



**D.C. POLICY
CENTER**

Public Hearing on

Revenue Proposals for the Fiscal Year 2028 Budget

Committee of the Whole, Chairman Phil Mendelson

Friday, October 16, 2026 at 10:00 a.m.

Room 412 (Track B)

John A. Wilson Building

1350 Pennsylvania Avenue NW

Testimony of Yesim Sayin

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Good morning, Chairman Mendelson and members of the Committee of the Whole. My name is Yesim Sayin, and I am the Executive Director of the D.C. Policy Center, an independent, nonpartisan think tank dedicated to advancing policies that support a strong, vibrant, and compelling District of Columbia.

Today, I will speak about three proposals: the Business Activity Tax, Bill 26-0777 on land value assessment, and Bill 26-749, the Wealth Proceeds Tax. First, a word about the budget problem these taxes are meant to solve.

Higher taxes alone will not fix the District's budget.

To balance the fiscal year 2028 in the financial plan, the District has already cut \$539 million in spending, including cuts to education, the Workforce Investment Fund, and human services. These cuts closed the gap without drawing on fund balances. But they are not a plan for how the District will deliver services differently or bring its commitments in line with what it can afford.

However, this gap has since grown. The September 2026 revenue estimate lowered recurring revenue for fiscal year 2028 by another \$144 million, raising the gap to \$680 million.¹ That is likely a minimum. Health care, overtime, and debt service could cost more than planned. Federal changes to Medicaid and SNAP could also shift costs to the District if it chooses to keep benefits the federal government no longer funds.

Spending has grown faster than the economy that pays for it.

When spending grows faster than the tax base, budget gaps come back every year. A tax increase can close this year's gap. It cannot fix that imbalance.

Between fiscal years 2019 and 2027, District spending grew 52 percent, while locally raised revenue grew 33 percent. Spending also outpaced the economy. From 2019 to

¹ DC OCFO, September 2026 revenue letter, available at https://ora-cfo.dc.gov/sites/default/files/dc/sites/ora-cfo/documents/Revenue_Estimate_Letter_SEP2026.pdf

2025, spending rose 44 percent and District GDP rose 33 percent. From 2019 to 2026, spending rose 51 percent and personal income rose 47 percent (Appendix Figure 1). And much of that growth is tied to the performance of the stock market, not the performance of D.C.'s economy.

Repeated tax increases are not a substitute for expenditure discipline.

We have seen this before. In the fiscal year 2022 budget, the Council raised income taxes on higher earners, adding about \$100 million a year in recurring revenue, in part to pay for salary supplements for early childhood educators.² Within a few years, other spending pressures absorbed that money and left the same program short of funds. When a tax raised for a specific purpose cannot sustain that purpose, taxpayers lose confidence in how the District manages its commitments.

The District needs a full review of its spending.

The District currently lacks a mechanism to reliably evaluate if public dollars are delivering results and its spending commitments are sustainable.

In 2019, the Council created an expenditure commission to examine government spending, program efficiency, and the causes of cost growth. It was never put in place. We recommend that the Council revive it, working with the incoming administration. The review should ask what drives costs, whether programs achieve their goals, and which services the District can sustain. It should cover not only individual programs but the systems behind them: staffing, procurement, contracting, eligibility rules, and service delivery.

² Fiscal Year 2022 Budget Support Act of 2021, L24-0045 Effective from Nov 13, 2021 That year the city added two new brackets of income: between \$250,000 and \$500,000 at 9.25% and between \$500,000 and \$1,000,000 at 9.75% and increased the marginal tax rate on income above \$1,000,000 to 10.75%.

Overall, these actions increased recurring revenue by approximately \$100 million per year.

This commission's objective should be to ensure resources flow to the programs and services with the greatest impact and that the District's spending reflects long-term fiscal capacity.

Business Activity Tax: The wrong tax for this moment

The Tax Revision Commission considered the Business Activity Tax (BAT) as a way to broaden the business tax base. The Commission looked for a way to reach activity that other business income taxes missed, such as income earned by nonresident owners of D.C. businesses and activity at universities, hospitals, and other nonprofits.

But the Commission considered the BAT as part of a trade. In exchange, it discussed eliminating the unincorporated business franchise tax, business license fees, and the personal property tax, and lowering commercial property taxes to help a struggling commercial real estate sector. The proposal before you keeps all of those taxes and adds the BAT on top of them.

As a Commissioner, I supported studying the BAT as part of that broader reform. I do not support it now, for two reasons.

First, the District already uses a broad payroll tax to fund general spending.

