

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: April 2, 2012

SUBJECT: Fiscal Impact Statement – “District of Columbia Official Code Title 29 (Business Organizations) Schedules of Filing Fees and Enforcement Fines Resolution of 2012”

REFERENCE: Draft Legislation, shared with the Office of Revenue Analysis on February 14, 2012

Conclusion

Funds are sufficient in the FY 2012 budget and the proposed FY 2013 through FY 2016 budget and financial plan to implement the proposed resolution.

Background

On December 8, 2011, the Department of Consumer and Regulatory Affairs (DCRA) adopted, on an emergency basis, new rules regarding corporate filing fees.¹ The emergency rulemaking was necessary to implement the “District of Columbia Official Code Title 29 (Business Organizations) Enactment Act of 2010,”² which requires two new types of corporate entities – limited cooperative associations and statutory trusts³ – to file with DCRA. The emergency rulemaking established the schedule of fees for all filings required or allowed to be made under Title 29. The amended schedule of fees became applicable on January 1, 2012.

¹The rules amended Chapter 6 (DCRA Corporations Division Schedule of Fees) of Title 17 (Business, Occupations and Professions) and Chapter 33 (Department of Consumer and Regulatory Affairs (DCRA) Infractions) of Title 16 (Consumers, Commercial Practices, & Civil Infractions) of the District of Columbia Municipal Regulations.

²Effective July 2, 2011 (D.C. Law 18-378; D.C. Official Code §§ 29-101.01, *et seq.*).

³ These filing types are described in Chapters 10 and 12, respectively, of Title 29.

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The proposed resolution would approve the amended schedule of fees on a permanent basis.

Financial Plan Impact

Funds are sufficient in the FY 2012 budget and the proposed FY 2013 through FY 2016 budget and financial plan to implement the provisions of the proposed legislation.

The "District of Columbia Official Code Title 29 (Business Organizations) Enactment Act of 2010" created the Corporate Recordation Fund, a special purpose revenue fund into which all the fees associated with the new filings under Chapters 10 and 12 would be deposited, along with fees from new filings in other filing types, expediting fees on all filing types, and trade name registration and renewal fees.

DCRA estimates that it will collect \$250,000 each year in fees from new filings under Chapters 10 and 12.⁴ These funds are part of an estimated \$1.5 million that DCRA expects will capitalize the Corporate Recordation Fund annually from the above sources. The Office of Revenue Analysis has certified this \$1.5 million in annual revenue for the FY 2013 through FY 2016 budget and financial plan.

⁴ In addition to fees on limited cooperative associations and statutory trusts, this includes the \$300 fee limited liability partnerships have to pay along with the two-year report that they are now required to file.