

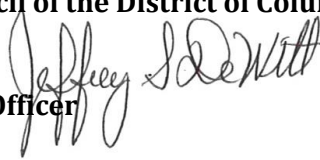
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** March 6, 2018

**SUBJECT:** UPDATED Fiscal Impact Statement – Consumer Protection Clarification and Enhancement Act of 2018

**REFERENCE:** Bill 22-185, Committee Print provided to the Office of Revenue Analysis on February 26, 2018

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*This updated fiscal impact statement reflects changes made to the maximum penalty for a consumer protection violation in an updated draft committee print shared with the Office of Revenue Analysis on February 26, 2018. This statement replaces the one issued on February 20, which was based on the draft committee print shared on February 5, 2018.*

**Conclusion**

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the proposed bill.

**Background**

The bill updates three different areas of the District's general consumer protection laws to be more consistent with practices in other states.

First, the bill allows "due consideration and weight" to be given to guidance of the Federal Trade Commission (FTC) in consumer protection lawsuits. The change will allow the Office of the Attorney General (OAG) to bring lawsuits on issues not specifically addressed in current law but that have established guidance from the FTC.

The Honorable Phil Mendelson

FIS: "Consumer Protection Clarification and Enhancement Act of 2018," Committee Print provided to the Office of Revenue Analysis on February 26, 2018.

Second, the bill makes it a violation of statute for a business to violate an "assurance of voluntary compliance" agreement<sup>1</sup>. This change will allow OAG to bring lawsuits against businesses that do not live up to the terms of these voluntary agreements with OAG.

Third, the bill increases the maximum penalty for a violation of consumer protection laws from \$1,000 for each violation to \$5,000 for an initial violation, and \$10,000 for each subsequent violation.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the proposed bill. The bill has no cost. Raising the maximum penalty per violation may increase penalty revenue for a given violation. However, because the penalty amount is determined by a court, and because the number of penalties assessed varies annually, it is unclear if an overall revenue increase will occur. Penalties are deposited in OAG's Litigation Support Fund. In fiscal year 2017, the fund received \$4.1 million in revenue. If the Fund exceeds \$5 million in revenue in any given year, the excess revenue goes to the general fund of the District.

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<sup>1</sup> D.C. Official Code § 28-3909(c)(6). These are agreements negotiated between businesses and OAG when OAG has reason to believe that a business is practicing or intending to practice a behavior that violates consumer protection laws. Under the agreements, the businesses admit no wrongdoing and commit to not engaging in certain behavior.