Though the Universal Paid Leave (UPL) payroll tax was initially created to pay for paid family leave, it is doing much of what the BAT is meant to do. Since fiscal year 2023, the District has moved the revenue the program does not need into the general budget. From fiscal years 2023 through 2026, about \$1.1 billion was transferred out, while benefits and administration cost about \$558 million. From 2027 through 2030, the

District expects to collect about \$2.2 billion from the tax and to use about \$1.7 billion of it for general spending, roughly \$430 million a year (Appendix Tables 1 and 2).³

For comparison, the Commission estimated that the BAT would raise \$275 million to \$500 million a year, before any offsetting tax cuts. The two taxes have different bases and affect businesses differently. But both raise broad revenue from business activity, including from organizations that pay little in District business income taxes. Imposing two such taxes simultaneously would add unnecessary complexity to the District's tax system, and compound the tax burden on businesses, potentially discouraging investment and economic activity at a time when the District needs both.

Second, the job market has weakened sharply.

Because the BAT taxes value added, payroll would be a large share of what it taxes. It would raise the cost of keeping and adding jobs in the District.

When the Chairman's Mark was released in 2024, employment in the District was growing 0.3 percent, employment of District residents 1.4 percent, and wages earned in the District 5.2 percent. All three have since turned negative. The District has lost about 47,000 jobs since July 2024. Resident employment fell 1.6 percent and 1.8 percent in the two most recent annual periods, a loss of about 7,000 employed residents. And in 2026, wages earned in the District fell for the first time since the Great Recession, by about \$1.7 billion, or 1.6 percent.⁴

A new tax on business activity risks discouraging hiring and investment when the District needs both. A broader business tax reform that includes a BAT may make sense in the future, if it comes with cuts to other taxes and a clear analysis of its effects. That is not

³ Beginning in fiscal year 2027, certain paid family leave benefits have been reduced, while the employer tax rate remains at 0.75 percent.

⁴ Data from OCFO's Economic and Revenue Trends for August 2026 available at <https://ora-cfo.dc.gov/publication/economic-and-revenue-trend-report-august-2026>.

the proposal before you. I recommend that the Council not advance the BAT as a stand-alone tax.

Land Value Tax and Bill 26-0777: Can the District measure land values reliably?

The Commission's 2024 Chairman's Mark proposed moving toward a split-rate property tax, which taxes commercial land at a higher rate than buildings. It made that move conditional on commercial property values stabilizing. A split-rate tax works only if the government can tell how much of a property's value is land and how much is the building, and that is hard to do while the commercial market is in flux.

Bill 26-0777 would take a first step. It would require the Office of Tax and Revenue (OTR) to assess land separately, "as if vacant and available for its highest and best use," using uniform standards for similar parcels with the same zoning. The bill does not change tax rates. But it would create the valuation system that a future land value tax would depend on.

Taxing land more heavily than buildings has intellectual merit. But I am not convinced that the District can produce land assessments reliable enough to administer a fair tax system, especially for income-producing properties. A land value tax would introduce additional complexity and uncertainty into an already contested property assessment system, as land values can fluctuate significantly with market conditions and zoning changes, potentially increasing tax liabilities for existing properties even when their physical improvements remain unchanged. This could further undermine taxpayer confidence in the accuracy, predictability, and fairness of property assessments.

The District has very few land sales to learn from.

Today, OTR values most properties using sales of comparable properties, and about 21,100 properties based on the income they produce. The law already requires separate

land and building values.⁵ But the District has always focused on getting the total value right, not on how that value is split between land and building.⁶

The best evidence of land value is what similar vacant land sells for, and the District has very little of it. Of the 4,110 tax lots of 25,000 square feet or more, which are large enough for significant apartment or commercial buildings, only 315 are privately owned, vacant, and potentially buildable. Only 22 of them sold in the last two years (Appendix Figure 2). That is about 11 sales a year to inform land values for more than 4,000 large lots, nearly all of which already have buildings on them.

Those few sales are not typical, either. Land often stays vacant because of an odd shape, poor access, contamination, title problems, or development limits. Sales of buildings bought to be torn down offer more evidence, but their prices also reflect demolition and cleanup costs, tenant rights, development approvals, and other site-specific factors.

Without enough sales, OTR would have to estimate land values from hypothetical projects.

To value land at its highest and best use, an assessor must first decide what the most valuable use would be that is legal, physically possible, and financially feasible. If that use is a new building, the assessor estimates what the finished project would be worth and subtracts construction costs, financing costs, and the developer's return. What is left is the value of the land.

