 1/	INDIVIDUAL AND CORPORATE INCOME 2/	PROPERTY TAXES 3/	EXCISE AND SALES AND USE TAXES	GROSS RECEIPTS TAXES 4/	OTHER TAXES 5/
1989	2,204,598	759,883	710,766	507,169	136,680	90,100
1990	2,279,127	777,651	737,138	546,823	127,573	89,942
1991	2,371,732	749,025	881,878	531,004	142,562	67,263
1992	2,384,300	708,085	903,319	542,750	180,192	67,954
1993	2,557,852	730,519	1,011,663	504,735	229,593 6/	81,342
1994	2,470,053	800,868	811,009	557,474	243,199 6/7/	57,503
1995	2,391,041	804,355	730,343	584,107	210,912 6/8/	61,324
1996	2,402,521	843,553	701,635	530,391	234,957 6/	91,985
1997	2,490,036	936,980	687,599	540,837	229,242 6/	95,378
1998	2,773,561	1,083,102	695,440	618,500	236,637 6/	139,882
1999	2,849,873	1,169,751	679,550	645,949	207,290	147,333
2000	3,083,827	1,338,564	692,781	698,861	212,011	141,610
2001	3,209,273	1,400,237	707,423	677,139	233,740	190,734
2002	3,147,582	1,160,424	803,389	668,837	231,786	283,146
2003	3,293,374	1,167,452	901,888	694,494	261,348	268,192
2004	3,665,195	1,299,009	1,027,976	737,309	271,897	329,004
2005	4,052,087	1,472,432	1,145,796	838,075	269,503	326,281
2006	4,238,950	1,591,483	1,207,691	845,992	250,852	342,932
2007	4,787,771	1,736,361	1,500,996	787,125	265,091	498,198
2008	5,106,963	1,755,894	1,726,005	932,069	302,873	390,122

1/ Collection is on a modified accrual basis, and does not include legislative transfers to the WCCA for retirement of debt.

2/ Total amount includes total corporate income surtax.

3/ Total amount includes public space rental and personal services.

4/ Total amount includes toll telecommunication, public utility and insurance premiums taxes.

5/ Total amount includes inheritance and estate, recordation and transfer, and economic interest taxes.

6/ Total amount includes health care providers tax.

7/ Total amount includes Public Safety Fee.

8/ Total includes Arena Fee.

Source: Comprehensive Annual Financial Report.

**TABLE 4
2007 D.C. INCOME TAX DISTRIBUTION**

ADJUSTED GROSS INCOME CLASS	NO. OF RETURNS	PERCENT 1/	ADJUSTED GROSS INCOME AMOUNT	PERCENT 1/	NET TAXABLE INCOME AMOUNT	PERCENT 1/
ITEMIZED DEDUCTIONS						
Less than \$0	1,236	1.0%	0	0.0%	0	0.0%
\$0-\$9,999	3,812	3.0%	17,084,034	0.1%	4,292,996	0.0%
\$10,000-\$19,999	5,755	4.6%	89,132,550	0.5%	29,279,390	0.2%
\$20,000-\$29,999	9,230	7.3%	233,307,578	1.3%	107,616,621	0.7%
\$30,000-\$39,999	11,383	9.1%	399,688,831	2.2%	222,569,963	1.5%
\$40,000-\$49,999	11,599	9.2%	521,676,436	2.9%	327,322,781	2.2%
\$50,000 & Over	82,628	65.8%	16,577,902,631	92.9%	14,025,991,963	95.3%
TOTAL	125,643	100.0%	17,838,792,060	100.0%	14,717,073,714	100.0%
STANDARD DEDUCTIONS						
Less than \$0	1,949	1.1%	0	0.0%	0	0.0%
\$0-\$9,999	43,250	24.6%	209,003,942	4.4%	71,348,127	1.8%
\$10,000-\$19,999	37,959	21.6%	563,146,892	12.0%	362,700,395	9.4%
\$20,000-\$29,999	31,226	17.8%	774,190,744	16.5%	601,447,714	15.5%
\$30,000-\$39,999	23,197	13.2%	805,858,674	17.1%	682,087,253	17.6%
\$40,000-\$49,999	15,594	8.9%	695,999,284	14.8%	619,317,071	16.0%
\$50,000 & Over	22,455	12.8%	1,650,820,653	35.1%	1,541,220,007	39.7%
TOTAL	175,630	100.0%	4,699,020,189	100.0%	3,878,120,567	100.0%

1/ Detail may not add to total due to rounding.

**TABLE 5
DISTRICT OF COLUMBIA REAL PROPERTY ASSESSMENTS - TAXABLE, EXEMPT AND TOTALS
TAX YEAR 2008**

Type of Property	Total Acres 1/	Land Value	Improvements	Total Value	Gross Tax Liability 2/	% of All Properties		Number of Properties
						Land Acres	Total Value	
Total Taxable	12,800	\$63,703,875,724	\$85,930,152,211	\$149,634,027,935	\$1,924,850,116	43.1	66.9	177,345
Class One	10,249	\$38,608,321,576	\$48,834,723,614	\$87,443,045,190	\$743,265,884	34.5	39.1	165,569
Residential/Single Family	8,348	32,210,203,145	39,627,573,138	71,837,776,283	610,621,098	28.1	32.1	150,982
Homestead	6,382	24,712,632,846	30,094,847,191	54,807,480,037	465,863,580	21.5	24.5	97,340
Non-seniors	4,846	19,803,948,718	25,439,405,892	45,243,354,610	384,568,514	16.3	20.2	76,624
Seniors	1,536	4,908,684,128	4,655,441,299	9,564,125,427	81,295,066	5.2	4.3	20,716
Non-Homestead	1,966	7,497,570,299	9,532,725,947	17,030,296,246	144,757,518	6.6	7.6	53,642
Residential/Multifamily	1,901	6,398,118,431	9,207,150,476	15,605,268,907	132,644,786	6.4	7.0	14,587
Class Two	2,281	\$24,402,762,877	\$36,802,472,217	\$61,205,235,094	\$1,132,296,849	7.7	27.4	8,635
Large Office Buildings	410	14,243,878,862	28,470,810,048	42,714,688,910	790,221,745	1.4	19.1	598
Hotels/Motels	93	1,794,157,573	3,095,018,121	4,889,175,694	90,449,750	0.3	2.2	123
Other Commercial	1,778	8,364,726,442	5,236,644,048	13,601,370,490	251,625,354	6.0	6.1	7,914
Class Three	271	\$692,791,271	\$292,956,380	\$985,747,651	\$49,287,383	0.9	0.4	3,141
Total Exempt 3/	16,901	\$45,342,668,508	\$28,609,182,448	\$73,951,805,956	\$1,329,013,457	56.9	33.1	16,628
Total US/DC Government	13,244	\$34,361,563,150	\$15,156,485,660	\$49,518,048,810	\$905,409,685	44.6	22.1	7,926
United States	11,508	29,264,946,720	10,827,073,790	40,092,020,510	739,629,676	38.7	17.9	3,034
District of Columbia	1,736	5,096,616,430	4,329,411,870	9,426,028,300	165,780,008	5.8	4.2	4,892

