


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 8, 2022

SUBJECT: Fiscal Impact Statement – Contractor Indemnity and Subcontractor Prompt Payment Amendment Act of 2022

REFERENCE: Bill 24-251, Committee Print as provided to the Office of Revenue Analysis on October 31, 2022

Conclusion

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

Background

The bill prohibits a contractor from requiring a subcontractor to indemnify (or hold harmless) the contractor against liability for damage arising from the negligence of the contractor or owner.

The bill also prohibits general contractors from withholding payment to subcontractors on work performed and completed to offset payments for a different job. The contractor must pay all undisputed amounts owed to subcontractors.

The prohibitions will apply to contracts executed after March 31, 2023.

Financial Plan Impact

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The requirements will fall on private contractors and subcontractors and have no cost to the District.