Appraisers use this method routinely, but it depends on many judgments that are hard to apply consistently across thousands of properties. Two lots of the same size on the same block, with the same zoning, can have very different development potential because of their shape, access, environmental condition, historic protections, existing leases, or the

⁵ D.C. Official Code § 47–821.

⁶ 596 A.2d 517 (1991). *The Washington Post v. District of Columbia*. No. 90-1023. District of Columbia Court of Appeals. Argued June 5, 1991. Decided August 21, 1991.

chance to combine them with neighboring lots. OTR's records do not consistently capture this information (Appendix Table 3).

Market conditions matter too. Many District properties are zoned for uses other than what is presently built on them. At current rents, construction costs, and interest rates, much of that additional development would lose money. For those properties, the highest and best use may be a smaller project, the existing building, or waiting for the market to improve.

The results are also very sensitive to assumptions. For an illustrative downtown site with 200,000 square feet of potential development, a 5 percent increase in construction costs cuts the estimated land value by 31 percent. A half-point increase in the capitalization rate (the rate investors use to convert rental income into property value), which is well within normal differences between appraisers, cuts the land value by about two-thirds. Over the same change, the value of the finished building falls only 9 percent (Appendix Table 4). A tax base built on these estimates would invite disputes, increase litigation against the District, and potentially create additional reluctance among investors and developers in pursuing projects.

Distressed commercial properties are the hardest cases.

The Commission's concern about market distress still applies. The District has approximately 950 large office buildings that account for bulk of the commercial property tax collections, and over half of them have vacancy over 25 percent.⁷

Recent District examples show why distress matters for tax assessment purposes.

- 1100 New Jersey Avenue SE sold for \$43 million in 2026, about \$143 per square foot and less than one-third of its earlier appraised value of \$132 million.

⁷ CoStar data for buildings with over 50,000 square feet of leasable space. CoStar also reports 20 abandoned office buildings and 96 buildings that are set for demolition.

- 2025 M Street NW went into receivership in 2025 and is being marketed for conversion to about 260 to 270 apartments.
- Meadow Green Courts, a 435-unit affordable housing property in Fort Dupont Park, faced foreclosure in 2025 after building up more than \$6 million in unpaid rent. The same owner received a notice of default on the 300-unit Eagle's Crossing in Ward 8.

In each case, the property's value depends on current market conditions, the condition of the building, the owner's financing, and the cost of changing to another use, not just on what could be built on the land.

For a struggling office building, the best use of the site as if vacant might be new apartments. If new apartments would not pay for themselves today, the estimated land value could be very low or even negative. If they would, the land alone could be worth more than the whole property as it stands. Neither result is an appraisal error. Both show the gap between what a property is worth today and what its site could be worth in another use. And for many office buildings, the realistic option is conversion, which depends on the building's floor plates, structure, and mechanical systems, all of which an as-if-vacant valuation leaves out.

A split-rate tax is meant to encourage development by lowering the tax on buildings. But for distressed properties, the real barriers are usually lack of capital, weak demand, high construction costs, or the inability to refinance. A higher tax on land or a lower tax on improvements would not remove those barriers, and depending on the case, these could add to the costs of owners who are already under pressure.

There is also a revenue concern. A land tax is often described as stable because the amount of land is fixed. But assessed land values are not fixed. If they come from estimates like the ones above, they will rise and fall with rents, capitalization rates, construction costs, and interest rates, even when nothing about the land has changed.

How much this would affect actual tax collections depends on how rates and assessment cycles are designed.

Experience elsewhere calls for caution. Our review found 12 jurisdictions with an active split-rate tax.⁸ Nearly all are small Pennsylvania cities, with an average population of about 23,000 (Appendix Table 5), and none comes close to the District's size or complexity. Pittsburgh used a split-rate tax for nearly 90 years before abandoning it in 2001, after a long-delayed reassessment sharply raised land values and set off strong taxpayer opposition. That was a failure of the assessment system, not of the idea. But a poorly run assessment system can sink sound tax policy.

Recommendation: Narrow scope, and build and test the assessment system first.

If the Council moves forward with Bill 26-0777, it should narrow the bill and phase it in. A good starting point would be low-density residential areas where zoning reform will allow more housing and where there are enough sales to test the assessments.⁹ The District should study how different valuation methods perform there before implementing tax bill changes. Income-producing commercial and multifamily properties should be left out. They are the hardest to value, especially while the commercial market is still adjusting.