**TABLE 5
DISTRICT OF COLUMBIA REAL PROPERTY ASSESSMENTS - TAXABLE, EXEMPT AND TOTALS
TAX YEAR 2008**

Type of Property	Total Acres	Land Value	Improvements	Total Value	Gross Tax Liability 1/	% of All Properties		Number of Properties
						Land Acres	Total Value	
Total Exempt 3/-continued								
Total Non-US/DC Exempt	3,657	\$10,981,105,358	\$13,452,696,788	\$24,433,802,146	\$423,603,772	12.3	10.9	8,702
Low Income Tax Exempt	119	593,897,470	793,124,530	1,387,022,000	18,754,580	0.4	0.6	4,508
Religious	612	1,513,035,830	1,508,979,210	3,022,015,040	54,313,590	2.1	1.4	1,230
Educational	782	2,069,508,360	2,565,933,420	4,635,441,780	84,308,434	2.6	2.1	460
Charitable	223	576,973,678	626,465,170	1,203,438,848	19,351,601	0.8	0.5	505
Hospitals	100	192,744,060	393,738,110	586,482,170	10,844,712	0.3	0.3	11
Libraries	1	11,655,090	9,928,820	21,583,910	399,302	0.0	0.0	1
Foreign Governments	292	1,240,430,660	2,074,129,860	3,314,560,520	53,156,234	1.0	1.5	602
Cemeteries	346	258,845,520	6,692,170	265,537,690	4,912,447	1.2	0.1	24
Miscellaneous	578	2,506,032,190	3,176,538,580	5,682,570,770	97,741,639	1.9	2.5	584
WMATA	186	334,807,730	46,769,540	381,577,270	7,050,149	0.6	0.2	418
Partially Exempt	418	1,683,174,770	2,250,397,378	3,933,572,148	72,771,085	1.4	1.8	359
Total Taxable & Exempt 2/3/	29,702	\$109,046,544,232	\$114,539,334,659	\$223,585,878,891	\$3,253,863,573	100.0	100.0	193,973

1/ Gross tax revenue does not include eligible tax abatements, credits, exemptions, real property account adjustments or refunds.

2/ Detail may not add to total due to rounding.

3/ The data in this table represents approximately 46 square miles of land area. The District of Columbia has a total of approximately 69 square miles of land area including 7 square miles of water area and 16 miles of streets and area.

TABLE 6
DISTRICT OF COLUMBIA
RETURNS FILED BY TAX TYPE
CY 2007

TAX	PAPER RETURNS	E-FILE RETURNS	TOTAL
Individual Income Tax 1/	184,167	146,751	330,918
Franchise Taxes 1/	51,015		51,015
Employer Withholding 1/2/	139,182	307,707	446,889
Personal Property 1/	17,034		17,034
Estate Tax	7,201		7,201
Sales and Use Tax 1/2/	135,915	29,694	165,609
Income Declarations 3/	69,100		69,100
Franchise Declarations 3/	22,775	2,104	24,879
Real Property Tax 4/	174,340	12,460	186,800
Arena Fee 1/	17		17
TOTAL VOLUME	800,746	498,716	1,299,462

1/ Returns filed annually.

2/ Returns filed monthly.

3/ Returns filed quarterly.

4/ Tax is due in two equal installments on or before March 31 and on or before September 15 of each year.

Source: Office of Tax & Revenue

**PART IV -- HISTORY OF MAJOR CHANGES IN D.C. TAX
STRUCTURE, FY 1970 TO FY 2009**

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
ALCOHOLIC BEVERAGES:					
Beer	1970	1970	Rate increased 25¢/barrel to \$2.25/barrel	+\$	150,000
	1989	1989	Rate increased 54¢/barrel to \$2.79/barrel	+\$	250,000
Sparkling Wine	1989	1989	Rate decreased 5¢/gallon to 40¢/gallon	-\$	25,000
	1990	1990	Rate increased 5¢/gallon to 45¢/gallon	+\$	20,000
Spirits	1970	1970	Rate increased 25¢/gallon to \$2.00/gallon	+\$	1,500,000
	1978	1978	Rate decreased 50¢/gallon to \$1.50/gallon	-\$	1,800,000
Wine (14% or Less Alcohol)	1989	1989	Rate increased 25¢/gallon to 40¢/gallon	+\$	750,000
	1990	1990	Rate decreased 10¢/gallon to 30¢/gallon	-\$	300,000
(More than 14% Alcohol)	1989	1989	Rate increased 7¢/gallon to 40¢/gallon	+\$	25,000
CIGARETTES					
		1970	Rate increased from 3¢/pack to 4¢/pack	+\$	1,050,000
	1973	1973	Rate increased from 4¢/pack to 6¢/pack	+\$	1,800,000
	1976	1976	Rate increased from 6¢/pack to 10¢/pack	+\$	2,600,000
	1977	1977	Rate increased from 10¢/pack to 13¢/pack	+\$	2,400,000
	1987	1987	Rate increased from 13¢/pack to 17¢/pack (April 1987)	+\$	1,200,000
	1991	1992	Rate increased from 17¢/pack to 30¢/pack (April 1991)	+\$	5,200,000
	1992	1992	Rate increased from 30¢/pack to 50¢/pack (April 1992)	+\$	4,500,000
	1993	1993	Rate increased from 50¢/pack to 65¢/pack (July 1993)	+\$	4,500,000
	2002	2003	Rate increased from 65¢/pack to \$1.00/pack (January 2003)	+\$	5,800,000
	2008	2009	Rate increased from \$1.00/pack to \$2.00/pack (October 2008)	+\$	12,530,000
	2009	2010	Rate increased from \$2.00/pack to \$2.50/pack (October 2009)	+\$	10,215,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
FINANCIAL INSTITUTIONS:					
Banks, Building Association Gross Earnings	1976	1976	Rate on banks increased from 4% to 6%; rate on building associations increased from 2% to 3%.	+\$	5,600,000
	1977	1977	Rate on building associations decreased from 3% to 2%.	-\$	2,500,000
	1980	1981	Financial institutions added to corporation franchise base/gross earning tax phased out. 2/	+\$	3,569,000
INCOME TAXES:					
Individual Income 3/	1970	1970	District taxation of capital gains and sick pay conformed to federal treatment. New rates and brackets From % 2 3 4 5 6 \$000 1 2 2 5 over 10 To % 2 3 4 5 6 7 8 9 10 \$000 1 1 1 2 3 4 5 8 over 25		
	1975	1976	Income tax credit for excess property taxes paid by low income persons.		
	1976	1976	Personal exemptions and childcare deduction conformed to federal treatment.	+\$	1,500,000
			New rates and brackets % 2 3 4 5 6 7 8 9 10 11 \$000 1 1 1 1 1 5 3 4 8 over 25	+\$	14,900,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
INCOME TAXES -continued:					
Individual Income	1977	1977	Income tax credit for excess property taxes paid: a) over 62, blind, disabled-income limit \$20,000-credit limit \$750 b) under 62-income limit \$7,000-credit limit \$320.	-\$	3,917,000
	1978	1978	Income tax credit for excess property taxes paid: a) over 62, blind, disabled-income limit \$20,000-credit limit \$750 b) under 62-income limit \$10,000-credit limit \$400.	-\$	2,309,000
	1978	1979	Income tax credit for excess property taxes paid is increased to \$750 and the income limit is increased to \$20,000 for claimants under age 62 who are not blind or disabled.	-\$	1,000,000
	1980	1980	Installment dates for payments of and declarations of estimated tax changed from July 15 th to June 15 th and from October 15 th to September 15 th .	+\$	2,500,000
	1982	1982	D.C. income tax conformed to the federal income tax with certain modifications.	-\$	6,200,000
	1982	1983	Conformity to federal treatment of medical and dental expenses, and casualty losses.	+\$	3,015,000
	1987	1987	Require seizure of individual income tax refunds of the University of the District of Columbia adjudicated student loan defaulters.		---

