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July 20, 2026

The Honorable James Comer, Chairman
Committee on Oversight and Government Reform
United States House of Representatives
Washington, DC 20515

H.R. 9720

Dear Chairman Comer:

I appreciate that your committee staff and my office have been working together to reform the District's laws with regard to the real property tax sale process. So I am disappointed that **without any consultation** with my office, and as a complete surprise, you have scheduled a meeting for this Wednesday to adopt H.R. 9720, the "*D.C. Taxing Authority Review Act*," which was introduced only last Thursday.

I also appreciate that there are members of Congress who ardently oppose tax increases, but **none of the tax proposals have been adopted**, let alone voted on, that are cited in your statement accompanying H.R. 9720 (except for an action in 2021, five years ago).

Further H.R. 9720 would straightjacket District governance while not adding to Congressional authority over the District. **Congress already has the authority to disapprove any and every tax increase adopted by the Council**.

The bill applies to both tax increases AND decreases.

The bill would straightjacket the District because **it would paralyze our tax code**. If Congress cannot approve our judges, and could not fix last year's Continuing Resolution error (i.e., adopt S.1077), then it is highly unlikely to affirmatively approve DC tax bills. To be clear: the judges languished when the Democrats controlled the Senate; S.1077 languished despite a unanimous Senate vote, a White House statement of support, and your own support. And there was no 60-day clock for any of these measures.

H.R. 9720 would also freeze our General License Law because that is codified in Title 47. Reform legislation such as the BEST Act of 2022 (D.C. Law 24-333) would be virtually impossible to enact if it were proposed now, even though it reduced business license categories from over 120 to 11 and set a flat, $99 business license fee for all basic business licenses.

The Home Rule Act was adopted in large part to free Congress, the national legislature, from having to spend so much time governing the affairs of the District. **But H.R. 9720 would reinsert Congress in the minutia of local affairs**, because every measure affecting Title 47 or that would impose or increase a fee, would require an affirmative Congressional vote.

What does this mean? The following are examples of the types of measures that would be affected:

- Managing the government's cash flow by adjusting the frequency of contributions paid to the District's pension programs;
- Providing tax exemptions to incentivize or facilitate economic development – including recent tax exemptions for the Washington Commanders at RFK;
- Establishing parity in the tax rates paid by rental car companies and peer-to-peer car sharing platforms;
- Granting a real property tax exemption for the National Council of Negro Women, Inc.;
- Strengthening the District's Board of Review for Anti-Deficiency Violations to better control overspending by District government agencies;
- Providing the Chief Financial Officer flexibility in applying bond proceeds to capital projects; and
- Clarifying through supplemental deeds that individual parishes within the Catholic Archdiocese of Washington are entitled to real property tax exemption.

These are a few examples. Each one would require an affirmative Congressional vote by both houses of Congress within 60 legislative days. **Does Congress have time for this?**

Constraining our ability to manage cash flow is precisely the type of Congressional interference that the Wall Street ratings agencies have cited as a negative factor. In its July 10th rating action, Moody's stated explicitly that factors that could lead to a downgrade of the District's rating include "Federal budget actions such as ... revenue restrictions that materially weaken the District's economy or finances." **H.R. 9720 likely will increase the cost of borrowing and therefore the cost to govern.**

Increasing the cost of borrowing will also limit our capacity to support more projects like the Commanders, Nationals Ballpark, downtown arena, new schools, libraries, etc.

Finally, H.R. 9720 is proposed for consideration **without a public hearing** or any opportunity to consider the complexity of its impacts such as the ones I have enumerated herein.

At the outset of this letter I noted the work between your office and mine to reform the District's real property tax sale process. I have introduced a bill, I will hold a hearing as soon as possible. I expect to move a permanent fix this fall which, because of the 30-day passive Congressional review requirement, will not become law until probably next spring. But I will also move an "emergency" version this fall that will enable the law to become effective immediately. This would not be possible, by the way, if H.R. 9720 was enacted.

On behalf of the Council, I urge that H.R. 9720 not be approved. Thank you for your consideration.

Sincerely,

Phil Mendelson
Chairman

PM/ms
cc: Cong. Robert Garcia, Ranking Member