Before expanding further, OTR should show that its land assessments are accurate, consistent across similar parcels, and stable enough to tax. That requires published methods, testing against actual sales, clear appeal procedures, and analysis of how property types and neighborhoods would be affected. The District should use this bill to

⁸ In addition, Fairhope, AL and Arden, DE only tax land but have very special arrangements. Fairhope's tax is a private arrangement for lands residents leased from the Fairhope Single Tax Corporation, which owns roughly a quarter of the property in Fairhope (<https://www.exploreeasternshore.com/fairhope-blog/what-is-a-single-tax-colony>). Arden is a village of 400, which is owned by a communal trust rather than individual homeowners. (<https://arden.delaware.gov>).

⁹ Sayin, Yesim (2019). Land Value Tax: Can it work in the District? D.C. Policy Center. Available at <https://www.dcpolicycenter.org/publications/land-value-tax/>

develop and test better assessment methods, not apply an untested valuation system across the entire city.

Wealth Proceeds Tax: More reliance on a small, mobile, and volatile tax base

Bill 26-749, the Wealth Proceeds Tax Amendment Act of 2026, would impose a 3 percent tax on certain investment income of high-income District residents. It is modeled on the federal Net Investment Income Tax (NIIT), which covers interest, dividends, capital gains, rental income, and other investment earnings. The bill starts from the federal definition of investment income but uses higher income thresholds and treats some income differently, including interest on government bonds and income from certain trusts (Appendix Tables 6 and 7).

The tax would raise revenue. But it carries two risks: high earners can now leave the District more easily than before, and the District already depends heavily on a small and volatile group of taxpayers.

High earners are more likely to move than before.

Since the pandemic, high-income workers are less tied to the places where their employers are located. Research by Nicholas Bloom and his coauthors, using payroll records for about 3.8 million employees, found that among employees earning more than \$250,000, the share living more than 50 miles from their employer rose from 6 percent in 2019 to 15 percent in 2023. High earners who moved across state lines tended to move to lower-tax states. Those who changed states in 2020 while keeping the same employer lowered their top state income tax rate by an average of 5.2 percentage points.

The researchers estimate that these moves reduced total state income tax collections by 7 to 8 percent by 2023, with the losses concentrated in high-tax states.¹⁰

This matters more for the District than for most places. Many professionals can now work for a Washington employer while living in Maryland, Virginia, or farther away, and unlike most states, the District cannot tax the wages of nonresidents who work here. The federal NIIT applies wherever a taxpayer lives. The District's version could be avoided by moving out of the city. Taxes are not the only reason people choose where to live, but the District should not assume that its high-income residents will stay as it raises their costs.

The District's income tax base is narrow and volatile.

When a high-income household leaves, the District loses all the income tax that household paid. Since collections would come from relatively few taxpayers, a few large transactions, or their absence, could swing revenue from year to year. In tax year 2023, filers with incomes of \$200,000 or more made up about 13.5 percent of District filers but paid nearly 65 percent of individual income tax. Just 10,430 returns, fewer than 3 percent, reported income of \$500,000 or more.¹¹ Fewer people would owe the new tax than these numbers suggest, because liability depends on filing status, total income, and the type of investment income. W Since collections would come from relatively few taxpayers, a few large transactions, or their absence, could swing revenue from year to year.

Investment income, especially capital gains, already rises and falls with markets. Income tax collections not withheld from paychecks fell 39.6 percent in fiscal year 2023 and another 30.1 percent in fiscal year 2024, partly because of changes in capital gains and

¹⁰ Akan, Barrero, Bloom, et. al. (2025). The New Geography of Labor Markets. Hoover Institution Economics Working Paper 25107. Available at <https://hoover-s3-website.s3.us-west-2.amazonaws.com/s3fs-public/research/docs/25107-Bloom-Davis-et%20al.pdf>

¹¹ OCFO, D.C. Data Book: Revenue and Economy (2025).

other non-wage income (See Appendix Figure 3).¹² A new tax on investment income would add to that exposure and give taxpayers new reasons to change when they sell assets or where they live.

Estimating the revenue will also be difficult. The federal NIIT applies above \$200,000 in income for single filers and \$250,000 for married couples filing jointly. The District's thresholds would be \$400,000 and \$500,000. Because of these differences and the changes to which income is taxed, federal NIIT data cannot simply be scaled to the D.C. rate to produce a reliable estimate.

Recommendation: Understand the risks before adopting the tax.

We recommend that the Council not adopt Bill 26-749 at this time. Before reconsidering it, the Council should ask the OCFO for an analysis that shows how many taxpayers would pay the tax; the share of revenue that would come from the top 100, 500, and 1,000 payers; the types of investment income that would be taxed; and how revenue would change with swings in capital gains and with taxpayers moving away. The analysis should account for the differences between the federal and District taxes.