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

FISCAL YEAR OF ENACTMENT		FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/ (MILLIONS OF DOLLARS)								
		FY	FY	FY	FY	FY	FY	FY	FY	FY
		87	88	89	90	91	92	93	94	95
INCOME TAXES-continued:										
Individual Income	1987 new rates and brackets % 6 8 10 \$000 10 10 over 20 for calendar year 1987 % 6 8 9.5 for calendar year 1988 \$000 10 10 over 20 and subsequent years	2.9	17.7	19.9	23.0	26.0				
1987	Increased personal exemption to \$885 for 1987; \$1,025 for 1988; \$1,160 for 1989; \$1,270 for 1990; and \$1,370 for 1991 and subsequent calendar years.	-7.6	-11.9	-17.7	-22.5	-26.8				
1987	Increased standard deduction from \$1,000 to \$2,000.	-10.0	-10.0	-10.0	-10.0	-10.0				
1987	Retain \$3,000 exclusion for certain retirees.	-5.0	-5.0	-5.0	-5.0	-5.0				
1987	Established low income individual income tax credit.	-2.0	-1.0	-1.0	-1.0	-1.0				
1989	Repealed Political Contribution Credit	---	---	0.2	1.0	1.0	1.0	1.0	1.0	1.0
	Required same deduction method used when filing federal return.	---	---	1.5	3.0	3.0	3.0	3.0	3.0	3.0
	Begin taxation of lottery winnings.	---	---	0.5	1.0	1.0	1.0	1.0	1.0	1.0

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

FISCAL YEAR OF ENACTMENT		FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/ (MILLIONS OF DOLLARS)								
					FY 00	FY 01	FY 02	FY 03	FY 04	
INCOME TAXES-continued:										
Individual Income										
1989	Conform to Internal Revenue Code provisions as of April 11, 1995.									minimal
1999	Tax Parity Act of 1999 (estimates assume full enactment)					21.2	56.2	77.2	99.9	148.7
REDUCED TAX RATES AS FOLLOWS:										
	Lowest Rate \$0 - \$10,000 (currently 6.0%)					5.0%	5.0%	5.0%	4.5%	4.0%
	Middle Rate \$10,001 - \$20,000 (currently 8.0%)					7.5%	7.5%	7.0%	7.0%	6.0%
						\$10- \$30K	\$10- \$30K	\$10- \$40K	\$10- \$40K	\$10- \$40K
	Top Rate 4/ Over \$20,000 (currently 9.5%)					9.5%	9.3%	9.0%	8.7%	8.5%
	Top Bracket					\$20K	\$30K	\$30K	\$40K	\$40K

