


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



**Fitzroy Lee**  
Chief Financial Officer

**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

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**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<sup>1</sup>.

**Background**

Current law<sup>2</sup> requires a clean hands certification<sup>3</sup> 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.

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<sup>1</sup> Pursuant to Bill 24-714, "Fiscal Year 2023 Budget Support Act of 2022," Subtitle VII(P), "Revised Revenue Funding Priority Act of 2022."

<sup>2</sup> D.C. Official Code § 47-2862.

<sup>3</sup> [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 card<sup>4</sup>, 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.

Clean Hands Certification Equity Amendment Act of 2022					
Total Cost (\$ thousands)					
	FY 2023	FY 2024	FY 2026	FY 2026	Total
DMV IT Costs	\$310	\$0	\$0	\$0	\$310
Reduced CCU collections		\$2,419	\$2,419	\$2,419	\$7,257
Total	\$310	\$2,149	\$2,149	\$2,149	\$7,567

The Fiscal Year 2023 Budget Support Act<sup>5</sup> 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.

<sup>4</sup> Pursuant to D.C. Official Code § 50-1401.01 through 50-1405.01.

<sup>5</sup> Bill 24-714, "Fiscal Year 2023 Budget Support Act of 2022," Subtitle VII(P), "Revised Revenue Funding Priority Act of 2022."