Conclusion

Raising taxes during a period of economic slack creates additional risks. During a downturn, policymakers should be looking for measures that stimulate demand. Raising taxes risks doing the opposite by increasing household and business costs and potentially discouraging investment.

The District's main fiscal challenge is restoring economic growth and bringing spending in line with what that economy can support. Without spending discipline, new taxes will

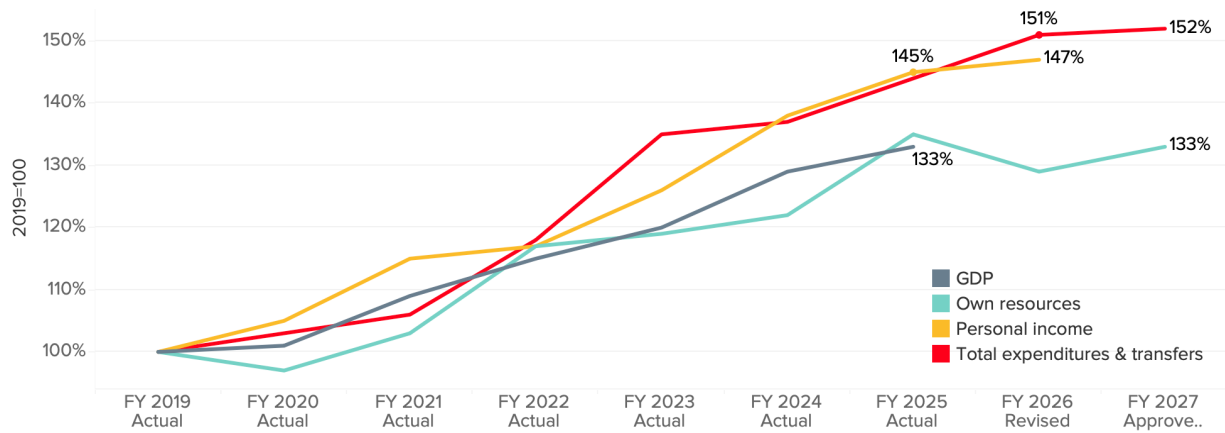
¹² Fiscal Year 2026 Budget Revenue Chapter.

be absorbed by the next budget gap. Without growth, those gaps will become harder to close, no matter how many new taxes the Council adopts.

Thank you. I am happy to answer your questions.

Appendix

Figure 1 - Growth in total expenditures, own resources, GDP, and personal income



Source: Total expenditures and own revenue data collected from various budget books. GDP and personal income data reflect the most recent information retrieved from FRED.

Note: Fiscal years 2019 through 2025 are actuals, fiscal year 2026 reflects the revised budget, and fiscal year 2027 is the adopted budget. The OCFO's published projections for 2025 and 2026 do not change the trajectories of GDP and personal income.



Table 1 – UPFL program costs and diversions to general fund 2021-27

	2021	2022	FY 2023	FY 2024	FY 2025	FY 2026	FY23-26
Program costs¹	\$61,201	\$80,231	\$107,644	\$131,640	\$144,107	\$174,949	\$558,340
Transfers out							
FY 2023 BSA			\$421,400 ²				\$421,400
				\$25,715 ³			\$25,715
FY 2025 BSA					\$323,056 ⁴	\$340,572 ⁴	\$663,628
TOTAL			\$421,400	\$25,715	\$323,056	\$340,572	\$1,110,743

Table notes: ¹ Includes benefits paid and administrative costs incurred.. ²FY 2023 APCR. ³FY 2024 APCR. ⁴OCFO (From budget books)

Table 2 – UPFL program costs and diversions to general fund 2027-30

	FY 2027	FY 2028	FY 2029	FY 2030	FY27-30
Program costs¹	\$87,810	\$148,776	\$155,008	\$161,044	\$552,638
Transfers out:					
FY 2025 BSA ²	\$345,286	\$362,121	\$378,723	\$396,791	\$1,482,921
FY 2027 BSA ³	\$95,355	\$42,873	\$44,845	\$46,984	\$230,057
TOTAL	\$440,641	\$404,994	\$423,568	\$443,775	\$1,712,978

Table notes: ¹ Estimated by subtracting projected transfers from OCFO Certification Letter (March 1, 2026) expenditures. ²FY 2023 APCR. ³ Fiscal Impact Statement for the FY 2027 Budget Support Act of 2026.