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
INCOME TAXES -continued:		2003	Tax Parity Act of 1999 Suspended		---
Individual Income	2002	2003	Earned Income Tax Credit Tax Year 2001 – 10% of federal credit Tax Year 2002 – 25% of federal credit	-\$	18,711,000
	2004	2005	Top rate decrease from 9.3% to 9.0%	-\$	24,000,000
	2005	2005	Long-term care insurance premiums paid after 04/11/05, total deduction amount limited to \$500.	-\$	146,475
	2006	2006	Lowest, middle and top rates decrease from 5.0% to 4.5%, 7.5% to 7.0%, and 9.0% to 8.7%, respectively. The middle rate range increased from \$30,000 to \$40,000 and the top rate will begin at \$40,001.	-\$	53,000,000
	2006	2006	Expansion of EITC to non-custodial parents	-\$	3,000,000
	2006	2006	Raise standard deduction from \$2,000 to \$2,500 and personal exemptions from \$1,370 to \$1,500 and conform with IRS extension of time to file return from August to October.	-\$	6,900,000
	2006	2006	Increase EITC match from 25% to 35% of federal credit	-\$	7,100,000
	2006	2007	Lowest, middle and top rates decrease from 4.5% to 4.0%, 7.0% to 6.0%, and 8.7% to 8.5%, respectively	-\$	64,000,000
	2007	2008	Raise standard deduction from \$2,500 to \$4,000 and personal exemptions from \$1,500 to \$1,675.	-\$	17,084,000
	2007	2008	Expansion of first-time homebuyer credit to all DC Government employees.	-\$	700,000
	2007	2008	Domestic partners may file either a joint return or file separately on the DC Individual tax return.		---
	2009	2009	Increase EITC match from 35% to 40% of federal credit	-\$	1,870,000
	2009	2010	Delay implementation of standard deduction indexing through FY2013.	+\$	2,900,000
	2009	2010	Delay implementation of personal exemption indexing through FY2013.	+\$	2,300,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
INCOME TAXES -continued:	1970	1970	\$25 minimum tax and quarterly declaration payment requirements.	+\$	2,500,000
Corporation and Unincorporated	1972	1972	Rate increased to 7%.	+\$	3,000,000
	1974	1974	Rate increased to 8%.	+\$	3,000,000
	1976	1976	Professionals added to unincorporated business franchise tax base at 12% rate with new exemption and salary allowance amounts (gross amount before individual income tax impact).	+\$	8,250,000
	1976	1976	Permanent corporate and unincorporated business tax rate increase from 8% to 9%.	+\$	3,675,000
	1976	1976	Temporary increase for calendar year 1975 from 9% to 12%.	+\$	11,025,000
	1976	1976	Require professional corporations to file as unincorporated business.	+\$	1,250,000
	1976	1976	10% surtax imposed; effective rate for fiscal year 1976 returns became 9.9%.	+\$	6,000,000
	1977	1977	Only unincorporated businesses with gross incomes in excess of \$12,000 must file a return.	-\$	40,000
	1978	1978	10% surtax continued indefinitely.	+\$	5,600,000
	1980	1980	Installment dates for payments and declarations of estimated tax changed from July 15 th to June 15 th and from October 15 th to September 15 th .	+\$	2,500,000
	1980	1980	Professionals deleted from unincorporated business franchise tax base.	-\$	10,410,000
	1980	1981	Financial institutions added to corporation franchise tax base.	+\$	3,569,000
	1983	1983	Minimum franchise tax increased from \$25 to \$100.	+\$	800,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/							
INCOME TAXES-continued: Corporation and	1984	1985	Rate increased from 9% to 10%, surtax decreased from 10% to 5% for an effective rate of 10.5%.	+\$	7,000,000						
Unincorporated-continued	1986	1986	Nondeductible expenses incurred to produce, treated as exempt income.	+\$	---						
	1987	1987									
			FY FY FY FY FY FY 87 88 89 90 91 92								
			Surtax decreased from 5% to 2.5%	0	-4.4	-4.8	-5.3	-5.8	---		
	1987	1987	Established net operating loss.	-0.5	-5.0	-5.0	-5.0	-5.0	---		
	1989	1989	Surtax increased from 2.5% to 5%.	0	4.3	4.7	5.1	---	---		
	1993	1993	Surtax decreased from 5% to 2.5%, effective October 1, 1992.	-\$							2,950,000
	1994	1994	Reduce franchise tax rate to 9.5%.	-\$							6,400,000
	1994	1995	Allow a deduction for Subpart F income.	-\$							3,000,000
	1994	1994	Conform to provisions of Omnibus Budget Reconciliation Act of 1993.	+\$							100,000
	1994	1994	Add a 2.5% surtax to finance the Convention Center.	+\$							3,143,000
	1995	1995	Conform to Internal Revenue Code provisions as of April 11, 1995.								---
	1999	1999	Surtax (2.5%) financing the Convention Center shifted to general fund. 5/	+\$							6,200,000
	1999	2000	Eliminate carry back of net operating losses/adjust net operating loss provisions to reflect single entity filing.								---
	1999	2003	Reduce 9.975% rate to 9.0%.	-\$							16,700,000
	1999	2004	Reduce 9.0% rate to 8.5% (rate reduction impact is cumulative).	-\$							28,700,000
	2002	2003	Tax Parity Act suspended, rate increased to 9.975%.	+\$							17,500,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
INCOME TAXES -continued:					
Corporation and	2002	2003	Bonus depreciation decoupling from the Federal Corporation Tax Code (Federal Job Creation and Worker Assistance Act of 2002).	+\$	24,000,000
Unincorporated-continued	2008	2008	Reduced taxable income for certain UB taxpayers.	-\$	35,000
INHERITANCE AND ESTATE					
	1972	1972	Rates increased to a range of 1% - 23%, Class B merged with Class C and exemption lowered.	-\$	2,800,000
	1987	1987	Inheritance Tax abolished for decedents dying on or after April 1, 1987.	-\$	15,000,000
	2002	2002	DC Estate Tax is no longer in conformity with the Federal Estate Tax, and the filing threshold increases from \$600,000 to \$675,000, effective Jan. 1, 2002.		---
	2003	2003	Filing threshold increases from \$675,000 to \$1,000,000, effective Jan. 1, 2003.		---
INSURANCE PREMIUMS					
	1977	1977	Payments dates changed. If liability is over \$2,000, at least 25% of tax must be paid in each of 3 installments during the year taxable income is received. Remainder is due by March 1 st following close of calendar year.		---
	1992	1993	Tax rate increased from 2% to 2.25%, effective October 1, 1992.	+\$	4,000,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
INSURANCE PREMIUMS-continued	1999	1999	Tax rate decreased from 2.25% to 1.7%, effective January 1, 1999.	-\$	6,000,000
	2006	2006	Cost of any health-care insurance premium, paid by an employer for a non-employee domestic partner registered with the Vital Records Division of DC Department of Health, is excluded from the calculation of the employee domestic partner's District gross income.		---
	2009	2009	Tax rate on health insurance premiums and HMO's increased from 1.7% to 2.0%, effective October 1, 2008, and January 1, 2009, respectively. The 0.3% increase will go into the Healthy DC Fund.	+\$	7,593,000
MOTOR VEHICLES:					
Motor Vehicle Excise	1970	1970	Rate increased from 3% to 4%.	+\$	1,700,000
	1973	1973	Rate increased from 4% to 5%.	+\$	1,900,000
	1976	1976	Rate increased from 5% to 6%.	+\$	1,800,000
			New rates and weight classes instituted 4% 2,799 lbs. or less 5% 2,800 - 3,499 lbs. 6% 3,500 - 3,999 lbs. 7% 4,000 lbs. or over	+\$	550,000
	1983	1983	New rates and weight classes instituted (June 1983). 6% 3,499 or less. 7% 3,500 lbs. or over	+\$	2,000,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
MOTOR VEHICLES:					
Motor Vehicle Excise-continued	1990	1990	Exempted taxicabs from motor vehicle excise tax and required new residents to pay excise tax on motor vehicles transferred into the District.	+\$	700,000
	1999	1999	Repeal requirement that new residents pay second excise tax on vehicles transferred into the District. 6/	-\$	12,000,000
	2005	2005	New rates and weight classes instituted (June 2005). 6% 3,499 or less. 7% 3,500 lbs. - 4,999 lbs. 8% 5,000 lbs. or more	+\$	2,000,000
Motor Vehicle Fuel	1972	1972	Rate increased from 1c/gallon to 8c/gallon.	+\$	2,400,000
	1976	1976	Rate increased from 8c/gallon to 10c/gallon.	+\$	4,825,000
	1980	1980	Rate increased from 10c/gallon to 11c/gallon.	+\$	1,512,000
	1980	1981	Rate increased from 11c/gallon to 13c/gallon (June 1981).	+\$	3,024,000
	1980	1982	The gasoline excise tax rate becomes indexed to the consumer price index for all urban consumers (CPI-U).		---
	1982	1982	Rate increased from 13c/gallon to 14c/gallon after indexing (June 1982).	+\$	1,600,000
	1983	1983	Rate increased from 14c/gallon to 14.8c/gallon.	+\$	1,300,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
Motor Vehicle Fuel-continued	1984	1984	Rate increased from 14.8c/gallon to 15.5c/gallon.	+\$	1,100,000
	1985	1985	Rate set at 15.5c/gallon (June 1985), indexing repealed.	-\$	1,700,000
	1989	1989	Rate increased from 15.5c/gallon to 18c/gallon (June 1989).	+\$	4,000,000
	1992	1993	Rate increased from 18c/gallon to 20c/gallon (October 1992).	+\$	3,300,000
	1994	1994	Temporary rate increase (4 months) from 20c/gallon to 22.5c/gallon (June 1994).	+\$	1,300,000
	2009	2010	Rate increased from 20c/gallon to 23.5c/gallon (October 2009).	+\$	3,500,000
Motor Vehicle Registration	1970	1970	Rate increased: Less than 3,500 lbs. from \$22.50 to \$30.00 More than 3,499 lbs. from \$32.50 to \$50.00 Rate on other vehicles increased by 1/3.	+\$	3,300,000
	1976	1976	New rates and weight classes instituted \$50 2,800 lbs. or less \$57 2,801 - 3,499 lbs. \$83 3,500 - 3,999 lbs. \$96 4,000 lbs. and over Rates on other vehicles increased by 1/3.	+\$	3,850,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
Motor Vehicle Registration-continued					
	1977	1977	New rates instituted \$35 2,800 lbs. or less \$42 2,801 - 3,499 lbs. \$68 3,500 - 3,999 lbs. \$76 4,000 lbs. and over	-\$	3,900,000
	1983	1983	New rates and weight classes instituted \$45 3,499 lbs. or less \$78 3,500 lbs. and over	+\$	1,400,000
	1991	1991	New rates instituted \$55 3,499 lbs. or less \$88 3,500 lbs. and over	+\$	3,000,000
	2003	2003	New rates instituted \$72 3,499 lbs. or less \$115 3,500 lbs. and over	+\$	10,900,000
	2004	2005	New rates and weight classes instituted \$72 3,499 lbs. or less \$115 3,500 - 4,999 lbs. \$155 5,000 lbs. and over \$36 clean fuel or electric vehicle	+\$	2,800,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
PROPERTY TAXES:					
Personal Property	1970	1970	Rate increased 10¢/\$100 assessed value \$2.40/\$100		700,000
	1973		Phase-out of tax applicable to business inventories		
			FY 1973 ⅔ rate applies	-\$	2,600,000
			FY 1974 ⅓ rate applies	-\$	5,300,000
			FY 1975 phase-out completed	-\$	8,500,000
	1976	1977	Rate increased 42¢/\$100 of assessed value to \$2.82/\$100.	+\$	2,300,000
	1977	1977	Payment due with return-July 31 st .		---
	1980	1980	Rate increased 28¢/\$100 of assessed value to \$3.10/\$100.	+\$	2,200,000
	1987	1987	Created a retroactive personal property tax credit to all telecommunication providers.		---
	1992	1992	Rate increased 30¢/\$100 of assessed value to \$3.40/\$100 (July 1992).	+\$	6,400,000
	1999	2000	Provide \$50,000 taxable value threshold (revenue impact is full year for FY 2001).	-\$	6,000,000
	1999	2000	Accelerated depreciation for computer equipment (revenue impact is full year for FY 2001).	-\$	9,000,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
PROPERTY TAXES: Personal Property-continued	2004	2005	15% of the District's annual personal property tax (not to exceed \$10,000,000 per year will be deposited in The Neighborhood Investment Fund).	-\$	9,547,000
	2008	2008	Exemption amount increased from \$50,000 to \$225,000.	-\$	11,07,000
	2009	2009	Increased from 15% to 17.4% of the District's annual personal property tax (not to exceed \$10,000,000 per year will be deposited in The Neighborhood Investment Fund).		---
Real Property	1970	1970	Rate increased 10c/\$100 of assessed value to \$3.10/\$100.	+\$	3,600,000
	1972	1972	Rate increased 10c/\$100 of assessed value to \$3.20/\$100.	+\$	3,900,000
	1973	1973	Rate increased 12c/\$100 of assessed value to \$3.32/\$100.	+\$	4,700,000
	1975	1975	Assessment level increased to 100% of estimated market value; rate dropped to \$1.83/\$100.		---
	1976	1976	First half real estate payment advance to September 15 th from September 30 th .		---
	1977	1978	Single-family homes, condominiums and cooperatives assessed value reduced by \$6,000.	-\$	11,650,000
	1977	1978	Single-family homes, condominiums and cooperatives must be owner-occupied in order to receive \$6,000 Homestead Exemption.	-\$	8,500,000
	1978	1979	Increased owner-occupied single-family homes, condos and cooperatives Homestead Exemption to \$9,000.	-\$	3,000,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
PROPERTY TAXES: Real Property-continued	1979	1979	Three classifications of real property established for determining the applicable property tax rate.		---
	1980	1980	Class 3 rate increased 30¢/\$100 of assessed value to \$2.13/\$100.	+\$	15,800,000
	1982	1982	A quinquennial (every 5 years) filing permitted for the \$9,000 Homeowner's Exemption.		---
	1984	1984	Class 3 rate decreased 10¢/\$100 of assessed value to \$2.03/\$100.	-\$	11,200,000
	1984	1984	Public space rental formula changed from a fractional assessment basis (65%) to a method based upon the property's full assessed value.	+\$	900,000
	1985	1985	Four classifications of real property established for determining the applicable property tax rate.	-\$	3,400,000
	1986	1987	Established a July Nuisance Tax Sale in addition to the annual January Real Property Tax Sale.		---
	1986	1987	Retired Senior citizens, 65 or older, receive 50% reduction on real property taxes (January 1987).	-\$	6,400,000
	1987	1987	Increased owner-occupied single-family homes, condominiums and cooperatives Homestead Exemption to \$15,000 (January 1987).	-\$	6,500,000
	1988	1989	Increased owner-occupied single-family homes, condominiums and cooperatives Homestead Exemption to \$22,000 (June 1988).	-\$	7,600,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
PROPERTY TAXES:	1990	1990	Increased owner-occupied single-family homes, condominiums and cooperatives Homestead Exemption to \$30,000 (June 1990).	-\$	7,100,000
Real Property-continued	1990	1990	Class 1 rate decreased from \$1.06 to \$0.96.	-\$	14,100,000
	1990	1990	Established Class 5 for unimproved vacant land at rate of \$3.29.	+\$	5,800,000
	1992	1992	Expand eligibility for senior citizen property tax relief and cap eligibility at \$100,000 income (July 1992).	+\$	2,500,000
	1993	1994	Increase Class 5 rate from \$3.29 to \$5.00.	+\$	5,100,000
	1995	1995	Calculated rates go into effect for the 1 st half of year. Class 1 rate = \$0.96 Class 2 rate = \$1.62 Class 3 rate = \$1.81 Class 4 rate = \$2.31 Class 5 rate = \$5.35	+\$	40,100,000
	1996	1996	Eliminated January Nuisance Tax Sale.		---
	1997	1997	Replace January Real Property Sale to a July Real Property Tax Sale.		---
	1997	1999	The District began 3-year phase-in of a triennial assessment system. Properties were divided into three triennial groups for assessment purposes. One tri-group is reassessed each year. Tri-group I in Fiscal Year 1999, tri-group II in Fiscal Year 2000, and tri-group III in Fiscal Year 2001.		---

