

The original documents are located in Box 12, folder “District of Columbia Commuter Tax” of the John Marsh Files at the Gerald R. Ford Presidential Library.

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JUL 30 1976

Remarks of the President to the Maryland Delegation - July 26, 1976

"The Democratic platform suggests that the people that run the Federal City have a right to tax Marylanders and who in Northern Virginia who commute to the city and I think we have an obligation to speak out on an issue. Now there's five counties in Maryland where most of the population resides and two of those border the District and we would hope and I'd be delighted if you would speak out on that issue, taxation without representation does go on in other cities but those cities aren't the Federal City. I'd appreciate your comments."

President -- "I have never recommended it as President. I have listened to the arguments on both sides. I think the fact that I have not proposed it is indicative of my own personal feelings in this regard. Does that take care of it?"

"No sir, I'd like to know if you're for or against it?"

"Well, I think if I had to make the decision right now and a piece of legislation before me, I'd veto it."

Bill Kendall -

What is name of
delegate who asked
this ques.?

GERALD F. HOLCOMB
(see attached)



July 28, 1976

MEMORANDUM FOR:

MAX FRIEDERSDORF

FROM:

JACK MARSH

I think we better check on this matter involving the commuter tax and the President's statement.

There was a very lengthy interview on Channel 5 with a Maryland delegate who was asked the question and who repeated what the President said. We might want to get some of our people to rerun this and take a look at it.

Many thanks.

JOM/dl



362 Rus
Washing
Home add
Route 5
Glebe Ho
Easton, I
Elected (

(h) 602-0000
8th District
Elected 5/18/76

Lawrence J. Hogan FURD
8400 Hillview Rd
Landover, Md 20786
(h) 785-1441
5th District
Elected 5/18/76

George Be
112 Belem
Baltimore
(o) 727-6
(h) 433-5
7th District
Elected 5/

Gerard F. Holcomb FURD
751 Gleneagle Dr.
Oxon Hills, Md 20022
(h) 292-5027
4th District
Elected 5/18/76

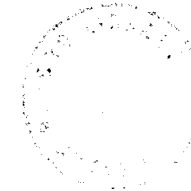
Helen W. Holden Reagan
8310 Edgedale Rd
Baltimore, Md 21234
(h) 668-7221
2nd District
Elected 5/18/76

2nd District
Elected 5/18/76

Clyde T. Marshall FORD
5313 St Albans Way
Baltimore, Md 21212
(h) 435-2586
Elected 6/5/76

Senator Edward J. Mason
1904 Bedford St
Cumberland, Md 21502
(h) 722-6168
Elected 6/5/76

Senator Charles Mathias
460 Russell Bldg.
Washington, D C 20510
(Home address)
R.F.D. # 2
Frederick, Md. 21701
Elected 6/5/76



Coy

THE WHITE HOUSE
WASHINGTON

July 28

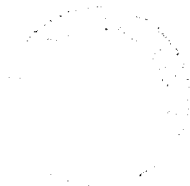
Mr. Marsh:

Max called re the D.C. commuter tax.

Domestic Council is OPPOSED. They recommend a veot.

OMB is OPPOSED. They have a paper on its way to Max outlining further their position. He will get it to you asap.

Donna



EXECUTIVE OFFICE OF THE PRESIDENT

Ken Hagerty

OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DATE: July 28, 1976
REPLY TO:
ATTN OF: HVLD (Housing)
SUBJECT: D.C. "Commuter Tax"

Mr. O'Neill

Per your request, here is some background on previous 'Commuter Tax' proposals in the District.

Neither the Nixon nor Ford Administration has taken previously a formal position--pro or con--on proposals for a non-resident or reciprocal income tax in D.C.

The Home Rule Act (1973) prohibits D.C. from levying such a tax. This was a provision added at the insistence of local congressmen, which the Nixon Administration either never focused on per se, or accepted as part of the compromises necessary to passage of the Act. (Actually the Nixon Administration, while voicing constant support for D.C. representation in Congress, did not take a position on many of the features of the Home Rule Act, except those which affected Federal-D.C. finances, explicitly. All other 'positions' were communicated 'at arm's length' through the Nelsen Commission work, which preceded and precipitated the Home Rule Act. The Nixon White House did not get actively involved in drafting the bills.)

Prior to Home Rule, the Nixon Administration never took a position on the spate of bills which prohibited a non-resident income tax. The most volatile of these was a Joel Broyhill proposal to deny D.C. its revenue sharing allotment should such a tax be levied. Actually, I think Congress has always included a prohibition--or removed a proposal--in every D.C. Revenue Act from 1947 to 1973.

The closest either Administration has come to 'supporting' the tax is the perhaps implied 'no objection' in President Ford's transmittal of the FY 1977 D.C. budget and President Nixon's transmittal of the FY 1972 D.C. budget. Both were predicated on increased revenues whose sources included a non-resident income tax. President Nixon, in his transmittal, noted that congressional rejection of the tax would require additional revenue from other sources--and he suggested that they not be D.C.'s burden alone (see Attachment A). President Ford said nothing in his transmittal about D.C.'s proposal to fund \$50M in

salary increases with a reciprocal income tax (see Attachment B). We decided no such citation was necessary.