Table 3 – Potential factors of what is “possible” in highest and best use

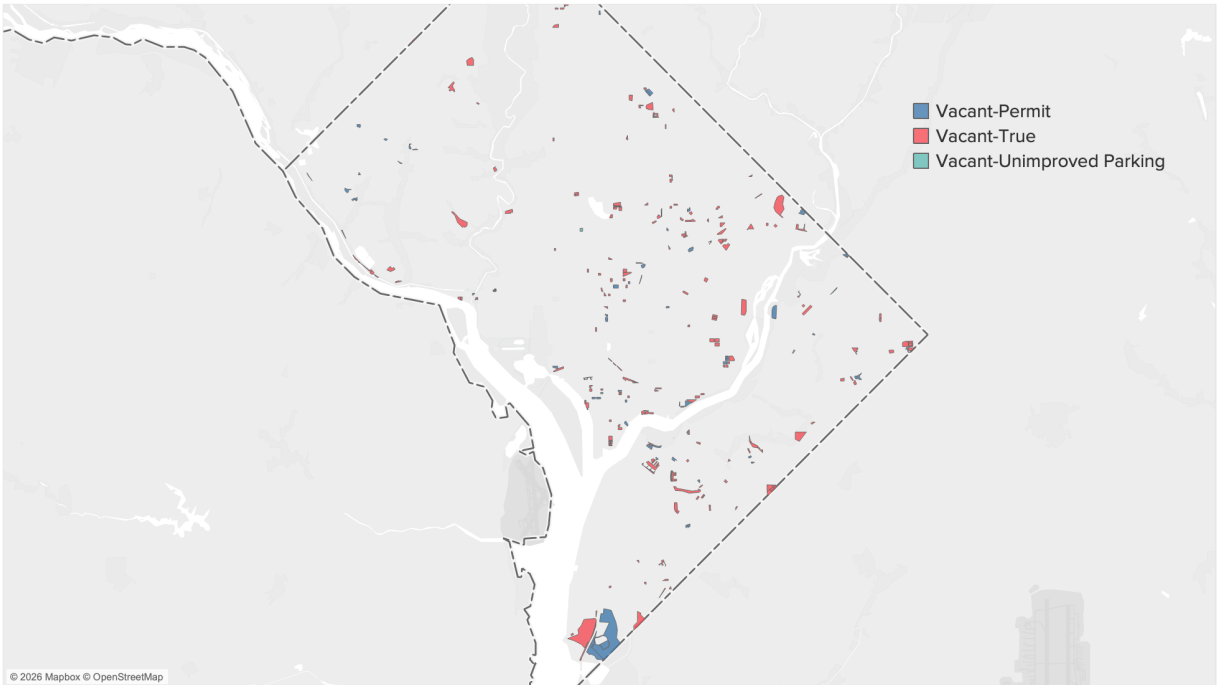
Characteristic	Why it changes land value	Is it in OTR's data today?
Lot shape and frontage	Narrow or irregular lots cannot fit efficient floor plates	Partly (lot area, not shape)
Environmental condition	Remediation can cost more than the land is worth	Rarely
Topography, alley and utility access	Raise site work costs	Rarely
Historic designation	Limits demolition and massing	Yes, via overlay
Zoning and approved PUDs	Set buildable area; PUDs vary case by case	Zone, yes; PUD terms, no
Assemblage potential	A lot alone may be worth less than as part of a site	No
Existing leases and tenant rights	Delay or prevent redevelopment	No

Source: D.C. Policy Center desk research

Table 4 – Responsiveness of residual land value to changes in cost or cap rate assumptions

Assumption	Base case	Costs up 5%	Cap rate 5.0% → 5.5%
Completed value	\$120.0M	\$120.0M	\$109.1M
Hard + soft costs	\$90.0M	\$94.5M	\$90.0M
Developer return (15% of cost)	\$13.5M	\$14.2M	\$13.5M
Residual land value	\$16.5M	\$11.3M (-31%)	\$5.6M (-66%)

Figure 2 - Privately owned buildable vacant property over 25,000 square feet



Usable, privately owned and taxed vacant property		Sold in the last two years	
Vacant-Permit	67	Vacant-Permit	10
Vacant-True	244	Vacant-True	12
Vacant-Unimproved Parking	4		

Source: Integrated Tax System Public Extract, retrieved from opendata.dc.gov on October 14, 2026.