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
PROPERTY TAXES: Real Property-continued	1999	2000	Reduce Class 2 rate as follows: FY 2000 - from \$1.54 to \$1.34 FY 2001 - from \$1.34 to \$1.15 FY 2002 - from \$1.15 to \$0.96 (combined with Class 1 as Residential)	-\$	13,100,000
	1999	2000	Reduce Class 4 rate as follows: FY 2000 - from \$2.15 to \$2.05 FY 2001 - from \$2.05 to \$1.95 FY 2002 - from \$1.95 to \$1.85 (reclassified as Class 2-non-residential)	-\$	16,800,000
	1999	2000	Reduce Class 5 rate as follows: FY 2000 - from \$5.00 to \$2.05 FY 2001 - from \$2.05 to \$1.95 FY 2002 - from \$1.95 to \$1.85 (reclassified as Class 2-non-residential)	-\$	4,100,000
	2000	2000	Purchaser of tax sale property does not receive deed until Court judgment forecloses right of redemption.		---
	2002	2003	Return to annual assessment and instituting a 25% cap on annual tax growth of residential properties. One triennial group shifts into annual assessment each year through FY 2004, beginning with tri-group I, tri-group II in FY 2003, and tri-group III in FY 2004. By FY 2004, all property in the District will once again be reassessed on an annual basis.	+\$	55,000,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
PROPERTY TAXES:					
Real Property-continued	2002	2003	Created a new Class 3 for abandoned and vacant property, rate increased from \$1.85 to \$5.00	+\$	15,900,000
	2003	2004	Homestead exemption increased from \$30,000 to \$38,000.	-\$	6,653,000
	2003	2004	Cap on Real Property value decreased from 25% to 12%.	-\$	20,932,000
	2005	2006	Reduce Class 1 rate from \$0.96 to \$0.92	-\$	17,553,000
	2005	2006	Homestead exemption increased from \$38,000 to \$60,000.	-\$	16,542,000
	2006	2006	Cap on Real Property value decreased from 12% to 10%.	-\$	3,300,000
	2006	2006	Low income property tax deferred	-\$	2,000,000
	2006	2007	Reduce Class 1 rate from \$0.92 to \$0.88	-\$	17,100,000
	2008	2008	Homestead exemption increased from \$60,000 to \$64,000.	-\$	4,000,000
	2008	2008	Reduce Class 1 rate from \$0.88 to \$0.85	-\$	17,500,000
	2008	2009	Class 2 properties will be subject to a split tax rate structure. Tax rate for the 1 st \$3 million in assessed value would be taxed at \$1.65 per \$100 and excess of \$3 million in assessed value would be taxed at \$1.85 per \$100.	-\$	20,200,000
	2008	2009	Increased Class 3 rate from \$5.00 to \$10.00.	+\$	8,000,000
	2009	2009	Homestead exemption increased from \$64,000 to \$67,500.	-\$	4,000,000
	2009	2010	Delayed homestead deduction indexing through FY2013	+\$	4,000,000
	2009	2010	Reclassified Class III properties to only include blighted property	-\$	12,756,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
PUBLIC SPACE RENTAL					
	2005	2006	Public Space Rental will be dedicated to DDOT as Special Purpose Revenue.	-\$	17,077,000
PUBLIC UTILITIES					
	1973	1973	Rate increased from 4% to 5%.	+\$	3,000,000
	1976	1976	Rate increased from 5% to 6%.	+\$	4,800,000
	1977	1977	Payment due with return August 1 st .		---
	1983	1983	Rate increased from 6% to 6.7%.	+\$	8,200,000
	1983	1984	Repealed estimated reporting and payment provisions.		---
	1983	1984	Payment dates changed from annually on or before August 1 st to monthly by the 20 th day of each month.		---
	1987	1987	Gross receipts tax imposed on all telecommunications service providers.	+\$	20,000,000
	1989	1989	Gross receipts tax repealed on all telecommunications service providers.	-\$	20,000,000
	1991	1991	Gross receipts tax rate increased, by temporary legislation, from 6.7% to 9.7% (estimated revenue effect is for three months).	+\$	12,200,000
	1992	1992	Gross receipts tax rate of 9.7% made permanent (April 1992).	+\$	44,300,000
	1992	1992	Expand public utility gross receipts tax to include cable TV, video, radio and other services (July 1992).	+\$	4,200,000
	1994	1994	Gross receipts rate increases to 10% (June 1994).	+\$	3,900,000
	1994	1994	Expand gross receipts tax to heating oil (June 1994).	+\$	1,800,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
PUBLIC UTILITIES-continued	1997	1997	Tax base expanded to 3 rd party providers of natural gas.	+\$	800,000
	1998	1999	Tax base narrowed to exclude gross receipts tax collected from consumers.	-\$	14,000,000
	2002	2003	Rate increased from 10% to 11%.	+\$	10,400,000
	2004	2005	Rate decrease from 11% to 10% for residential. Non-residential will remain at 11% with 1% going to finance the construction of the baseball stadium. Electric rate for nonresidential increase from \$.0070 to \$.0077. The \$.0007 going to finance the construction of the baseball stadium Natural Gas basis for taxable was changed to per therm of natural gas delivered to end-users. Residential \$0.0703 from 12/02/05 to 09/28/06 \$0.0707 from 09/29/06 Nonresidential \$0.0703 plus \$0.00983 from 12/02/05 to 09/28/06 \$0.0707 plus \$0.00707 from 09/29/06	-\$	9,000,000
	2006	2006	Heating oil changed from rate based on gross receipts to rate based on gallons used. New rate \$0.17 for residential and \$0.187 for non-residential.		---

