



# chairman's update

the NEWSLETTER of  
DC Council Chairman Phil Mendelson

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## Resisting Congressional Interference

The biggest casualty with the new White House administration is our quest for self-determination and Statehood. Not that the challenge was ever an easy path, but former President Obama was always more favorable to the District which was a strong check on congressional mischief.

Now we're seeing indications that Republican members of Congress are feeling emboldened to beat up on the District to score political points. We're seeing this with efforts to overturn our Death with Dignity Act, legislation to not only repeal our gun control laws but straight-jacket the Council and the Mayor's ability to even legislate in this area, and the typical conservative pet-issues such as prohibiting both federal and local dollars for abortions. Recently, the District's oversight committee in the House adopted a goal to spend more time overseeing our local legislative process.

This is not about good Government, meaning what is best for the District. It's concerning, like a step back in time; a time before Home Rule when Congress was heavily involved in the affairs of the District. But we have shown in the last 20 years that we are capable of running the city and we're doing a damn good job at it. The 2016 Comprehensive Annual Financial Report -- released earlier this month -- marks the 20<sup>th</sup> consecutive year of receiving a clean opinion. The District's mandated reserves increased by more than \$180 million. Those reserve accounts -- which are equivalent to more than 56 days operating costs -- are now even closer to the best practice of 60 days. In addition to continuing job growth, the District's unemployment rate dropped from 7.2% to 6.1%.

Oftentimes, what residents of the District say is 'leave us alone' or 'we should have full autonomy we should have Statehood.' I agree with those sentiments. But the more fundamental issue is governance: how does one properly govern a jurisdiction. Governance is complex. Members of Congress are picking and choosing specific actions they want to interfere with without addressing the larger problem. Don't swoop in and disapprove one or two of the District's laws without a holistic approach to governance. Governing means looking at the entire picture. Congress delegated that to us in 1973, essentially turning its back on governing the District. The Mayor, the Council, and the people have stepped up and taken governance seriously. Indeed, look at how well we are doing on our own. Congress: Hands Off D.C!

## Constituent Services Corner

The family of a young man, whose brother was one of the victims of the South Capitol Street shooting in 2010, contacted our Constituent Services team because he was having trouble paying for his textbooks.

This young man is the first in his family to attend college. His family was able to pay for his first semester at the University of the District of Columbia, but they struggled to find the funds to buy his textbooks.

Our Constituent services team -- in tandem with our legislative team and the staff at UDC -- got the student the textbooks he needed within 24 hours, keeping him from missing any class assignments.

Let the Chairman's Constituent Services team help you turn the page toward success.

**Contact our  
Constituent Services  
Team at  
(202) 724-8032**

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## **Paid Family Leave – Not Just an Employee Benefit**

Currently the Universal Paid Leave legislation is awaiting the Mayor's signature. Many have voiced concerns about the bill and its funding. I wanted very much to put some of the tax burden on employees, but the Congress' prohibition on our ability to tax non-residents prevents this. An alternative would be to fund the program by taxing only those employees who are DC residents, but then the benefits would go only to DC employees who are residents – that isn't desirable: you might have two employees in your business, one of whom lives in DC and the other does not, and they would have unequal benefits. Another alternative would be to raise a different tax – which would still have put a burden on businesses – or to fund this new program out of existing tax revenue – which would mean cutting existing programs, which we were unwilling to do.

While many see this new program as a benefit for employees, which it is, I see it as a benefit for employers. Most businesses recognize that the provision of benefits, like annual leave, is a benefit that makes working for them attractive. From that perspective, this new benefit program makes working for any employer in the District more attractive, and therefore gives DC businesses an edge over the suburbs in attracting and retaining workers.

This concept doesn't work if the new tax is too much of a burden. However, for a \$1 million payroll, the 0.62% tax rate we adopted equates to \$6,200 per year. We received testimony at our public hearings that businesses could handle up to 1/2 of a percent; we're slightly higher. In numerous conversations with business organizations it was clear to me that a tax rate substantially less than 1% (the amount in the bill as introduced) could be acceptable – 0.62% is substantially less.

We received a lot of comments that suggested this new benefit program will help small businesses especially, because it provides a benefit they cannot otherwise offer. I realize a lot of businesses are worried about the staffing shortages and having to pay for temporary staffing, in addition to the tax burden. But we heard more support for this legislation from small businesses than we did from large businesses (many of which, interestingly, already offer benefits comparable to if not more generous than the bill).

I must note that in an effort to help businesses, the Council adopted legislation several years ago to lower the business franchise tax rate from 9.975% to 8.25% as our revenues grow, and will soon be 9%. We also lowered the real property tax rate on the first \$3 million real property value in an effort to help small businesses. And I have asked the District of Columbia Auditor to do a performance audit of DCRA to see what is needed in terms of personnel and resources so that the city can process licenses and permits quickly – that would be another savings for businesses.

The Paid Family Leave tax will not begin until 2019. There will be a lot of time to make adjustments and I am open to those improvements to make this a better law.

## **Upcoming Hearings of the Committee of the Whole**

**Committee of  
the Whole Meeting**  
February 21, 2017  
10 a.m. in Room 500

**Public Oversight  
Roundtable: DCRA  
Issues for  
Committee to Pursue**  
February 21, 2017  
12 p.m. in Room 500

**Hearing on Williams  
Alley Designation  
(Bill 22-3)**  
February 23, 2017  
12:00 p.m. in Room 123

**Performance Oversight  
Hearing: Metropolitan  
Washington Airports  
Authority, Council and  
Governments, Office of  
Zoning & Office of  
Planning  
(MWAA, COG, OZ, OP)**  
March 6, 2017  
10 a.m. in Room 500

[www.ChairmanMendelson.com](http://www.ChairmanMendelson.com)



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To sign up to testify, or for more  
information, contact the  
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