



BUILDING THE BEST CAPITAL CITY IN THE WORLD

A Report by DC Appleseed and Our Nation's Capital

WITH CONTRIBUTING AUTHORS:

Alice Rivlin, Brookings Institution

Jon Bouker, Arent Fox LLP

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–Walter Smith, Executive Director, DC Appleseed

–Dick Suisman, Chair, Our Nation's Capital



PREFACE

DC Appleseed

DC Appleseed is an independent nonprofit advocacy organization dedicated to identifying serious problems facing the National Capital region, researching and analyzing them, developing and publishing recommendations for systemic reform, and advocating for appropriate solutions. DC Appleseed has published four reports related to the fiscal health of the District: *The Case for a More Fair and Predictable Federal Payment for the District* in 1995, *The District of Columbia's Pension Dilemma – an Immediate and Lasting Solution* in 1996, *Criteria for Analyzing Proposals for Financial Assistance to the District of Columbia* in 1997, and *After the Control Board: The Chief Financial Officer and Financial Management of the District of Columbia in 2001*.¹ In addition, partly in an effort to draw attention to the issue that this report addresses, DC Appleseed served as counsel to the District of Columbia and the D.C. Council in a recent lawsuit challenging the constitutionality of the congressional ban on the District's ability to collect income tax from non-residents who work in the District.²

Our Nation's Capital

Our Nation's Capital (ONC) was founded by a group of concerned D.C. Residents in 2003 with the primary mission of advocating fiscal fairness for the District of Columbia. Based on the belief that we are all responsible for our country's capital city, ONC works to raise public awareness of the unique fiscal challenges the District encounters and its historically special relationship with Congress. To this end, a variety of outreach efforts have been employed. These efforts include briefings with the media, dissemination of research on the District's critical needs, and informal and formal discussions with

District policymakers and stakeholders, congressional representatives, and regional leaders. ONC co-sponsored a regional Transportation Forum in June 2008 with the D.C. Department of Transportation, the Greater Washington Board of Trade, and the Metropolitan Washington Council of Governments. Panelists included the top transportation officials from D.C., Maryland and Virginia, and the Metro general manager. Representatives Tom Davis and Steny Hoyer as well as Senator Ben Cardin presented congressional viewpoints. In 2005, ONC commissioned, with the support of the Trellis Fund, *An Estimate of Long-Term Infrastructure Needs of the Nation's Capital*. As a follow, ONC funded this current report.

ENDNOTES

- 1 All of these reports are available on DC Appleseed's website at <http://www.dcappleseed.org/projects/pastprojects.cfm>.
- 2 *Banner v. United States*, 368 F.3d 303 (D.C. Cir. 2005), cert. denied 547 U.S. 1143 (2006) (holding that the ban on a non-resident income tax does not violate the Constitution, and noting that "[t]he policy choices are Congress's to make"). We are not advocating in this report that Congress lift the ban on a non-resident income tax; rather, we simply note that the District should be somehow compensated for the lost revenue caused by this prohibition.

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This report is the product of the combined work of these scholars:

Dr. Alice Rivlin, Director of Greater Washington Research at the Brookings Institution, was the founding Director of the Congressional Budget Office from 1975-1983 and the Director of the federal Office of Management and Budget from 1994-1996; she was Chair of the D.C. Control Board from 1998-2001; and she is the author of numerous studies on the District of Columbia's finances and one of the preeminent thinkers on all issues related to the District.

Jon Bouker, a DC Appleseed Board Member, recruited a team of *pro bono* lawyers from his law firm, **Arent Fox LLP**, to analyze the legal history of the past congressional action on this issue. In addition, Mr. Bouker was Congresswoman Norton's Chief Counsel and Legislative Director until 2003, working with her while the Revitalization Act was being debated and approved.

Dr. Julia Friedman, Research Professor at the George Washington Institute of Public Policy, George Washington University, was the Chief Economist and Deputy Chief Financial Officer (now retired) to the District's Chief Financial Officer during the city's impressive turnaround from budget deficits to budget surpluses.

David Garrison, Senior Fellow with Greater Washington Research in the Brookings Metropolitan Policy Program, is an urban policy expert who works on a variety of issues facing the District of Columbia and the Washington metropolitan area.

Brooke DeRenzis, Research Analyst with Greater Washington Research in the Metropolitan Policy Program at Brookings, has authored or contributed to several reports examining the District of Columbia.

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“Washington, D.C. is the Capital of the United States of America. Let us make it a city of which the Nation may be proud – an example and a showplace for the rest of the world.”

President John F. Kennedy, 1963

“America’s eyes and the eyes of the world constantly focus on Washington. ... Working together, we can and we must make Washington once again the proud face of America shown to the world.”

President William Jefferson Clinton, 1997



Photo by Michael Bonfigli