

COUNCIL OF THE DISTRICT OF COLUMBIA

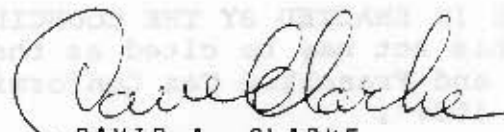
NOTICE

D.C. LAW 7-29

"D.C. Income and Franchise Tax Conformity and Revision Amendment Act of 1987".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 7-183 on first and second readings, June 16, 1987, and June 30, 1987, respectively. Following the signature of the Mayor on July 17, 1987, this legislation was assigned Act 7-51, published in the August 7, 1987, edition of the D.C. Register, (Vol. 34 page 5097) and transmitted to Congress on July 21, 1987 for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 7-29, effective October 1, 1987.



DAVID A. CLARKE
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

July 21,22,23,24,27,28,29,30,31

August 3,4,5,6,7

September 9,10,11,14,15,16,17,18,21,22,23,24,25,28,29,30

AN ACT

D.C. ACT 7 - 51

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

JUL 17 1987

To amend the District of Columbia Income and Franchise Tax Act of 1947 and the District of Columbia Income and Franchise Tax Conformity Act of 1983 to continue conformity on a limited basis with the Tax Reform Act of 1986; to replace the zero bracket amount with an increased standard deduction; to increase personal exemptions; to lower tax rates; to permit a deduction for net operating losses; to reduce the franchise tax surtax; to amend the treatment of subchapter S corporations; to continue an income exclusion for federal and District retirees; to clarify the calculation of the dependent care credit; to conform to an exemption in the franchise tax; and to make other changes in the income and franchise tax provisions.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "District of Columbia Income and Franchise Tax Conformity and Revision Amendment Act of 1987".

Sec. 2. The District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 331, D.C. Code, sec. 47-1801.1 et seq.), is amended as follows:

(a)(1) Title 1, section 4 (D.C. Code, sec. 47-1801.4) (1988 supp.) is amended by adding a new subsection (bb-1) to read as follows:

"(bb-1) The term "Internal Revenue Code of 1986" means the Internal Revenue Code of 1986, approved October 22, 1986 (100 Stat. 2085; 26 U.S.C. 1 et seq.)."

(2) Title 1, section 4(j), (k), (s), (t), (u), (v), (w), and (aa) (D.C. Code, sec. 47-1801.4(10), (11), (19), (20), (21), (22), (23), and (27)) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.

(3) Title 1, section 4(p) (D.C. Code, sec. 47-1801.4(16)) is amended to read as follows:

"(p) The term "corporation" includes any trust, association, joint-stock company, small business corporation as defined in section 1371 of the Internal Revenue Code of 1954, approved September 2, 1958 (72 Stat. 1650; 26 U.S.C. sec. 1371), in effect as of October 18, 1982, S corporation as defined in section 1361(a) of the Internal Revenue Code of 1986, partnership that is classed or should be classed as a corporation for purposes of federal income taxation, any entity organized under the District of Columbia Professional Corporation Act, approved December 10, 1971 (85 Stat. 576; D.C. Code, sec. 29-601 et seq.), or a foreign professional corporation that has obtained a certificate of authority under section 14 of the District of Columbia Professional Corporation Act, approved December 10, 1971 (85 Stat. 576; D.C. Code, sec. 29-1101 et seq.), to render professional services in the District for any taxable year beginning after December 31, 1984."

(4) Title 1, section 4(z) (D.C. Code, sec. 47-1801.4(26)) is amended to read as follows:

"(z) The term "standard deduction" means:

"(A) \$2,000 in the case of a return filed by a single individual, by a head of household, by a surviving spouse or jointly by husband and wife;

"(B) \$1,000 in the case of a married person filing separately; or

"(C) In the case of an individual who is a resident, as defined in subsection (q) of this section, for less than a full 12-month taxable year, the amounts specified in subparagraphs (A) and (B) of this paragraph prorated by the number of months that the individual was a resident."

