

DC Update - FY 2015 Budget Enactment Date

December 19, 2014

On November 12, 2014, the District of Columbia ("District") Fiscal Year 2015 Budget Support Act of 2014 (Permanent Act) ("Budget Support Act") was transmitted to the U.S. Congress.¹ In the District, permanent legislation becomes law only after it is approved by Congress,² which is deemed to occur if Congress does not enact a joint resolution to repeal the legislation within the 30-calendar-day period defined in D.C. Code Ann. § 1-206.02(c)(1). In our Tax Alert dated December 5, 2014, summarizing the Budget Support Act,³ we had stated that the *projected* law date (enactment date) based on the D.C. Council's website was December 27, 2014.⁴

On December 16, 2014, the U.S. Senate adjourned *sine die* for the calendar year, thereby suspending the 30-calendar-day review period.⁵ As a result, the *projected* law date (enactment date) of the Budget Support Act will no longer be December 27, 2014, but, instead, sometime in 2015 (presumably in the first quarter) when Congress is back in session. Based on an assumed projected law date in the first quarter of 2015, the income tax provisions contained in the Budget Support Act may have potential financial statement implications to calendar year taxpayers in the first quarter of 2015.

As discussed in our earlier alert, if enacted as final law, this legislation would make the following permanent changes to District law:

- A phased-in reduction of the Unincorporated and Incorporated Business Franchise Tax rates
- The use of single sales factor apportionment for all business income
- A revision to the sourcing rules for sales apportionment purposes
- The exemption of certain investment fund income from the Unincorporated Business Franchise Tax
- The addition of a new personal income tax bracket and a reduction of personal income tax rates for certain taxpayers
- The expansion of the sales tax base to include a variety of services

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¹ D.C. Act 20-0424 (B20-0750).

² D.C. Home Rule Act, D.C. Code Ann. § 1-206.02(c)(1).

³ Our Tax Alert dated December 5, 2014 is available [here](#).

⁴ The projected law date is based on the expiration of the 30-calendar-day review period, which excludes holidays, weekends, and any day in which neither house is in session because of an adjournment or recess of more than three days.

⁵ The Senate stands adjourned *sine die* as of Tuesday, December 16, 2014, until January 6, 2015. The House of Representatives adjourned as of Tuesday, December 16, 2014. The congressional record can be found online at:

<https://www.congress.gov/congressional-record/2014/12/16>

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