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

Glen Lee
Chief Financial Officer

MEMORANDUM

TO:	**The Honorable Phil Mendelson** **Chairman, Council of the District of Columbia**
FROM:	**Glen Lee** **Chief Financial Officer**
DATE:	**November 17, 2026**
SUBJECT:	**Fiscal Impact Statement – DC Hospitality Amendment Act of 2026**
REFERENCE:	**Bill 26-648, Draft Committee Print as provided to the Office of Revenue Analysis on November 16, 2026**

Conclusion

Funds are sufficient in the fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill.

Background

The Alcoholic Beverage and Cannabis Board (the ABC Board), through its direction of the Alcoholic Beverage and Cannabis Administration (ABCA), oversees alcohol and medical cannabis laws in the District. The bill makes numerous changes to the sale and use of alcohol in the District, including adding new alcohol licensing categories and expanding how bars, restaurants, distilleries, wineries, and breweries can serve patrons. Provisions of the bill include:

Outdoor Activation License: The bill creates a new license type to authorize a Business Improvement District (BID) or Main Street organization to sell, serve and permit the consumption of alcohol during temporary events in registered outdoor public spaces owned, controlled, or managed bythe District. It also provides that an Arena C/X licensee or a Washington Convention and Sports Authority food and alcohol business[1] that hosts sporting events may request Board approval to allow the sale,

[1] Defined as a retailer with commercial street frontage at a location under the jurisdiction of the Washington Convention and Sports Authority, established pursuant to § 10–1202.02, that sells food and is approved by the Washington Convention and Sports Authority to sell alcoholic beverages for on-premises consumption.

service, and consumption of beer, wine, or spirits on outdoor public space for a specific event that involves a street closure.

Pop-up Restaurant License and Retail Priority Areas: The bill permits an applicant or eligible retailer to register with the ABC Board to operate a pop-up restaurant for up to 90 days (with one 30-day extension), in an Retail Priority Area (RPA).[2] A registered pop-up restaurant may sell and serve alcohol for both on-premises and off-premises consumption. Pop-up operators may also request a sidewalk café, streetery, or summer garden endorsement as part of their application, which will be subject to a public comment period. The bill exempts an applicant or eligible retailer operating a pop-up restaurant from the restrictions including the prohibition on issuing licenses within 400 feet of schools, colleges, universities, or District-operated recreation areas ; and the distance limitation governing how close off-premises retailer licenses may be to one another. ABC Board approval beyond registration is not required for a pop-up restaurant as long as:

- The location has a valid certificate of occupancy, unless it is only outdoor private space.
- The property owner authorizes use of the space as a restaurant.
- The location is in a commercial or mixed-use zone.
- The applicant agrees to comply with applicable licensing and health laws and regulations.

New Restaurant/Retailer Licenses: Under the bill, an applicant in an RPA may apply for a class C/RB or D/RB restaurant retailer license, which allows the business to operate as both a restaurant and a wine-and-beer store with on-premises and off-premises alcohol sales. Alcoholic beverages sold and delivered for off-premises consumptions need not be accompanied by prepared food.

License restrictions for returning citizens: Under current law, returning citizens with a felony conviction cannot receive a license to sell alcohol in in alcohol-serving establishments. The bill limits the prohibition to within three years; and limits the prohibition to certain felonies (crime of violence, gun offenses, tax evasion, fraud, or credit card fraud).

Partially consumed beverages: The bill would allow restaurant patrons to take an opened container of alcohol with them when they leave. The allowance extends to taverns (as well as restaurants and hotels) and covers malt beverages (as well as wine and beer).

New alcohol licensing types and license waivers**:** The bill creates new license types for contract brewing (between two breweries or brew pubs) and cross-distillery collaborations (between two distilleries). It also expands the ability of alcohol manufacturers to manufacture and store alcohol on or near their venue. The bill allows existing breweries to open a new brewpub in an RPA, under certain conditions and permits a brewery with a manufacturer's class B license to apply for one class C or D retailer's license with a brew-pub endorsement, under certain conditions. The bill also waives application licensing fees for new art galleries and bookstores in an RPA, for three years. The bill increases the cap on the number of class A off-premises retailer's licenses from 250 to 275.