(5) Title 1, section 4 (D.C. Code, sec. 47-1801.4) is amended by adding new subsection (ff) at the end to read as follows:

"(ff) The term "blind" means a taxpayer whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees."

(b) Title 2, section 1 (D.C. Code, sec. 47-1802.1) is amended as follows: D.C. Code, sec. 47-1802.1

(1) By striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place; and (1988 supp.)

(2) By adding a new subsection (12) to read as follows:

"(12) An organization described in section 501(c)(25) of the Internal Revenue Code of 1986."

D.C. Code, sec. 47-1803.2 (1988 supp.)

(c)(1) Title 3, section 2(a) (D.C. Code, sec. 47-1803.2(a)) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears in the first 2 sentences and inserting the phrase "Internal Revenue Code of 1986" in its place.

(2) Title 3, section 2(a)(2)(12) (D.C. Code, sec. 47-1803.2(a)(2)(L)) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.

(3) Title 3, section 2(a)(2) (D.C. Code, sec. 47-1803.2(a)(2)) is amended as follows:

(A) By amending subparagraph (N) to read as follows:

"(N) Pension, military retired pay, annuity income, or survivor benefits received from the District of Columbia or the federal government by persons who are 62 years of age or older by the end of the taxable year, except that:

"(i) The exclusion shall not exceed the lesser of \$3,000 or the actual amount of the pension, military retired pay, or annuity received during the taxable years; and

"(ii) The pension, military retired pay or annuity is otherwise subject to taxation under this article."; and

(B) By adding a new subparagraph (O) to read as follows:

"(O) Prizes from lotteries, daily number games, bingo, and raffles awarded pursuant to the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3-172; D.C. Code, sec. 2-2501 et seq. and 22-1516 et seq.)."

(4) Title 3, Section 2(b) (D.C. Code, sec. 47-1803.2(b)) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.

(5) Title 3, section 3(a)(1) (D.C. Code, sec. 47-1803.3(a)(1)) is amended as follows:

D.C. Code, sec. 47-1803.3 (1988 supp.)

(A) By striking the phrase "(including the entire amount expended for meals and lodging)"; and

(B) By adding a new sentence at the end to read as follows:

"Any business expenses allowed under this paragraph shall be subject to the same limitations as provided for in the Internal Revenue Code of 1986."

(6) Title 3, section 3(a)(2) (D.C. Code, sec. 47-1803.3(a)(2)) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.

(7) Title 3, section 3(a)(3) (D.C. Code, sec. 47-1803.3(a)(3)) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.

(8) Title 3, section 3(a)(4) (D.C. Code, sec. 47-1803.3(a)(4)) is amended as follows:

(A) By amending subparagraph (C) to read as follows:

"(C) Of property not connected with a trade or business, if the losses arise from fire, storm, shipwreck, or other casualty, or from theft."; and

(B) By striking the last 2 sentences of paragraph (4).

(9) Title 3, section 3(a)(5) (D.C. Code, sec. 47-1803.3(a)(5)) is amended to read as follows:

"(5) Debts ascertained to be worthless and determined as deductible under section 166 and related sections of the Internal Revenue Code of 1986."

(10) Title 3, section 3(a)(7) (D.C. Code, sec. 47-1803.3(a)(7)) is amended by striking the last sentence in its entirety.

(11) Title 3, section 3(a)(9) (D.C. Code, sec. 47-1803.3(a)(9)) is amended by striking the phrase "Section 23(p) of the Federal Internal Revenue Code" wherever it appears and inserting the phrase "section 404 of the Internal Revenue Code of 1986" in its place.

(12) Title 3, section 3(a)(11) (D.C. Code, sec. 47-1803.3(a)(11)) is amended by adding a new sentence at the end to read as follows:

"Nothing contained in this subsection shall be construed to exempt any salary or other compensation for personal services from taxation under title 6 of this act."

(13) Title 3, section 3(a)(12) (D.C. Code, sec. 47-1803.3(a)(12)) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.

(14) Title 3, section 3(a)(13) (D.C. Code, sec. 47-1803.3(a)(13)) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.

