

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:** October 25, 2016

**SUBJECT:** Fiscal Impact Statement – “Charitable Solicitation Certificate of Registration Exemptions and Secondhand Property Dealer License Amendment Act of 2016”

**REFERENCE:** Bill 21-742, Committee Print given to the Office of Revenue Analysis on October 21, 2016

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**Conclusion**

Funds are not sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. The bill will reduce special purpose revenue by \$281,911 in FY 2017 and \$1,127,643 over the four-year financial plan.

**Background**

A person must obtain a certificate of registration from the Department of Consumer and Regulatory Affairs (DCRA) to solicit charitable donations in the District.<sup>1</sup> Additionally, he or she may only collect donations for an organization that is exempt from taxation.<sup>2</sup> The certificate of registration costs \$412 biannually and DCRA dedicates the registration fees to the DCRA Basic Business License Fund.<sup>3</sup> Currently, DCRA may waive the certificate of registration requirement if donations are less than \$1,500 per calendar year.

The bill allows DCRA to waive the certificate of registration requirement if donations are less than \$25,000 per calendar year and adjusts the limit according to the Consumer Price Index. Additionally, it exempts secondhand game and puzzle dealers from obtaining a secondhand dealer license.

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<sup>1</sup> D.C. Official Code § 44-1703.

<sup>2</sup> Exempt as defined under section 501 of the Internal Revenue Code of 1986 (26 U.S.C. § 501).

<sup>3</sup> D.C. Official Code § 47-2851.13.

The Honorable Phil Mendelson

FIS: "Charitable Solicitation Certificate of Registration Exemptions and Secondhand Property Dealer License Amendment Act of 2016," Bill 21-742, Committee Print given to the Office of Revenue Analysis on October 21, 2016.

### Financial Plan Impact

Funds are not sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. An estimated 1,364 charities will be newly exempted from paying the \$412 biannual registration fee, reducing registration fees by \$280,911 annually. The cost of exempting secondhand games and puzzle retailers from secondhand dealer license requirements is *di minimus*.

The bill will reduce revenue to the DCRA Basic Business License Fund according to the chart below.

<b>Estimated Fiscal Impact of Bill 21-742</b>					
<b>"Charitable Solicitation Certificate of Registration Exemptions and Secondhand Property Dealer License Amendment Act of 2016"</b>					
<b>FY 2017 - FY 2020</b>					
	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>TOTAL</b>
Reduced Special Purpose Revenue	\$280,911	\$280,911	\$280,911	\$280,911	<b>\$1,123,643</b>