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D.C. Voting Rights: No Representation? No Taxation!

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For more than two decades, activists in Washington, D.C. have sought to convert the federal district into a state with full voting rights, including two Senators and a Member of the House of Representatives, in addition to the three votes in the Electoral College they received by constitutional amendment in 1961.

Recent efforts have focused on the more limited—but more constitutionally questionable—goal of securing voting representation in the House for the District, without full statehood. The campaign took on a new visibility after the 2000 elections, when the District's license plates started to display the slogan “Taxation without Representation.”

However, the “taxation without representation” campaign presents Republicans with a unique political opportunity as well, one that could have beneficial effects over the long term for both D.C. residents and political conservatives.

Why Didn't We Think of This Before? The obvious play on the famous Revolutionary War slogan was designed to call attention to the fact that D.C. residents pay federal income taxes but have no voting representation in Congress. The intent is to rectify this by making D.C. a state and giving it representation. But the slogan also, perhaps unintentionally, suggests another solution: Exempt D.C. residents from federal income tax.

The solution has so many advantages it is surprising it hasn't been implemented already, and it has recently been taken up by Rep. Louie Gohmert (R-TX). For one thing, the logic is unassailable:

Though they have ready access to the government in ways that citizens of faraway states do not, D.C. residents have no direct voting representation and can reasonably claim that no one they vote for votes on the legislation that taxes them. There is also precedent for the idea—residents of Puerto Rico and Guam are U.S. citizens who do not vote in federal elections, and they pay no federal income taxes.

The economic benefit is also obvious. D.C., especially the portion east of the Anacostia River and devoid of major federal installations, is economically moribund, with all the economic blight common to centers of urban poverty. As in other urban areas, people who work in “the District” often live in the suburbs, seeking both a higher quality of life and lower local taxes.

Just as the incentives and tax breaks of “Operation Bootstrap” in 1947 revitalized and diversified the economy of Puerto Rico, an income tax exemption for people residing in D.C. would attract prosperous new residents to the district—residents who would have the incentives and wherewithal to pressure the bungling local government to clean up its act. They would also bring financial resources; in the absence of federal taxes the District government

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could “split the difference” with its residents, charging higher taxes than any state but still leaving residents with more money in their pockets than they would have living anywhere else in the U.S.

More Advantages. The fiscal impact to the federal government would be quite small. In 2006 (the latest year for which figures are available), D.C. residents accounted for 0.32 percent—less than a third of a penny of every dollar—of total federal income tax revenue.

Obviously, certain safeguards would have to be put in place to ensure that those taking advantage of the tax exemption actually live in the District. Similar measures are in place for Puerto Rico, but enforcement is made easier by the fact that Puerto Rico is not within easy commuting distance of any state. The proximity of D.C. to Virginia and Maryland, together with the large number of cross-border commuters, would require careful attention to ensure that the tax exemption is not abused.

At a minimum, eligibility for the tax exemption would have to require that D.C. residents not be registered to vote in any state, that they have their primary residence—a concept that would require careful definition—within the District, and, as in the case of Puerto Rico, apply the exemption only to income earned from sources in the District. Puerto Ricans who are employees of the federal govern-

ment or members of the military do pay tax on income from those sources; applying the same rule to District residents would provide a needed boost to private businesses within the District.

Furthermore, the political dynamics put this idea directly in the conservatives’ sweet spot. Conservatives could hardly be charged with indifference to the plight of nonvoting District residents, and liberals would be faced with a stark choice: Either defend the taxation of District residents (including the large percentage who are poor) or accede to a policy that will demonstrate, once and for all, the economic benefits of lower taxes.

Everybody Wins. D.C. residents complain that they are forced to pay federal income tax despite not having a voting representative in Congress. But the remedy for this problem is not a constitutionally dubious plan to make the District into a quasi-state by adding a Member of Congress to represent it (cynically trying to buy off Republican votes in the process). Rather, simply exempting D.C. residents from federal taxes would help revitalize the District—and do so in a way consistent with what the Founders had in mind for the “federal city.”

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