(15) Title 3, section 3(a) (D.C. Code, sec. 47-1803.3(a)) is amended by adding new paragraph (14) at the end to read as follows:

"(14) In computing the net income of a corporation, an unincorporated business, or a financial institution, there shall be allowed a deduction for net operating losses, in the same manner as allowed under section 172 of the Internal Revenue Code of 1986 and as reported on any federal tax return for the same taxable period, except that no net operating losses may be carried back to any year ending before January 1, 1988."

(16) Title 3, section 3(b) (D.C. Code, sec. 47-1803.3(b)) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.

(17) Title 3, section 3(c) (D.C. Code, sec. 47-1803.3(c)) is amended by striking the phrase "zero bracket amount" wherever it appears and inserting the phrase "standard deduction" in its place.

(d) Title 4, section 4 (D.C. Code, sec. 47-1804.4) is amended by striking the phrase "Section 44 of the Federal Internal Revenue Code" and inserting the phrase "section 453 of the Internal Revenue Code of 1986" in its place. D.C. Code, sec. 47-1804.4 (1988 supp.)

(e)(1) Title 5, section 1(e) (D.C. Code, sec. 47-1805.1(e)) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place. D.C. Code, sec. 47-1805.1 (1988 supp.)

(2) Title 5, section 2(a) (D.C. Code, sec. 47-1805.2(1)) is amended to read as follows:

"(a) Every nonresident of the District receiving income subject to tax pursuant to this article and every resident of the District, except a fiduciary, who is required to file a federal return under the provisions of section 6012 of the Internal Revenue Code of 1986." D.C. Code, sec. 47-1805.2 (1988 supp.)

(3) Title 5, section 2(b) (D.C. Code, sec. 47-1805.2(2)(b)) is amended to read as follows:

"(b)(1) Every individual, if single, or if married and not living with spouse, for whom he or she acts, having met the filing requirements of section 6012 of the Internal Revenue Code of 1986;

"(2) Every individual, if married and living with spouse, for whom he or she acts, having met the filing requirements of section 6012 of the Internal Revenue Code of 1986, except that if the fiduciary elects to file a separate return, the provisions of section 6012 of the Internal Revenue Code of 1986, relating to filing requirements for separate returns, shall be followed;

"(3) Every estate for which he or she acts, the gross income of which for the taxable year is in excess of its personal exemption of \$885 for taxable years beginning after December 31, 1986, \$1,025 for taxable years beginning after December 31, 1987, \$1,160 for taxable years beginning after December 31, 1988, \$1,270 for taxable years beginning

after December 31, 1989, and \$1,370 for taxable years beginning after December 31, 1990."

(f)(1) Title 6, section 2 (D.C. Code, sec. 47-1806.2) is amended to read as follows: D.C. Code, sec. 47-1806.2 (1988 supp.)

"Sec. 2.(a) In the case of a resident, the exemptions provided by this section shall be allowed as deductions in computing taxable income.

"(b) An exemption shall be granted for the taxpayer and an additional exemption for the spouse of the taxpayer if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

"(c) There shall be allowed an additional exemption for a taxpayer who qualifies as a head of household.

"(d) There shall be allowed an additional exemption for a taxpayer who is blind at the close of his or her taxable year, and an additional exemption for the spouse of the taxpayer if the spouse is blind at the close of the taxable year of the taxpayer and, if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer, except that if the spouse dies during such taxable year the determination regarding blindness shall be made as of the time of death.

"(e) There shall be allowed an additional exemption for a taxpayer who has attained the age of 65 before the close of his or her taxable year, and an additional exemption for the spouse of the taxpayer if the spouse has attained the age of 65 before the close of his or her taxable year and, if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

"(f)(1) There shall be allowed an additional exemption for each dependent:

"(A) Whose gross income for the calendar year in which the year of the taxpayer begins is less than \$885 for taxable years beginning after December 31, 1986, less than \$1,025 for taxable years beginning after December 1, 1987, less than \$1,160 for taxable years beginning after December 31, 1988, less than \$1,270 for taxable years beginning after December 31, 1989, and less than \$1,370 for taxable years beginning after December 31, 1990; or

"(B) Who is a child of the taxpayer and who:

"(i) Has not attained the age of 19 at the close of the calendar year in which the taxable year of the taxpayer begins; or

"(ii) Is a student.