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
TOLL TELECOMMUNICATIONS					
	1989	1989	Effective March 3, 1989, toll telecommunications gross charges subjected to a tax of 6.7%. This replaced the gross receipts tax on all telecommunication service providers and also provided partial sales and personal property tax exemptions.	+\$	20,000,000
	1991	1991	Toll telecommunication gross charges tax rate increased by temporary legislation from 6.7% to 9.7%.	+\$	2,500,000
	1992	1992	Gross charges rate of 9.7% made permanent (April 1992).	+\$	10,000,000
	1994	1994	Gross charges tax rate increased to 10% (June 1994).	+\$	2,700,000
	1996	1997	Toll telecommunications tax base expanded to include commercial mobile cellular service.	+\$	4,800,000
	1998	1999	Toll telecommunications tax base for commercial mobile cellular service changed.	-\$	500,000
	1998	1999	Tax base narrowed to exclude gross receipts tax collected from consumers.	-\$	5,000,000
	2002	2003	Rate increased from 10% to 11%.	+\$	4,900,000
	2004	2005	Rate decrease from 11% to 10% for residential. Non-residential will remain at 11% with 1% going to finance the construction of the baseball stadium.	-\$	9,000,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
DEED RECORDATION AND TRANSFER				
Recordation	1976	1976	Rate increased from 0.5% to 1.0% of consideration.	+\$ 1,200,000
	1978	1978	An excise tax is imposed on the transferrers of residential real property containing 4 or fewer dwelling units at rates ranging from 3% to 97% of gain.	---
	1978	1978	Excise tax on transferrers of residential real property expired.	---
	1980	1980	Tax base expanded to include construction loan deeds of trust on mortgages, permanent loan deeds of trust on mortgages and purchase mortgages.	+\$ 1,000,000
	1989	1989	Rate increased from 1.0% to 1.1% of consideration.	+\$ 4,000,000
	1989	1990	Established recordation tax on transfers of economic interests at the rate of 2.2%.	+\$ 5,500,000
	1994	1994	Expand recordation tax base to security interest (June 1994).	+\$ 1,800,000
	2002	2003	Rate increased from 1.1% to 1.5% 7/	+\$ 16,722,000
	2002	2003	15% of the District's real estate recordation taxes will be deposited in the Housing Production Trust Fund to provide financial assistance for housing available to low and moderate-income families and individuals.	-\$ 2,529,000
	2004	2005	Rate decreased from 1.5% to 1.1%.	-\$ 53,862,000
	2006	2007	Rate increased from 1.1% to 1.45% 11/	+\$ 43,472,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
DEED RECORDATION AND TRANSFER					
Recordation-continued	2006	2007	40% of the difference between the 1.1% and the 1.45% increase in the District's real estate recordation taxes will be deposited in the Comp. Housing Strategy Fund to provide financial assistance for housing available to low and moderate-income families and individuals.	-\$	18,546,000
Transfer	1980	1980	A transfer tax is imposed on each transfer of real property at the rate of 1.0% of the consideration paid.	+\$	12,000,000
	1989	1989	Rate increased from 1.0% to 1.1% of consideration.	+\$	3,300,000
	2000	2000	Clarifies that the transfer tax will be based on the sales price of real property.		---
	2002	2003	Rate increased from 1.1% to 1.5%. 7/	+\$	11,072,000
	2002	2003	15% of the District's real estate transfer taxes will be deposited in the Housing Production Trust Fund to provide financial assistance for housing available to low and moderate-income families and individuals.	-\$	2,471,000
	2004	2005	Rate decreased from 1.5% to 1.1%.	-\$	35,663,000
	2006	2007	Rate increased from 1.1% to 1.45% 11/	+\$	26,643,000
	2006	2007	40% of the difference between the 1.1% and the 1.45% increase in the District's real estate transfer taxes will be deposited in the Comp. Housing Strategy Fund to provide financial assistance for housing available to low and moderate-income families and individuals.	-\$	9,558,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
ECONOMIC INTEREST					
	1989	1990	A recordation tax of 2.2% is imposed on transfers of economic interest occurring on or after October 1, 1989	+\$	1,525,000
	2008	2009	Rate increased from 2.2% to 2.9%	+\$	8,000,000
SALES AND USE TAX					
	1970	1970	Rate of 5.0% imposed on all restaurant meals and sales of alcoholic beverages.	+\$	3,400,000
	1970	1970	Rate of 2.0% applies to: Groceries-with a sales tax credit for residents earnings below \$6,000; Laundry and dry cleaning; Non-prescription drugs.	+\$ +\$ +\$	1,300,000 1,000,000 350,000
	1970	1970	Rate of 4.0% applies to: Admissions to theaters and public events; Repair of tangible personal property; Duplicating, addressing and mailing services.	+\$ +\$ +\$	700,000 2,200,000 800,000
	1972	1972	Rentals of linens added to base at 2.0%	+\$	125,000
	1973	1973	General rate increased from 4.0% to 5.0%.	+\$	13,000,000
	1973	1973	Transient accommodations, sale of alcoholic beverages and restaurant meals increased from 5.0% to 6.0%.	+\$	2,800,000
	1976	1976	Groceries, non-prescription drugs and laundry and dry cleaning exempted.	-\$	6,800,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
SALES AND USE TAX-continued					
	1976	1976	Rental of linens increased from 2.0% to 5.0%.	+\$	300,000
	1976	1976	Motor vehicle parking subject to tax at 8.0%	+\$	3,300,000
	1976	1976	Transient accommodations, restaurant meals increased from 6.0% to 8.0%	+\$	9,400,000
	1976	1976	Motor vehicle parking increased from 8.0% to 12.0%.	+\$	1,600,000
	1980	1980	General rate increased from 5.0% to 6.0%. Sales of motor fuel subjected to general sales tax rate of 6.0%. Transit accommodations increased from 8.0% to 10.0%.	+\$	29,000,000
	1980	1980	Candy, confectionery, chewing gum and soft drink sales are taxable at 8.0%. Rental or leasing of rental vehicles and utility trailers subject to 8.0% use tax.	+\$	2,500,000
	1981	1981	Sales tax on motor fuel sales repealed, effective December 1, 1980.	-\$	13,000,000
	1982	1982	Repeal the 8.0% tax on candy, confectionery, chewing gum and soft drinks.	-\$	2,500,000
	1984	1985	Sales tax rate on items sold in vending machines increased from 2.0% to 6.0%.	+\$	1,000,000
	1987	1987	Exempt certain food items to maintain conformity to federal food stamp laws.		---

