

107TH CONGRESS
2^D SESSION

H. R. 3923

To promote the economic recovery of the District of Columbia, and for
other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 2002

Ms. NORTON introduced the following bill; which was referred to the Committee on Government Reform, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To promote the economic recovery of the District of
Columbia, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “District of Columbia
5 Fair Federal Compensation Act of 2002”.

1 **TITLE I—DEDICATED**
2 **INFRASTRUCTURE ACCOUNT**

3 **SEC. 101. ESTABLISHMENT OF ACCOUNT.**

4 There is established in the general fund of the Dis-
5 trict of Columbia an account to be known as the Dedicated
6 Infrastructure Account (hereafter in this title referred to
7 as the “Account”), which shall consist of the following
8 amounts:

9 (1) Amounts deposited pursuant to section 102.

10 (2) Such other amounts as may be deposited
11 pursuant to District of Columbia law.

12 (3) Interest earned on amounts in the account.

13 **SEC. 102. DEPOSIT OF REVENUE OBTAINED UNDER NON-**
14 **RESIDENT WAGE TAX.**

15 All amounts obtained by the District of Columbia
16 which are attributable directly to the imposition and with-
17 holding of the nonresident wage tax under title II shall
18 be deposited into the Account.

19 **SEC. 103. USE OF AMOUNTS IN ACCOUNT.**

20 (a) IN GENERAL.—Amounts in the Account may be
21 used only for the following purposes:

22 (1) Building and facility maintenance, construc-
23 tion, and capital improvement projects for District
24 of Columbia public schools and public charter
25 schools.

1 (2) Transportation activities, including the pay-
 2 ment of the local share of participation in public
 3 transportation activities and road construction and
 4 improvement projects.

5 (3) Information technology improvements for
 6 the District government.

7 (4) Debt service payments on bonds, notes, and
 8 other obligations of the District government.

9 (b) AVAILABILITY OF FUNDS.—Funds appropriated
 10 or otherwise made available from the Account shall remain
 11 available until expended.

12 **TITLE II—IMPOSITION AND**
 13 **WITHHOLDING OF NON-**
 14 **RESIDENT WAGE TAX**

15 **SEC. 201. IMPOSITION AND WITHHOLDING OF NON-**
 16 **RESIDENT WAGE TAX.**

17 (a) IMPOSITION OF TAX.—Every nonresident indi-
 18 vidual employed in the District of Columbia is subject to
 19 a tax equal to 2 percent of wages from employment in
 20 the District of Columbia and 2 percent of net earnings
 21 from self-employment in the District of Columbia, so long
 22 as there is a corresponding Federal credit.

23 (b) EXCEPTION.—Individuals excluded from the defi-
 24 nition of “resident” under the second sentence of section
 25 47–1801.4(17), District of Columbia Code, partners in

1 partnerships and sole proprietors subject to tax under sec-
2 tions 47–1808.1 through 47–1808.6, District of Columbia
3 Code, and members of the military service on active duty
4 are not subject to the tax imposed in this section.

5 (c) ASSESSMENT AND COLLECTION OF NON-RESI-
6 DENT WAGE TAX.—Every employer making payment of
7 wages and every nonresident partner and sole proprietor
8 of unincorporated businesses located in the District shall
9 deduct and withhold the nonresident wage tax imposed by
10 this section and make returns of tax in accordance with
11 regulations prescribed by the Mayor of the District of Co-
12 lumbia.

13 (d) DEFINITIONS.—

14 (1) EMPLOYER.—The term “employer” has the
15 meaning given such term in section 3401(b) of the
16 Internal Revenue Code of 1986.

17 (2) EMPLOYMENT IN THE DISTRICT OF COLUM-
18 BIA AND SELF-EMPLOYMENT IN THE DISTRICT OF
19 COLUMBIA.—The terms “employment in the District
20 of Columbia” and “self-employment in the District
21 of Columbia” shall mean employment or self-employ-
22 ment involving labor or personal services performed
23 in the District of Columbia during the taxable year
24 except that such terms shall not include labor or
25 personal services performed by a nonresident in the

1 District of Columbia for a period not exceeding 45
2 days during the taxable year.

3 (3) NET EARNINGS FROM SELF-EMPLOY-
4 MENT.—The term “net earnings from self-employ-
5 ment” shall mean such net earnings as defined in
6 section 1402 of the Internal Revenue Code of 1986.

7 (4) NONRESIDENT.—The term “nonresident”
8 has the meaning given such term in section 47–
9 1801.4(18), District of Columbia Code.

10 (5) WAGES.—The term “wages” has the mean-
11 ing given such term in section 3401(a) of the Inter-
12 nal Revenue Code of 1986.

13 **SEC. 202. FEDERAL CREDIT CORRESPONDING TO IMPOSI-**
14 **TION OF NONRESIDENT WAGE TAX.**

15 Section 31 of the Internal Revenue Code of 1986 (re-
16 lating to determination of tax liability) is amended by add-
17 ing at the end the following:

18 “(d) TAX WITHHELD AT SOURCE ON NONRESIDENTS
19 OF THE DISTRICT OF COLUMBIA.—

20 “(1) IN GENERAL.—There shall be allowed as a
21 credit against the tax imposed by this subtitle an
22 amount equal to the amount withheld at source
23 under section 201 of the District of Columbia Fair
24 Federal Compensation Act of 2002 (relating to the
25 withholding of tax on nonresidents of the District of

1 Columbia employed within the District). No deduc-
2 tion shall be allowed under this chapter for any tax
3 for which credit is allowed under this subsection.

4 “(2) ADMINISTRATION.—The Secretary shall, to
5 the maximum extent practicable, administer the
6 credit allowed under paragraph (1) in a way which
7 provides the benefit of the credit without any re-
8 quirement to claim the credit on the taxpayer’s re-
9 turn.”.

10 **SEC. 203. EFFECTIVE DATE.**

11 This title and the amendments made by this title
12 shall apply to taxable years beginning after December 31,
13 2002.

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