

## Council stalls tax relief for retired civil servants

A bill aimed at giving substantial tax relief to an estimated 40,000 District retirees has languished before the D.C. Council for two years with

### VIEWPOINT

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no action. This bill (B22-0321) would allow retired civil servants to exclude up to \$20,000 of pension income from D.C. taxes once they reach age 65. Retirees could exclude \$10,000 upon reaching age 62. The bill applies to retired teachers, military personnel, firefighters, police officers and all other retired civil servants who worked for the federal or D.C. government.

The bill is stuck in the council's Finance and Revenue Committee, chaired by Ward 2's Jack Evans, even though it is co-sponsored by a majority of council members. The legislators apparently think the bill is a good enough idea to put their names to — but not good enough to work for its passage.

From 1957 through 2014, retired public servants could exclude \$3,000 of income from

D.C. taxation. That modest benefit was repealed as part of the Tax Reform Act of 2014, along with several other targeted benefits. The repeal was among the revisions proposed by a tax reform commission led by ex-Mayor Anthony Williams and policy guru Ed Lazere, now seeking to replace Phil Mendelson as council chairman. Repeal of the exclusion occurred with no real public comment or discussion — all the fanfare focused on the lower overall tax rates — and caught many seniors by surprise when they filed their 2015 taxes.

The Coalition to Restore D.C.'s Pension Benefit Exclusion ([restoredpensionbenefit.com](http://restoredpensionbenefit.com)) was formed and began pressing the council to reinstate the position. The D.C. Federation of the National Active and Retired Federal Employees Association was among the early supporters, along with Blacks in Government, AARP, and other groups and many individuals. We anticipated quick action to restore the exclusion after Evans acknowledged at a budget hearing that its repeal "a mistake." However, no action was taken to correct the "mistake."

Hopes were raised when Ward

7 Council member Vince Gray introduced legislation last year that went beyond restoring the \$3,000 exclusion, instead raising it to \$20,000. Given its majority support, passage seemed assured.

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Then, silence. Coalition members sent letters, circulated petitions, attended council hearings and raised the issue at community gatherings, all to no avail.

Mendelson and Lazere showed no interest in revisiting the tax reform package. Evans said he'd like to do it, but couldn't persuade Mendelson and didn't know where to find the funds to pay for senior tax relief. That response is hard for seniors to swallow. Seniors are an economic asset. Clearly, other states are competing for them with enticing

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lower tax regimes.

Tax relief for public pensions is hardly a novel idea. Some 36 states shield all or part of public pensions from taxation. Maryland, for instance, excludes \$29,000 of state pension income from taxes. Virginia excludes \$10,000. Other states afford tax relief to private as well as public pensions.

D.C. is bucking the trend of the majority of states by subjecting its retired civil servants to full taxation. Because the federal and local governments have long been the District's major employers, the pension exclusion stands to benefit a significant number of retirees and help them age in place in this increasingly high-cost city.

Jack Evans has long experience chairing the Finance and Revenue Committee. If anyone knows how to work the District's budget, he does. It's not that the city doesn't have the money to give tax relief to seniors: The council simply lacks the will. When the pension exclusion bill was introduced, we thought it would be more than just a feel-good measure.

Raising hopes only to dash them leaves seniors feeling played. It's time for the council to step up and act. Pass Bill 22-0321. The residents who spent long years in public service have earned it.

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