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
SALES AND USE TAX -continued					
	1987	1987	Examine District of Columbia sales exemption status organization exempt under Internal Revenue Code 501C(4).		---
	1989	1989	Established tax on real property services at the rate of 6.0%.	+\$	10,000,000
	1989	1989	Established tax on data processing and information services at 6.0%.	+\$	25,000,000
	1989	1989	Established Vendor credit of 1.0% of sales.	-\$	1,600,000
	1989	1989	Restaurant meals and sales of alcoholic beverages increased from 8.0% to 9.0%.	+\$	11,000,000
	1989	1989	Transient accommodations increased from 10.0% to 11.0%.	+\$	7,000,000
	1990	1990	Clarified tax on services not to apply to services provided to affiliated companies.	-\$	1,000,000
	1991	1991	Sales tax on residential utility services repealed by temporary legislation (estimated revenue effect is for three months).	-\$	3,900,000
	1992	1992	Increased sales tax rate on sale of off premises consumption of alcoholic beverages from 6.0% to 8.0% (June 1992).	+\$	2,900,000
	1992	1992	Expand 6.0% sales tax base to include laundering services (July 1992).	+\$	3,000,000
	1992	1992	Make repeal of sales tax on residential utilities services permanent (April 1992).	-\$	15,700,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
SALES AND USE TAX-continued	1993	1993	Expand 6.0% sales tax base to include the following : Snack foods; Selected telecommunications services; All publications and newspapers.	+\$	2,700,000
				+\$	7,600,000
				+\$	2,700,000
	1994	1994	Temporarily increase general sales tax rate to 7.0% (June 1994).	+\$	10,800,000
	1994	1994	Expand sales tax base to courier services (June 1994).	+\$	2,000,000
	1994	1994	Expand sales tax base to employment services (June 1994).	+\$	2,500,000
	1994	1995	Permanently reduce general sales tax rate to 5.75% (October 1994).	-\$	9,200,000
	1994	1995	Restaurant meals and alcohol for on premise consumption increased from 9.0% to 10.0% with the 1.0% increase to finance the Convention Center (October 1994).	+\$	12,400,000
	1994	1995	Transient accommodations increased from 11.0% to 13.0% with 2.5% to increase funding for new Convention Center.	+\$	10,960,000
	1999	1999	Transient accommodations tax increased from 13.0% to 14.5% to increase funding for new Convention Center. However, general fund tax portion of hotel sales tax reduced from 10.2% to 10.05% (October 1999). 8/	-\$	4,000,000
	1999	2000	Sales tax on Internet access eliminated.		---
	2001	2001	Repeal the sales tax on snack foods.	-\$	3,300,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
SALES AND USE TAX-continued	2001	2001	Eliminates the 1.0% sales tax credit allowed to vendors for timely filing their returns.		---
	2001	2001	Sales tax holiday (10 days: August 3 rd to August 12 th).	-\$	908,000
	2002	2003	Increased retail alcoholic beverage tax rate from 8.0% to 9.0%.	+\$	1,350,000
	2004	2005	Implemented permanent sales tax holiday in August and November.	-\$	500,000
	2005	2005	Implemented 10% charge on all tickets sold and all merchandise sold at baseball games and transferred to the Ballpark Fund.	-\$	8,562,000
	2006	2006	50% Commercial lot parking rate dedicated to DDOT and 50% to Capital Fund.	-\$	30,000,000
	2006	2006	Increase tax on tobacco products used for smoking, chewing or as snuff, made in whole or in part with tobacco, except for cigarettes, premium cigars, or pipe leaf tobacco products from 5.75% to 12%.	+\$	12,000
	2009	2010	Eliminate sales tax holidays	+\$	1,283,000
	2009	2010	Increased general sales tax rate from 5.75% to 6.0%.	+\$	20,528,000
HOTEL OCCUPANCY TAX					
	1978	1978	Hotel occupancy tax of \$0.80 per room per day enacted.	+\$	3,000,000
	1982	1983	Rate increased to \$1.00 per room per day.	+\$	938,000
	1989	1989	Rate increased from \$1.00 to \$1.50 per room per day.	+\$	3,000,000
	1999	1999	Repeal of hotel occupancy tax (October 1, 1998).	-\$	5,400,000

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE - FISCAL YEAR 1970 - FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE		FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
SPECIAL PROGRAMS	1985	1985	District of Columbia Rental Housing Act of 1985. 9/		---	
	1987	1987	Tax Amnesty Program (July 1, 1987 - September 30, 1987). 10/		+\$ 10,000,000	
	1994	1994	One year public fee implementation.		+\$ 10,900,000	
	1994	1995	Arena Fee, to finance a downtown sports arena.		+\$ 9,100,000	
	1999	2000	Arena Fee rates changed as follows:		+\$ 3,000,000	
			<u>ORIGINAL RATES</u>		<u>REVISED RATES</u>	
			DC Gross	Arena Fee	DC Gross	Arena Fee
			\$0 - \$200K	\$25	\$2M-\$3M	\$1,000
			\$200K - \$500K	\$50	\$3M - \$10M	\$3,300
			\$500K - \$1M	\$100	\$10M - \$15M	\$6,500
			\$1M - \$3M	\$825	Over \$15M	\$11,000
			\$3M - \$10M	\$2,500		
			\$10M - \$15M	\$5,000		
			\$15M and over	\$8,400		
	2001	2001	Arena Fee terminated in Fiscal Year 2001.		-\$ 12,000,000	

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
SPECIAL PROGRAMS-continued	2002	2003	The Housing Production Trust Fund established-15% of Deed Recordation and Deed Transfer Taxes will be deposited to provide financial assistance for housing available to low and moderate-income families and individuals	+\$	5,000,000
	2004	2005	Healthcare Provider Fee.	+\$	5,500,000
	2004	2005	The Neighborhood Investment Fund established-15% of the District's personal property tax (not to exceed \$10,000,000).	+\$	9,547,000
	2005	2005	Ballpark Bonds-1% of Toll Telecommunication and Public Utility Taxes for non-residential will be used to finance the construction of the DC baseball stadium.	+\$	14,000,000
			<div style="display: flex; justify-content: space-around;"> DC Gross Receipts Ballpark Fee Rate </div>		
			<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>\$ 5 - \$ 8M</p> <p>\$ 8 - \$12M</p> <p>\$12 - \$16M</p> <p>\$16M and over</p> </div> <div style="width: 45%;"> <p>\$ 5,500</p> <p>\$10,800</p> <p>\$14,000</p> <p>\$16,500</p> </div> </div>		

HISTORY OF MAJOR CHANGES IN THE DISTRICT OF COLUMBIA TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2009

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
SPECIAL PROGRAMS -continued				
	2007	2008	The Verizon Center Sales Tax Revenue Bond Approval Act of 2007: in order to service a loan to renovate the Verizon Center, merchandise and tickets for events at the Verizon Center will be subject to a tax of 10% (compared to the prior rate of 5.75%). The revenue collected from the increased rate, will be placed into a separate fund and used to make principal and interest payments on the loan.	

1/ The revenue effect of each law change is mutually exclusive.

