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

Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: **The Honorable Vincent C. Gray**
Chairman, Council of the District of Columbia

FROM: **Natwar M. Gandhi**
Chief Financial Officer

DATE: **October 26, 2010**

SUBJECT: **Fiscal Impact Statement – "Artist Protection Act of 2009"**

REFERENCE: **Bill Number 18-451 – Committee Print**

Conclusion

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the proposed legislation. The proposed legislation would enact new regulations to protect the rights of artists whose work is on consignment; as such it does not have an impact on the District's budget and financial plan.

Background

The proposed legislation would establish a legal relationship between an artist and art dealer,[1] who accepts a work of art on consignment,[2] by clarifying the dealer's obligations to the artist as an agent and defining artwork offered on consignment as trust property held in trust by the art dealer,[3] would require a contract before art is accepted by an art dealer on consignment, and would exempt art work held as trust property from the security interest of the art dealer's creditors, in an event such as the art gallery goes bankrupt or in the case of the death of the art dealer. Any art dealer who fails to obtain a written contract or a written consent from the artist to the particular use or display, or fails to give a notice to users or viewers that the work of fine art is the work of the artist would be liable to the artist for the damages.

[1] Art dealer is defined as a person engaged in the business of selling works of fine art, other than a person exclusively engaged in the business of selling goods at public auction.
[2] "On consignment" means delivered to an art dealer for the purpose of sale or exhibition, or both, to the public by the art dealer other than at a public auction.
[3] The proceeds of the sale of the work of fine art would be considered as trust property and the art dealer as trustee for the benefit of the artist until the amount due the artist from the sale is paid.

Financial Plan Impact

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the proposed legislation. The proposed legislation does not have an impact on the District's budget and financial plan.