

107TH CONGRESS  
2D SESSION

# H. R. 3923

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

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## 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

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## 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”.

# **TITLE I—DEDICATED INFRASTRUCTURE ACCOUNT**

## **SEC. 101. ESTABLISHMENT OF ACCOUNT.**

There is established in the general fund of the District of Columbia an account to be known as the Dedicated Infrastructure Account (hereafter in this title referred to as the “Account”), which shall consist of the following amounts:

(1) Amounts deposited pursuant to section 102.

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

(3) Interest earned on amounts in the account.

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

All amounts obtained by the District of Columbia which are attributable directly to the imposition and withholding of the nonresident wage tax under title II shall be deposited into the Account.

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

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

(1) Building and facility maintenance, construction, and capital improvement projects for District of Columbia public schools and public charter 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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