

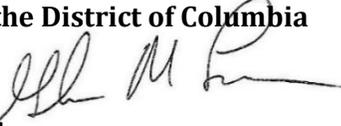
Government of the District of Columbia  
Office of the Chief Financial Officer



**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:** February 17, 2026

**SUBJECT:** Fiscal Impact Statement – Supporting Local Business Enterprises  
Emergency Amendment Act of 2026

**REFERENCE:** Draft Bill as provided to the Office of Revenue Analysis on February 12,  
2026

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**Conclusion**

Funds are sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill.

**Background**

The Department of Small and Local Business Development (DSLBD) supports the growth and development of the District's small businesses through education, grants, certification programs, and enforcement of contracting laws related to small business participation. DSLBD also runs the Certified Business Enterprise (CBE) program. District-based businesses that meet specified criteria regarding ownership, size, and physical location can qualify as CBEs. Organizations certified as CBEs receive preference in District contracting or procurement actions.

The bill makes several changes to DSLBD's business enterprise certification programs and CBE program and would permanently modify the process to appeal a CBE determination or file a complaint. These changes are currently in effect on a temporary basis.<sup>1</sup> The bill repeals the existing

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<sup>1</sup> These provisions are in effect on a temporary basis until March 29, 2026, via the Certified Business Enterprise Program Compliance and Enforcement Support Temporary Amendment Act of 2025, effective August 16, 2025 (D.C. Law 26-25; 72 DCR 7536).

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temporary legislation in favor of this emergency bill and its accompanying temporary and permanent versions.

Within the CBE category, DSLBD also certifies businesses in several categories that qualify the business for additional priority in contracting actions (via point scoring or percentage reduction in price)<sup>2</sup>, including Small Business Enterprises, Local Business Enterprises, Disadvantaged Business Enterprises, and Equity Impact Enterprises. The bill changes the definition for many of these additional subcategories and outlines how existing CBEs will be treated if they no longer meet the criteria for CBEs set out in the bill.

The bill expands the CBE designation (that applies to prime contractors or developers on government-assisted contracts) to include not-for-profit entities. Under current law, only for-profit entities qualify as CBEs. The bill also establishes the process for waiving certain CBE criteria during a public health emergency if its high-level employees (that would otherwise be required to be in their offices in the District) are restricted from working in the office.

In disposing of excess real property owned by the District, the Mayor may require that the developer contract with certified local business for equity investment in the project (an "equity sponsor"). The bill further defines equity sponsor for these purposes to include a small investor, disadvantaged investor, or certified equity participant. The bill prohibits the developer from charging fees to the equity sponsor that are unreasonably large relative to the equity investment, and it requires the Mayor to issue rules implementing this section.

Disadvantaged Business Enterprises must be local business enterprises that are more than 50 percent owned, operated, and controlled by socially and economically disadvantaged individuals. The bill redefines Disadvantaged Business Enterprises to be those held by individuals whose personal net worth is at or below the level qualifying for the federal Disadvantaged Business Enterprise program.

The bill revises the definition of Small Business Enterprises to match the federal definition of "small business concern" or have gross receipts below a certain level.

The bill revises the certification for Local Business Enterprises. Local Business Enterprises are those that are independently owned and operated and either 1) more than 50 percent owned and controlled by a District-based enterprise or not-for-profit business, or 2) owned by a non-district business enterprise that itself is more than 50 percent owned by District residents.

The bill eliminates the Living Wage Certification Program (the "Program") that was established to certify businesses that pay their employees a living wage<sup>3</sup>. These businesses could then advertise their designation as a living wage employer under the Program. The Program was never established or funded. The bill also repeals a reporting requirement.

The bill changes the hearing procedures for persons wishing to protest a DSLBD determination or penalty, removing a requirement that DSLBD hold an internal hearing before the applicant or entity can appeal to the Office of Administrative Hearings, and increases the civil penalty amounts for

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<sup>2</sup> [Slide 1 \(dc.gov\)](#)

<sup>3</sup> Living Wage Certification Grant Program Amendment Act of 2018, effective October 30, 2018 (D.C. Law 22-168; D.C. Official Code § 2-218.15).

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entities that are found to have violated certain of the contracting and subcontracting requirements set out in the law. The bill also permits both formal and informal complaints and more explicitly lays out DSLBD's process after conducting an investigation of a formal complaint, including timeframes.

Finally, the bill eliminates the Volunteer Corps of Executives and Entrepreneurs, which was designed to provide mentoring and network opportunities to Certified Business Enterprises. The Volunteer Corps was never established.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. Costs related to changing these definitions were absorbed during the implementation of previous emergency and temporary legislation.<sup>4</sup> Therefore, there is no additional cost associated with this emergency bill or its accompanying temporary and permanent versions. As the Living Wage Certification Program and the Volunteer Corps were never operational, their repeal has no impact on the budget and financial plan.

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<sup>4</sup> The Local Business Enterprise Clarification Emergency Amendment Act of 2022, effective April 25, 2022 through July 24, 2022 (D.C. Act 24-382; 69 DCR 4037), the Local Business Enterprise Clarification Emergency Amendment Act of 2023, effective February 27, 2023 through May 28, 2023 ([D.C. Act 25-37; 70 DCR 2984](#)) and the Local Business Enterprise Clarification Temporary Amendment Act of 2023, effective May 25, 2023 through Jan 5, 2024 (D.C. Act A25-55; 70 DCR 8446).