"(2) No exemption shall be allowed under this subsection for any dependent who has made a joint return with his or her spouse for the taxable year beginning in the

calendar year in which the taxable year of the taxpayer begins.

"(3) For purposes of this subsection:

"(A) The term "child" means child as defined in section 151(c)(3) of the Internal Revenue Code of 1986;

"(B) The term "student" means student as defined in section 151(c)(4) of the Internal Revenue Code of 1986.

"(g) In the case of a return made for a fractional part of a taxable year, the personal exemptions shall be reduced to amounts that bear the same ratio to the full exemptions provided as the number of months in the period for which the return is made bear to 12 months.

"(h) In the case of an individual for whom a deduction under this section is allowable to another taxpayer for a taxable year in which the taxable year beginning in the calendar year in which the individual's taxable year begins, the exemption amount applicable to the individual for his or her taxable year shall be zero.

"(i) For purposes of this section, the deduction for personal exemptions shall be as follows:

"(1) For taxable years beginning after December 31, 1986, \$885;

"(2) For taxable years beginning after December 31, 1987, \$1,025;

"(3) For taxable years beginning after December 31, 1988, \$1,160;

"(4) For taxable years beginning after December 31, 1989, \$1,270; and

"(5) For taxable years beginning after December 31, 1990, \$1,370."

(2) Title 6, section 3 (D.C. Code, sec. 47-1806.3(a)) is amended to read as follows:

D.C. Code, sec. 47-1806.3 (1988 supp.)

"Sec. 3. (a)(1) In the case of a taxable year beginning after December 31, 1986, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

<u>If the taxable income is:</u>	<u>The tax is:</u>
Not over \$10,000	6% of the taxable income.
Over \$10,000 but not over \$20,000	\$600, plus 8% of the excess over \$10,000.
Over \$20,000	\$1,400, plus 10% of the excess over \$20,000.

"(2) In the case of a taxable year beginning after December 31, 1987, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:The tax is:

Not over \$10,000

6% of the taxable income.

Over \$10,000 but not
over \$20,000\$600, plus 8% of the
excess over \$10,000.

Over \$20,000

\$1,400, plus 9.5% of the
excess over \$20,000."

(3) Title 6, section 5(c) (D.C. Code, sec. 47-1806.4(c)) is amended by striking the phrase "section 44A of the Internal Revenue Code of 1954" whenever it appears and inserting the phrase "section 21 of the Internal Revenue Code of 1986" in its place.

D.C. Code, sec.
47-1806.4
(1988 supp.)

(4) Title 6, section 5(c)(1) (D.C. Code, sec. 47-1806.4(c)(1)) is amended by inserting at the end the phrase ", regardless of the amount of the credit actually used to offset federal tax liability".

(5) Title 6, section 5 (D.C. Code, sec. 47-1806.4) is amended by adding a new subsection (d) to read as follows:

"(d)(1) The amount of tax payable under this title by a resident of the District in respect to the taxable year shall be reduced by a low income credit designed to make the District's income tax threshold equal to the federal income tax threshold. For purposes of this subsection, the term "tax threshold" means the point at which a taxpayer begins to owe income tax after allowance of the standard deduction and all personal exemptions to which the taxpayer is entitled, but before application of any itemized deductions or credits. The credit shall be calculated in accordance with a table prescribed by the Mayor.

"(2) The credit provided for in paragraph (1) of this subsection shall not be allowed to any resident who has a federal tax liability determined in accordance with section 55 of the Internal Revenue Code of 1986.

"(3) In no event shall the credit allowed under paragraph (1) of this subsection exceed the amount of the tax otherwise due without reference to this section."

(g)(1) Title 7, section 1(c) (D.C. Code, sec. 47-1807.1(3)) is amended by striking the phrase "occurring after September 30, 1984".

D.C. Code, sec.
1807.1
(1988 supp.)

