MEMORANDUM

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

FROM: Fitzroy Lee  
    Chief Financial Officer

DATE: June 21, 2022

SUBJECT: Fiscal Impact Statement – Clean Hands Certification Equity Amendment Act of 2022

REFERENCE: Bill 24-237, Committee Print provided to the Office of Revenue Analysis on June 8, 2022

Conclusion

Funds are not sufficient in the fiscal year 2022 budget and fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost $310,000 in fiscal year 2023 and $7.57 million over the four year financial plan. For fiscal year 2023, $310,000 is included in the approved fiscal year 2023 budget, but the remaining $7.26 million of revenue loss over the financial plan is dependent on whether additional revenues are identified in the September 2022 or December 2022 revenue estimates.

Background

Current law requires a clean hands certification for individuals and businesses to receive licenses, permits, grants and contracts. If an individual or business owes more than $100 to the District, or if there is a failure to file required District tax returns, then a clean hands certification cannot be granted. The Department of Motor Vehicles currently requires applicants for a new or renewed motor vehicle operator’s permit or identification card to pay outstanding traffic and parking enforcement fines before issuing such permit or card.

---

3 Office of Tax and Revenue Certificate of Clean Hands Resource.
The Honorable Phil Mendelson
FIS: Bill 24-237, “Clean Hands Certification Equity Amendment Act of 2021,” Draft Committee Print as provided to the Office of Revenue Analysis on June 8, 2022

The bill exempts the requirement for a clean hands certification to receive a motor vehicle operator's permit or identification card⁴, beginning October 1, 2023.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2022 budget and fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost $310,000 in fiscal year 2023 and $7.57 million over the four year financial plan, and the approved budget and financial plan only funds the fiscal year 2023 costs.

The Department of Motor Vehicles (DMV) will spend $310,000 in fiscal year 2023 for information technology changes required to remove the clean hands requirement from the issuance of driver’s licenses and identification cards. The information technology changes must be completed prior to the bill’s elimination of the clean hands requirement on October 1, 2023.

The bill will also reduce District revenues by reducing collections of traffic and parking enforcement fines in the Central Collections Unit (CCU) by $2.4 million annually. The revenue loss is caused by residents no longer being required to pay outstanding parking and traffic fines at the time they request or renew a license or identification card.

<table>
<thead>
<tr>
<th>Clean Hands Certification Equity Amendment Act of 2022</th>
<th>Total Cost ($ thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2023</td>
</tr>
<tr>
<td>DMV IT Costs</td>
<td>$310</td>
</tr>
<tr>
<td>Reduced CCU collections</td>
<td>$2,419</td>
</tr>
<tr>
<td>Total</td>
<td>$310</td>
</tr>
</tbody>
</table>

The Fiscal Year 2023 Budget Support Act⁵ specifies that if the District’s revenue estimates in September 2022 or December 2022 identify new revenues, beyond what are incorporated in the approved fiscal year 2023 through fiscal year 2026 budget and financial plan, $2.419 million of such additional revenues are reserved to fund this bill, provided this bill becomes law with two readings by December 31, 2022.

---

⁴ Pursuant to D.C. Official Code § 50-1401.01 through 50-1405.01.