The present bill (H.R. 14621/H.R. 11579) introduced by Rep. McKinney (R.-Conn.) was reported out of Subcommittee June 29, as amended, with unanimous approval. The amendment changed the tax rate. The House D.C. Committee is scheduled to take it up August 9. The Administration's views have been solicited only by McKinney himself (see Attachment C). We took no position. No bill has been introduced in the Senate.



Peter M. Fannon
Budget Examiner



DISTRICT OF COLUMBIA BUDGET LETTER OF THE PRESIDENT

To the Congress of the United States:

I am transmitting to the Congress the budget for the District of Columbia for the fiscal year beginning July 1, 1971.

This budget presents the District government's plans and programs to meet the highest priority needs of the city. Consistent with the objectives of the Reorganization Plan #3 of 1967, this budget is the product of full, intensive deliberations by both the Mayor and the City Council.

My review of the proposed fiscal year 1972 District budget approved by the District of Columbia Council indicates that its appropriation requests do not provide for the full year costs of programs which have been approved by the Council for partial year funding in fiscal year 1971. These costs were included in the Mayor's budget proposals submitted to the City Council, but were eliminated during Council review.

Under the District budget approved by the Council, such important programs as implementation of the new court reform legislation and expansion of the Washington Technical Institute and Federal City College are not funded after June 30, 1971. Furthermore, the budget requests do not provide for the fiscal year 1972 costs of the pay raises granted during fiscal year 1971 and which are currently in effect.

In view of these omissions, the District budget approved by the City Council does not present to the Congress a complete statement of the budget requirements of the District for fiscal year 1972. I have therefore modified the fiscal year 1972 District budget request to include the full year costs—totalling approximately \$31 million—of programs and pay raises which have been or will be initiated in fiscal year 1971 by supplemental appropriation requests. I feel this is clearly the only fiscally responsible course of action and is in accord with the budgetary practices and standards which have been established for Federal agencies.

The proposed fiscal year 1972 District expenditure requests I am transmitting today will require over \$90 million from revenue sources which are not now authorized. To help balance these D.C. budget requests, I have requested a \$27 million increase in the Federal contribution to the city, and the Mayor has proposed over \$53 million in new local taxes which require Congressional approval. If these revenue proposals prove to be unacceptable to the Congress, I do not believe that the District's budget should be balanced solely by a slash in expenditure requests. I am sure that a more suitable resolution of issues can be arrived at through minor expenditure adjustments and consideration of other revenue sources.

Last year the Congress completed appropriation action on the District's annual budget request prior to enactment of supporting D.C. revenue legislation. Because of the need to balance expenditure requests with available revenues, the result of this Congressional timing was that the D.C. appropriation requests were substantially reduced because of the lack of needed revenues. This is neither an effective nor an efficient way to review the city's fiscal requirements, and I urge that the Congress act promptly on the D.C. revenue proposals prior to the final appropriation action on the fiscal year 1972 D.C. budget requests.

RICHARD NIXON.

APRIL 19, 1971.

To the Congress of the United States:

In accordance with the District of Columbia Self-Government and Governmental Reorganization Act, I am today transmitting for your consideration the budget of the District of Columbia for fiscal year 1977.

GERALD R. FORD.

THE WHITE HOUSE, June 2, 1976.



MAY 5 1976

Honorable Stewart B. McKinney
House of Representatives
Washington, D. C. 20515

Dear Mr. McKinney:

This is in reply to your letter to Director Lynn requesting the Administration's views on H.R. 11579, a bill you introduced which would impose a fixed-percentage tax on all income earned in the District of Columbia by non-residents and abolish the D.C. income tax on unincorporated businesses.

The non-resident tax provision of the bill would substantially affect the District's revenue and hence the size of the Federal payment to the District. All the factors which affect the District's revenues and expenditures, and the relationship of each to the costs and benefits of the Federal presence in the District and in the Washington metropolitan area, require careful examination before a final judgment can be made on this matter. In order to assist in this examination, we have requested the views of other interested agencies. After the necessary review and analyses have been completed, we will be in a better position to respond to your inquiry. Until that time, we are unable to express an Administration position on the bill.

Sincerely,

(Signed) James M. Frey

James M. Frey
Assistant Director for
Legislative Reference

cc: -

LRD Off'l file

LRD chron (Martin)

✓ Mr. Fannon, CVA

Mr. Martin

Rm 7220

Mr. Kranowitz (2)

LRD:BMartin:bc 4-29-76

Rewritten:JMFrey:dje 5-3-76

HR 11579 - rept'd favorably 6/24/76 by Fiscal Affin SubC. as HR 14621
- sched. in full House D.C. Committee 8/9/76
- no Senate action