(2) Title 7, section 2(a)(3) (D.C. Code, sec. 47-1807.2(a)(3)) is amended by striking the phrase "5 per centum of the tax determined under paragraph (2)" and inserting the phrase "5% of the tax determined under paragraph (2) of this subsection, and that for any taxable period after September 30, 1987, the rate of surtax shall be 2 1/2% of the tax determined under paragraph (2) of this subsection."

D.C. Code, sec.
1807.2
(1988 supp.)

- (h)(1) Title 8, section 1 (D.C. Code, sec. 47-1808.1) is amended by striking the phrase "(other than a Small Business Corporation as defined in section 1371 of the Internal Revenue Code of 1954, approved September 2, 1958 (72 Stat. 1650; 26 U.S.C. sec. 1371) making an election under section 1372(a) of the Internal Revenue Code of 1954, approved September 2, 1958 (72 Stat. 1650; 26 U.S.C. sec. 1372(a)), in effect as of October 18, 1982, or an S Corporation as defined in section 1361(a) of the Internal Revenue Code of 1954, approved October 19, 1982 (96 Stat. 1669; 26 U.S.C. sec. 1361(a)),".
- (2) Title 8, section 2(b) (D.C. Code, sec. 47-1808.2(2)(b)) is amended by striking the phrase ", occurring after September 30, 1984".
- (3) Title 8, section 3(a)(3) (D.C. Code, sec. 47-1808.3(a)(3)) is amended by striking the phrase "5 per centum of the tax determined under paragraph (2)," and inserting the phrase "5% of the tax determined under paragraph (2) of this subsection, and for any taxable period after September 30, 1987, the rate of surtax shall be 2 1/2% of the tax determined under paragraph (2) of this subsection."
- (4) Title 8, section 6 (D.C. Code, sec. 47-1808.6) is amended by adding a new sentence at the end to read as follows:
"The phrase "accounting period" as used in this section refers to the calendar or fiscal year of a partnership."
- (i) Title 9, section 10(a) (D.C. Code, sec. 47-1809.10(a)) is amended by striking the phrase "Section 165 of the Internal Revenue Code of 1954" wherever it appears and inserting the phrase "section 401 of the Internal Revenue Code of 1986" in its place.
- (j) Title 10, section 1(a)(2) (D.C. Code, sec. 47-1810.1(a)(2)) is amended by striking the phrase "title III Section 2(b)(13)" and inserting the phrase "title III, section 2(a)(2)(I)" in its place.
- (k)(1) Title 11, section 1 (D.C. Code, sec. 47-1811.1) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.
- (2) Title 11, section 2 (D.C. Code, sec. 48-1811.2) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.
- (3) Title 11, section 4 (D.C. Code, sec. 48-1811.4) is amended by striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.
- (l)(1) Title 12, section 8(b)(1) (D.C. Code, sec. 47-1812.8(b)(1)) is amended by striking the phrase "Internal

Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place.

(2) Title 12, section 8(e)(8) (D.C. Code, sec. 47-1812.8(e)(8)) is amended to read as follows:

"(8) An employee shall be entitled to additional withholding exemptions under this subsection with respect to payment of wages equal to a number determined by dividing by \$885 for taxable years beginning after December 31, 1986, \$1,025 for taxable years beginning after December 31, 1987, \$1,160 for taxable years beginning after December 31, 1988, \$1,270 for taxable years beginning after December 31, 1989, and \$1,370 for taxable years beginning after December 31, 1990, the excess of:

"(A) His or her estimated itemized deductions; or

"(B) The applicable standard deduction amount specified in section 4(z) of title I."

(3) Title 12, section 8(i)(1) (D.C. Code, sec. 47-1812.8(i)(1)) is amended to read as follows:

"(i)(1) Every person residing or domiciled in the District at the times prescribed in paragraph (4) of this subsection shall, at these times, make declaration of his or her estimated tax for the taxable year if the person can reasonably be expected to receive gross income not subject to the withholding provisions of this section that will result in a tax liability of more than \$100. This requirement shall not apply to any elective officer of the government of the United States, or any employee on the staff of an elected officer in the legislative branch of the government of the United States if the employee is a bona fide resident of the state of residence of the elected officer, or any officer of the executive branch of the government whose appointment to the office held by him or her was by the President of the United States, and subject to confirmation by the Senate of the United States, and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States unless the officers or Justices are domiciled within the District at any time during the taxable year."

