

AN ACT

Codification
District of
Columbia
Official Code

2001 Edition

2002 Winter
Supp.

West Group
Publisher

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Title 47 of the District of Columbia Official Code to exclude from gross income certain amounts received on account of unlawful discrimination and to allow income averaging for backpay and frontpay awards received on account of claims arising from unlawful employment discrimination.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Civil Rights Tax Fairness Act of 2002".

Sec. 2. Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents for Subchapter VI of Chapter 18 is amended by adding a new section designation "47-1806.10. Income averaging - employment discrimination." at the end.

(b) Chapter 18 is amended as follows:

(1) Section 47-1803.02(a) is amended by adding a new subparagraph (U) to read as follows:

Amend
§ 47-1803.02

"(U) The amount received by a claimant, excluding backpay (as defined in § 47-1806.10(3)), frontpay (as defined in § 47-1806.10(5)), or punitive damages, whether by agreement (as reasonably allocated) or suit and whether as a lump sum or periodic payments, on account of a claim of unlawful employment discrimination."

(2) A new section 47-1806.10 is added to read as follows:

New
§ 47-1806.10

"§ 47-1806.10. Income averaging - employment discrimination.

"(a) For the purposes of this section, the term:

"(1) "Average annual net backpay and frontpay amount" means the amount equal to the excess of employment discrimination backpay and frontpay over the amount of deductions that would have been allowable but for subsection (b)(1)(B) of this section, divided by the number of years in the backpay period and frontpay period.

"(2) "Backpay" means amounts includible in gross income in the taxable year as compensation which is attributable to services performed, or that would have been performed, but for a claimed violation of law, as an employee, former employee, or prospective employee in a prior taxable year for the taxpayer's employer, former employer, or prospective employer.

ENROLLED ORIGINAL

"(3) "Backpay period" means the period during which services are performed, or would have been performed, to which backpay is attributable. If the period is not equal to a whole number of taxable years, the period shall be increased to the next highest number of whole taxable years.

"(4) "Employment discrimination backpay or frontpay" means backpay or frontpay receivable, whether as a lump sum or periodic payments, on account of a claim of unlawful employment discrimination.

"(5) "Frontpay" means amounts includible in gross income in the taxable year as compensation which is attributable to employment that would have been performed but for a claimed violation of law, in a subsequent taxable year, and which are:

"(A) Ordered, recommended, or approved by any government entity to satisfy a claim for violation of law; or

"(B) Received from the settlement of such a claim.

"(6) "Frontpay period" means the period of foregone employment to which frontpay is attributable. If the period is not equal to a whole number of taxable years, the period shall be increased to the next highest number of whole taxable years.

"(b) If employment discrimination backpay or frontpay is received during a taxable year, the tax imposed under § 47-1806.03 for the taxable year shall not exceed the sum of:

"(1) The tax which would be so imposed if:

"(A) No amount of backpay or frontpay were included in gross income for the year; and

"(B) No deductions were allowed for the year for expenses (otherwise allowable as a deduction to the taxpayer for the year) in connection with making or prosecuting any claim of unlawful employment discrimination by or on behalf of the taxpayer; and

"(2) The product of:

"(A) The number of years in the backpay period and frontpay period; and

"(B) The amount by which the tax determined under paragraph (1) of this subsection would increase if the amount on which such tax is determined were increased by the average annual net backpay and frontpay amount."

Sec. 3. Section 2 shall apply to taxable years beginning on January 1, 2001.

Sec. 4. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Note,
§§ 47-
1803.02, 47-
1806.10

Sec. 5. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

Chairman
Council of the District of Columbia

Mayor
District of Columbia