Table 5 - Summary of jurisdictions using or considering a split-tax regime

Jurisdiction	State	Level	Population (approx.)	Basic features	Land:building ratio	Status	Years	Status detail
New York City	NY	City	8,300,000	State law (Gen. Municipal Law §119-r) lets city use LVT, special assessments or TIF in a transit value-capture district; Interborough Express is the target	n/a	Authorized, not adopted	Renewed 2026 (through Apr 2027)	City Council must designate a district. Separate state pilot bill for up to 5 municipalities (S1131) died June 2026
Hawaii (statewide)	HI	State	1,400,000	Statewide split-rate	n/a	Repealed	1965–1977	Hawaii County ran a full split rate 1983–2002 and keeps a modified version; Kauai abandoned in 2014; Honolulu returned to single rate
Washington, D.C.	DC	City/State	700,000	B26-0777: separate land assessment at highest and best use; no rate change	n/a	In discussion	Introduced Jul 14, 2026	Committee of the Whole hearing Oct 16, 2026
Detroit	MI	City	640,000	Duggan plan (HB 4966): land rate +~300%, building rate –~70%, revenue-neutral; city projected 97% of homeowners get a cut	n/a	Stalled	Proposed 2023	House vote tied 50–50 and pulled; no 2026 action found under Mayor Sheffield
Louisville Metro	KY	City/County	620,000	HB 607: split rate within Urban Services District; must be revenue-neutral; no land-only tax	n/a	Enacted, not yet in effect	Enacted Apr 2026	Passed over governor's veto; Aug 2026 ordinance set land/improvement classes; billing awaits Sheriff's software update

Jurisdiction	State	Level	Population (approx.)	Basic features	Land:building ratio	Status	Years	Status detail
Pittsburgh	PA	City	300,000	Split rate, phased to 5:1 land-to-building by 1980	5:1 (1980)	Repealed	1913–2001	Repealed after botched countywide reassessment
Spokane	WA	City	230,000	Council-commissioned parcel study; state constitution bars adoption	n/a	In discussion	Ongoing	City priority: seek state authority. Seattle mayor also stated intent to pursue
Richmond	VA	City	230,000	Optional split rate; building rate can't exceed land rate	n/a	Authorized, not adopted	Authorized 2020	
Newport News	VA	City	185,000	Optional split rate (HB 282)	n/a	Authorized, not adopted	Authorized 2026	City council must vote to opt in
Allentown	PA	City	125,000	Split rate adopted 1996	~5:1	In effect	1997–present	Latest confirmed status 2023; 2026 rate sheet not verified
Roanoke	VA	City	100,000	Optional split rate	n/a	Authorized, not adopted	Authorized 2003	
Scranton	PA	City	76,000	Split rate since 1913	4.6:1 (2013)	Repealed	1913–2025	2026 budget levies single 6.0439-mill rate; land line budgeted at \$0
Harrisburg	PA	City	50,000	Split rate: 30.97 mills land vs 5.16 mills building	6:1	In effect	1975–present	Confirmed on 2026 county millage sheet
Charlottesville	VA	City	46,000	Optional split rate (HB 282)	n/a	Authorized, not adopted	Authorized 2026	City council must vote to opt in
Altoona	PA	City	43,000	Phased to pure land tax	Land only	Repealed	2011–2016	Mayor cited limited impact and unfamiliarity
Fredericksburg	VA	City	29,000	Optional split rate (HB 282)	n/a	Authorized, not adopted	Authorized 2026	City council must vote to opt in
Fairhope	AL	City	25,000	Georgist single-tax colony: land leased from a single-tax corporation (private, not a municipal tax)	n/a	In effect	Founded 1894	
Fairfax City	VA	City	24,000	Optional split rate	n/a	Authorized, not adopted	Authorized 2002	
Hyattsville	MD	City	21,000	First U.S. LVT	n/a	Struck down	1898	Barred by Maryland courts under state constitution

Jurisdiction	State	Level	Population (approx.)	Basic features	Land:building ratio	Status	Years	Status detail
New Castle	PA	City	21,000	Split rate	3.4:1 (2013)	In effect	1982–	Current status not verified
McKeesport	PA	City	17,000	Split rate	3.9:1 (2013)	In effect	1980–	Current status not verified
Falls Church	VA	City	15,000	Optional split rate (HB 282)	n/a	Authorized, not adopted	Authorized 2026	City council must vote to opt in
Washington	PA	City	13,000	Split rate	28.8:1 (2013)	In effect	1985–	Current status not verified
Poquoson	VA	City	12,000	Optional split rate	n/a	Authorized, not adopted	Authorized 2011	
Aliquippa	PA	City	9,000	Split rate (city since 1988; school district since 1993)	7.1:1 city (2013)	In effect	1988–	
Lock Haven	PA	City	9,000	Split rate	4.9:1 (2013)	In effect	1991–	
DuBois	PA	City	7,500	Split rate	44:1 (2013)	In effect	1991–	
Clairton	PA	City	6,500	Split rate (city 1989; school district 2006)	9.5:1 city (2013)	In effect	1989–	
Duquesne	PA	City	5,000	Split rate	1.6:1 (2013)	In effect	1985–	
Titusville	PA	City	5,000	Split rate	4.0:1 (2013)	In effect	1990–	
Ebensburg	PA	Borough	3,000	Split rate	3.3:1 (2013)	In effect	2000–	
Arden	DE	Village	400	Georgist single-tax colony (private arrangement)	n/a	In effect	Founded 1900	