2/ The revenue effect of adding financial institutions to the corporation franchise tax base resulted in a revenue loss of \$7.2 million annually by Fiscal Year 1985. The increase shown results from the mechanisms of phasing in the change.

3/ Increase tax change effective on a calendar year basis.

4/ Top rate may be reduced as low as 8.0%, depending upon revenue and economic performance.

5/ Revenue impact represents increase in general fund (local) revenues.

6/ Estimate provided by Department of Public Works.

7/ For owner-occupied, property sold under \$250,000, the rate will remain at 1.1%.

8/ Revenue effect reflects loss to general fund (local) revenues.

9/ Department of Finance and Revenue requires Tax Standing Evaluation Reports.

10/ Amnesty from penalties and interest for all taxes except real property tax and unemployment compensation. Effective October 1, 1987, penalties and interest for all taxes except real property and unemployment compensation increase.

11/ For owner-occupied, property sold under \$400,000, rate will remain at 1.1%.

PART V -- FILING AND PAYMENT DATES, FY 2009

**FILING AND PAYMENT DATES
FY 2009**

Alcoholic Beverage Tax

The tax is due by the 15th day of each month on the preceding month's sales.

Cigarette Tax

Payment is made by the purchase of stamps.

Estate Tax

Returns and tax are due 10 months after death of decedent. A District of Columbia Estate Tax Return must be filed if a Federal Estate Tax Return is required to be filed. Generally, the amount of the tax is the credit for state death tax allowed on the federal return.

A penalty of 5% per month, but not more than 25% in the aggregate, of the tax due is imposed for the failure to timely file the return or pay the tax. Interest is assessed on any tax not paid by the due date at the rate of 10% compounded daily per statute.

Income Taxes:

Corporate and Unincorporated Business Franchise Taxes

Corporate returns are due and payment of the tax must be made on or before the 15th day of the third month following the close of the taxable year. Unincorporated business franchise tax returns are due and payment of tax must be made on or before the 15th day of the fourth month following the close of the taxable year. A penalty of 5%, but not more than 25% in the aggregate, is imposed for failure to timely file returns. Interest is imposed for any tax not paid when due at the rate of 10% compounded daily per statute until the tax is paid.

Individual Income Tax

Calendar year returns are due on or before April 15 of the succeeding year while fiscal year returns are due on or before the 15th day of the fourth month following the close of the fiscal year.

The penalty for failure to file a return on time is 5% of the tax due, but not more than 25% in the aggregate. Interest at the rate of 10% compounded daily per statute is charged from the due date of the return to the date the tax is paid.

FILING AND PAYMENT DATES--Continued

The penalty for failure to file in a timely manner a declaration of estimated tax is 5% per month of the estimated tax, but not more than 25% in the aggregate. Interest is imposed for failure to pay any installment when due at the rate of 10% compounded daily per statute.

Employers must withhold District individual income taxes from employees who are subject to the tax. If such withholding is less than \$50 per month, the employer must remit the tax by the last day of the month following the close of the tax year; if withholding is \$50 or more per month, it must be remitted by the 20th day of the following month.

The penalty for failure to file the withholding tax return or to pay the tax when due is 5% of the tax withheld during the reporting period, but not more than 25% in the aggregate. Interest is charged for late payment at the rate of 10% compounded daily per statute from the due date of the return to the date the tax is paid.

Insurance Tax

If tax liability is less than \$1,000, the tax must be paid before March 1 of the succeeding calendar year. If tax liability is \$1,000 or more, at least 50% of tax must be paid by June 1 of the calendar year in which the taxable income is received. The remainder is due on or before March 1 following the close of the calendar year. A penalty of 8% per month of the tax due is charged for failure to timely pay the insurance tax.

Motor Vehicle Fuel Tax

Reports and tax are due by the 25th day of each month on the preceding month's sales or dispositions.

Motor Vehicle Registration Fee

Under the staggered motor vehicle registration system, motorists will pay their registration fees upon assumption of ownership of the vehicle or by an assigned day of the year.

Personal Property Tax

The return, accompanied by the tax payment, is due on or before July 31 of each year on the tangible personal property remaining cost (current value) as of July 1. A penalty of 5% per month, but not more than 25% in the aggregate, is imposed for failure to timely file returns. Interest at the rate of 10% compounded daily per statute is charged until the tax is paid.

FILING AND PAYMENT DATES--Continued

Real Property Tax

The assessment year begins on January 1 and ends on December 31. Property owners receive notices of proposed assessments on or before the following March 1 and have until April 1 to appeal such assessments before the Assessment Division. If the assessor and the property owner, or party of interest, do not resolve a disputed value, the property owner may proceed to the Board of Real Property Assessments and Appeals (BRPAA). BRPAA will not accept an appeal unless there has first been an appeal to the Assessment Division.

The tax may be paid in full or in two equal installments. One-half the tax is payable on or before March 31 and the other half tax is due on or before September 15. A 10% penalty is imposed for late payment of real estate tax bills. Interest at the rate of 10% compounded daily per statute is charged from the date the tax is due until the date the tax is paid.

Public Utility Tax

Returns are due by the 20th day of each month on the preceding month's gross receipts. A penalty of 5% per month, but not more than 25% in the aggregate, is charged for failure to file return or pay taxes on time. Interest is charged at the rate of 10% compounded daily per statute until the tax is paid.

Recordation Tax

The deed recordation tax is due when the deed is recorded. Each deed must be accompanied by a return before it can be recorded. The penalty for failure to make and file a correct return is 5% per month, but not more than 25% in the aggregate. Interest at the rate of 10% per year, compounded daily is charged on any recordation tax not paid when due.

Real Property Transfer Tax

The transfer tax is due when the deed is recorded and each deed must be accompanied by a transfer tax return. A penalty of 4% of the tax due is imposed for failure to file the transfer tax return. Interest is charged at the rate of 1.25% per month.

FILING AND PAYMENT DATES—Continued

Economic Interest Transfer

The economic interest transfer tax is triggered by two elements. These elements are 1) 80% of the assets of a corporation consist of real property located in the District of Columbia, and 2) more than 50% of the controlling interest of the corporation is being transferred. If these two elements are met then the tax rate is 2.2% of the consideration. The consideration is not always equal to the assessed value of the property. The consideration is what is paid for the interest being transferred. If there is no tangible consideration, then the tax basis will be the assessed value of the property owned by the corporation. The tax is due at the time of recordation.

Sales and Use Taxes

Monthly returns and tax are due by the 20th day of each month following the reporting period. If the due date falls on Saturday, Sunday or a legal holiday, the return is due on the next business day. To avoid a delinquency notice, a return must be filed even if no sales were made or no sales or use tax is due.

An annual return is due on or before January 20th. To avoid delinquency notices, a return must be filed even if no sales were made or no sales or use tax is due.

A penalty of 5% per month, but not more than 25% in the aggregate, is charged for failure to file sales and use tax returns or to pay sales and use taxes on time. Interest is charged at the rate of 10% compounded per statute until the tax is paid.

There is a 20% penalty on any understatement of taxes due if the understatement exceeds either 10% of the tax determined to be due or \$2,000, whichever is the greater. (Understatement of taxes is the difference between the amount shown on the original or amended return and any greater amount of tax determined to be due as a result of an audit or review.)

Toll Telecommunications Tax

Returns and tax are due by the 20th day of each month on the preceding month's charges. An annual return must be filed on or before 30 days after the end of the tax year.

A penalty of 5% per month, but not more than 25% in the aggregate, is charged for failure to file tax returns or to pay toll telecommunications taxes on time. Interest is charged at the rate of 10% compounded per statute until the tax is paid.

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