AFL-CIO

LEGISLATIVE ALERT

February 9, 2026

Dear Senator:

On behalf of the AFL-CIO, a federation of 64 affiliate unions representing 15 million working people across our economy, I urge you to oppose the joint disapproval resolution on the D.C. Income and Franchise Tax Conformity and Revision Temporary Amendment Act of 2025 (H.J. Res. 142) scheduled for floor consideration this week.

In November, the D.C. Council passed temporary legislation— the D.C. Income and Franchise Tax Conformity and Revision Temporary Amendment Act of 2025—to unlink the District's tax code from a number of costly federal revenue changes in the One Big Beautiful Bill Act (OBBBA) signed into law last year. The measure by the D.C. Council prevented the District from losing nearly $658 million in local revenue over a five-year period. These saved revenues were promptly reinvested to expand the local Earned Income Tax Credit (EITC) and restore the Child Tax Credit (CTC). These credits help reduce child poverty by an estimated 20%, benefiting around 78,000 children in our community. The law expires in 225 days, which gives D.C. time to evaluate which OBBBA tax provisions it wants to permanently adopt or decouple.

H.J. Res. 142 seeks to overturn this local legislation. If this disapproval resolution passes, D.C. risks losing hundreds of millions in revenue at a time when the local budget is already under stress from federal safety net cuts and layoffs impacting thousands of federal workers in the region. This loss will likely lead to painful cuts in education, child care, food assistance, first responders and other essential human services.

Moreover, the legislation's intent was to ensure better tax equity. The federal tax cuts disproportionately benefit those earning over $1.3 million, who will retain their federal breaks. Decoupling from these provisions of OBBBA won't affect the federal tax changes themselves. Meanwhile, DC chose to prioritize broader economic inclusion by investing in low- and moderate-income families through expanded tax credits. This approach aligns with practices in several other states, red and blue alike, from Michigan to Alabama, which have similarly chosen to decouple their tax codes to protect local priorities.

It is also important to highlight that D.C. has a strong record of financial responsibility—with 28 consecutive clean audits and balanced budgets. This resolution poses a particular risk to the District's credit rating, which was downgraded last year after Congress cut D.C.'s local budget by $1.1 billion. The District can ill afford to be placed in that situation again, as it would result in increased borrowing costs, further straining vital infrastructure and public investments.

Finally, reversing this law during the tax season risks creating confusion and disruption for families already claiming the expanded EITC and CTC. The D.C. Council acted swiftly and responsibly, heeding the Chief Financial Officer's advice to ensure tax forms could be finalized without delay, safeguarding both the District's fiscal health and its residents' financial well-being.

I strongly urge you to oppose H.J. Res. 142. Safeguarding DC's revenue and its proven investments in reducing child poverty is essential, especially as many families—including tens of thousands of federal workers—face unprecedented challenges. Allowing the District to responsibly manage its own tax policy is key to supporting the community's resilience, growth and autonomy.

Sincerely,

Jody Calemine
Director, Government Affairs