Sources: Sources: Center for Land Economics, “Land Value Tax Legislation Tracker,” <https://landeconomics.org/lvt-legislation>; Progress and Poverty Institute, “The 2026 State Land Value Tax Enablement Wave (New York, Virginia, Kentucky),” <https://www.progress.org/wiki/2026-state-lvt-enablement-wave/>; Progress and Poverty Institute, “Virginia Takes Four More Steps Towards LVT,” <https://progressandpovertyinstitute.org/virginia-takes-four-more-steps-towards-lvt/>; Progress and Poverty Institute, “Pennsylvania,” <https://www.progress.org/wiki/pennsylvania/>; Wikipedia, “Land Value Tax in the United States,” https://en.wikipedia.org/wiki/Land_value_tax_in_the_United_States; People’s Land, “The Shift to Land in American Cities: Evidence of Increased Development,” <https://peoplesland.substack.com/p/the-shift-to-land-in-american-cities>; City of Scranton, *2026 Budget* (October 31, 2025), <https://scrantonpa.gov/wp-content/uploads/2025/11/FINAL-2026-City-of-Scranton-Budget-10.31.2025-1.pdf>; Dauphin County, “Millage Rates for Real Estate Taxes Levied in the Year 2026,” <https://www.dauphincounty.gov/docs/default-source/tax-assessments/2026-millage-rates-january.pdf>; Outlier Media, “What’s Next for Duggan’s Land Value Tax Plan?” (October 18, 2023, updated September 27, 2024), <https://outliermedia.org/land-value-tax-plan-detroit-michigan-legislature/>; Detroit City News, “Detroit Property Tax Reform: The Ongoing Battle for the Land Value Tax Plan” (January 8, 2026), <https://detroitcitynews.com/2026/01/08/detroit-property-taxes-land-value-tax-reform/>; LegiScan, “DC B26-

0777: Revenue Stabilization and Land Value Assessment Amendment Act of 2026,” <https://legiscan.com/DC/bill/B26-0777/2025>. All accessed October 2026.

Figure 3 - Volatility of withholding and non-withholding components of individual income taxes



Source: DC OCFO Databook (through fiscal year 2024) and DC OCFO Economic and Revenue Trends (fiscal year 2025).



Table 6- Side-by-side comparison of the tax bases for the federal NIIT and B26-749

Income source	Federal NIIT	D.C. Bill26-749
Interest on taxable investments	Included	Included
Dividends	Included	Included
Capital gains on stocks, bonds, and investments	Included	Included
Rental income	Generally included, subject to business-activity exceptions	Same federal rules
Royalties	Generally included, subject to exceptions	Same
Nonqualified annuity income	Included	Included
Passive business income	Included	Included
Active business operating income	Generally excluded	Same
Wages and salaries	Excluded	Excluded
Self-employment income subject to Medicare self-employment tax	Excluded	Excluded
Qualified retirement plan distributions	Excluded	Excluded
Taxable gains from investment real estate	Included	Included
Excludable gains on principal residences	Excluded	Excluded
Interest on U.S. Treasury securities	Included	Explicitly excluded

Interest on bonds issued by other states and local governments	Generally excluded if federally tax-exempt	Explicitly included
Interest on D.C. municipal bonds	Generally excluded if federally tax-exempt	Generally excluded under the incorporated federal rules
Investment income attributable to certain incomplete-gift nongrantor trusts	Generally taxed under trust taxation rules, not automatically attributed to the grantor	Potentially attributed to the grantor

Source: IRC §1411 and §47-1806.03a as proposed in B26-749. Specific exclusions and business-activity exceptions depend on the character of the income and the taxpayer's circumstances.

Table 7- Differences in rates and income thresholds

Feature	Federal NIIT	Proposed D.C. tax
Tax rate	3.8%	3.0%
Single filer threshold	\$200,000	\$400,000
Married filing jointly	\$250,000	\$500,000
Married filing separately	\$125,000	\$250,000
Estate or trust threshold	Beginning of highest federal trust income-tax bracket	\$16,000
Threshold indexed to inflation	No	No automatic indexing specified

Source: IRC §1411 and §47-1806.03a as proposed in B26-749.