(4) Title 12, section 10(e) (D.C. Code, sec. 47-1812.10(e)) is amended by striking the phrase "determined with" in the last sentence of the subsection and inserting the phrase "determined within" in its place.

D.C. Code, sec.
47-1812.10
(1988 supp.)

(5) Title 12, section 11(a)(2) (D.C. Code, sec. 47-1812.11(a)(2)) is amended as follows:

D.C. Code, sec.
47-1812.11
(1988 supp.)

(A) By striking the phrase "filed by the taxpayer," in the first sentence and inserting in its place "filed by the taxpayer or such taxpayer is entitled to deduct a net operating loss carryback determined pursuant to

sections 3(a)(14) and 3(b) of title III of this act and section 6511(d)(2) of the Internal Revenue Code of 1986,"; and

(B) By striking the phrase "allowance of such credit or refund" and inserting the phrase "allowance of the credit or refund, except that in the case of a credit or refund that results from a net operating loss carryback, the 3 year limitation shall not apply".

(m) Title 13, section 1(d) (D.C. Code, sec. 47-1813.1(d)) is amended by striking the number "80" and inserting the number "90" in its place.

D.C. Code, sec. 47-1813.1 (1988 supp.)

Sec. 3. Section 8 of the District of Columbia Income and Franchise Tax Conformity Act of 1983, effective October 8, 1983 (D.C. Law 5-32; D.C. Code, sec. 47-1816.3), is amended as follows:

D.C. Code, sec. 47-1816.3 (1988 supp.)

(a) By designating the existing section as subsection (a);

(b) By striking the phrase "Internal Revenue Code of 1954" wherever it appears and inserting the phrase "Internal Revenue Code of 1986" in its place; and

(c) By adding a new subsection (b) to read as follows:

"(b) On or before July 1, 1988, the Mayor shall report to Council concerning taxpayers whose tax liability exceeds the amount by which their taxable income exceeds the tax threshold, as defined in section 2(f)(4) of the District of Columbia Income and Franchise Tax Conformity and Revision Amendment Act of 1987. The report shall include: (1) An assessment of the number and income levels of the taxpayers affected; (2) Methods for, and the revenue impact of eliminating these tax liabilities; and (3) The Mayor's recommendation as to what action, if any, should be taken."

Sec. 4. Section 3(b)(4) of title 3 of the District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 331, D.C. Code, sec. 47-1803.3(b)(4)) is repealed.

Repealed, D.C. Code, sec. 47-1803.3 (1988 supp.)

Sec. 5. Section 204 of title 2 of the District of Columbia Individuals Estates and Trusts Federal Conformity Tax Act of 1982, effective June 11, 1982 (D.C. Law 4-118; D.C. Code, sec. 47-1801.5), is amended as follows:

D.C. Code, sec. 47-1801.5 (1988 supp.)

(a) Section 204 is redesignated as section 1A of title 1 of the District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 331, D.C. Code, sec. 47-1801.1a).

D.C. Code, sec. 47-1801.1a (1988 supp.)

(b) Subsection (a) is amended as follows:

(1) By striking the phrase "The repeal" and inserting in its place the phrase "Unless otherwise provided by law, the repeal"; and

(2) By striking the phrase "as heretofore amended".

(c) Subsection (b) is amended by striking the phrase "District of Columbia Individuals, Estates, and Trusts Federal Conformity Tax Act of 1982" and inserting in its place "repeal or amendment".