Extended hours: The bill adds Juneteenth National Independence Day to the list of holidays for which alcohol sales can be extended.

[2] Defined as an area established or approved by the Council pursuant to section 4 of the Retail Incentive Act of 2004, effective September 8, 2004 (D.C. Law 15-185; D.C. Official Code § 2-1217.73).

Application, qualification, and conflict-of-interest provisions: The bill requires ABC Board members to have a demonstrated knowledge of the community impact of licensed medical cannabis facilities and the Board Chair to have a demonstrated knowledge of the laws and regulation of medical cannabis, in addition to the current alcoholic beverages. The bill also prohibits Board members and employees from having any financial or ownership interest in the sale, transport, or storage of medical cannabis, or receiving any commissions or profits from any licensed business.[3]

Settlement agreements: The bill provides that applicants, protestants, and others with standing to protest a license application may negotiate and enter into a written settlement agreement to address anticipated or neighborhood-specific issues either during the initial licensing process, or at any time during the license term or renewal. Under the bill, the ABC Board may consider a request to amend or terminate a settlement agreement from fewer than all parties if at least three years, versus the current four years, have passed since the ABC Board first approved the agreement. The bill adds provisions regarding unenforceable agreements and clarifies settlement agreement enforcement and what may or may not be included. The bill allows settlement agreements executed or amended after the bill's effective date to include enforceable provisions addressing sound amplification, the hours and location of entertainment and amplified music, noise control[4], soundproofing[5], cleanliness[6], security measures[7], notice-to-cure procedures, changes to occupancy or operating hours, prevention of intoxication and underage drinking, staff training, required signage[8], minimum kitchen or food service hours, and stipulating compliance with applicable District laws, regulations, and agency-granted privileges. The bill also allows the Mayor or Council to issue rules setting minimum standards that override these provisions. Settlement agreements executed or amended before the effective date of the bill remain fully enforceable even if they conflict with the new provisions.

Rulemaking: The bill modifies the ABC Board's rulemaking review process to reduce the Council's review period for proposed regulations from 90 days to 60 days. Proposed regulations are deemed approved upon expiration of the review period.

Financial Plan Impact

Funds are sufficient in fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill.

The bill can be implemented by the ABC Board and ABCA within existing resources. The bill primarily clarifies, updates, and expands existing licensing, permitting, endorsement, enforcement, and

[3] D.C. Official Code §§ 25–201 and 25–206.
[4] Noise-specific measures to ensure compliance with § 25–725, including setting maximum decibel limits on sound amplification devices, modifying the location of entertainment or music, modifying the use of sound equipment, modifying the hours that amplified sound or live entertainment may be provided, and closing doors and windows except for ingress and egress.
[5] To ensure compliance with § 25–725 and the Harmonious Living Amendment Act of 2024 (D.C. Law 25-318, D.C. Official Code § 6-1455.03).
[6] Pursuant to D.C. Official Code § 25–726.
[7] In addition to those required pursuant to D.C. Official Code §§ 25–798 and 25–836.
[8] In accordance with subchapter vii of Chapter 7 of Title 25.

administrative authorities rather than creating significant new operational responsibilities. The bill clarifies and enhances the ABC Board's existing rulemaking, licensing, oversight, and enforcement authorities, including procedures related to hearings, moratoriums, license fee nonpayment, investigative history disclosuresand cease-and-desist orders. While ABCA may be required to update forms, guidance materials, regulations, and licensing databases to implement the changes, these activities are consistent with the agency's current regulatory and administrative functions. The bill largely codifies or refines existing practices and provides fee authority for newly created license categories, any associated workload can be implemented within current resources.