Sec. 6. (a) The provisions of sections 2(a)(1), 2(a)(2), 2(a)(3), 2(a)(4), 2(b), 2(c)(1), 2(c)(2), 2(c)(3), 2(c)(4), 2(c)(6), 2(c)(7), 2(c)(8), 2(c)(9), 2(c)(10), 2(c)(11), 2(c)(13), 2(c)(14), 2(c)(16), 2(c)(17), 2(d), 2(e)(1), 2(e)(2), 2(e)(3), 2(f)(1), 2(f)(2), 2(f)(3), 2(f)(4), 2(h)(1), 2(i), 2(k), 2(l)(1), 2(l)(2), 2(l)(3), 2(m), 3, and 4 shall apply to taxable years beginning after December 31, 1986.

Note, D.C. Code
sec. 47-1801.4
-1802.1, -1803
-1803.3, -1803
-1804.4, -1805
-1805.2,
-1806.2, -1806
-1806.4, -1808
-1809.10, -1811
-1812.8, -1813.
-1816.3

(b) The provisions of sections 2(c)(15) and 2(l)(5) shall apply to taxable years beginning after December 31, 1987.

(c) The provisions of sections 2(g)(1), 2(g)(2), 2(h)(2), and 2(h)(3) shall apply to taxable periods beginning after September 31, 1987.

(1988 supp.)

(d) The provisions of sections 2(c)(5), 2(c)(12), 2(h)(4), 2(j), 2(l)(4), 5, 6, and 7 shall apply as of the effective date of this act.

Sec. 7. Severability.

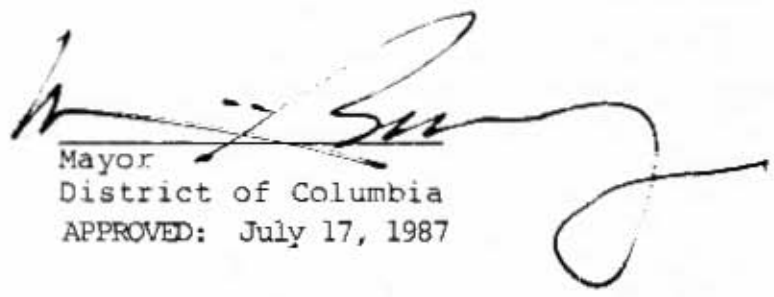
The General Rule of Severability Adoption Act of 1983, effective March 4, 1984 (D.C. Law 5-56; D.C. Code, sec. 47-601), is applicable to this act.

Sec. 8. This act shall take effect after a 30-day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act,

approved December 24, 1973 (87 Stat. 813; D.C. Code, sec. 1-233(c)(1)).



Chairman
Council of the District of Columbia



Mayor
District of Columbia
APPROVED: July 17, 1987



COUNCIL OF THE DISTRICT OF COLUMBIA
Council Period Seven

RECORD OF OFFICIAL COUNCIL VOTE

DOCKET NO: B7-183

Item on Consent Calendar

ACTION & DATE: Adopted First Reading, 6-16-87

VOICE VOTE: Unanimous

Recorded vote on request

Absent: Crawford and Wilson

ROLL CALL VOTE: — RESULT _____

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					NATHANSON					THOMAS SR.				
CRAWFORD					RAY					WILSON				
JARVIS					ROLARK					WINTER				
KANE					SCHWARTZ									
MASON					SMITH, JR.									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Russell A. Smith
Secretary to the Council

7-8-87
Date

Item on Consent Calendar

ACTION & DATE: Adopted Final Reading, 6-30-87

VOICE VOTE: Unanimous

Recorded vote on request

Absent: all present

ROLL CALL VOTE: — RESULT _____

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					NATHANSON					THOMAS, SR.				
CRAWFORD					RAY					WILSON				
JARVIS					ROLARK					WINTER				
KANE					SCHWARTZ									
MASON					SMITH, JR.									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Russell A. Smith
Secretary to the Council

7-8-87
Date

Item on Consent Calendar

ACTION & DATE: _____

VOICE VOTE: _____

Recorded vote on request

Absent: _____

ROLL CALL VOTE: — RESULT _____

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					NATHANSON					THOMAS, SR.				
CRAWFORD					RAY					WILSON				
JARVIS					ROLARK					WINTER				
KANE					SCHWARTZ									
MASON					SMITH, JR.									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Secretary to the Council

Date