

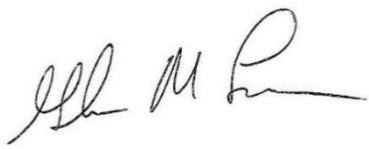
Government of the District of Columbia  
Office of the Chief Financial Officer



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:** April 21, 2025

**SUBJECT:** REVISED Fiscal Impact Statement – Certified Business Enterprise  
Compliance and Enforcement Support Emergency Amendment Act of  
2025 (and accompanying temporary version)

**REFERENCE:** Bill 26-206 and Bill 26-207, as introduced

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**Conclusion**

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 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. The bill makes several changes to the Small and Certified Business Enterprise Development and Assistance Act of 2005 ("the Act").

The bill revises the definition of "economically disadvantaged individual" to mean an individual who owns at least a 51% interest in a business enterprise and whose personal net worth does not exceed the limits for an economically disadvantaged owner set by federal Department of Transportation regulations, pursuant to 49 CFR § 26.68.<sup>1</sup> The bill revises the definition of "equity impact enterprise" to be a business that is a resident-owned business enterprise, small business enterprise, and a disadvantaged business enterprise. The bill adds definitions of "formal complaint", "informal complaint," "independently owned and operated." and "person" to the law.

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<sup>1</sup> Pursuant to 49 CFR § 26.68, and currently \$2,047,000.

The Honorable Phil Mendelson

FIS: "Certified Business Enterprise Compliance and Enforcement Support Emergency Amendment Act of 2025," Bill 26-206 as introduced (and accompanying temporary version Bill 26-207)

The bill updates eligibility for certification as a local business enterprise to require that the business be one of the following:

- Independently owned and operated;
- More than 50% owned, operated, and controlled by a District-based enterprise or not-for-profit business; or
- Owned by a non-District-based business enterprise that is more than 50% owned by District residents.

The bill amends the performance and subcontracting requirements for certified joint ventures who received preferences in the award of a contract to require that each certified business enterprise holding a majority or minority interest in the certified joint venture shall, with its own organization and resources, perform a percentage of the work equal to or greater than its percentage interest in the joint venture.

The bill revises the reporting requirements for DSLBD reports on complaints it has deemed frivolous and repeals a requirement for DSLBD to hold a hearing on non-frivolous complaints. The bill specifies that DSLBD issue a Notice of Determination prior to issuing a civil penalty to, or denying, suspending, changing, or revoking a certification. The bill allows for appeal of a Notice of Determination to the Office of Administrative Hearings (OAH) within 10 days, and it requires that OAH hold a hearing on the appeal. The bill specifies that certified business enterprises or joint ventures shall not be eligible to apply for a new certification from DSLBD until 36 months after the date that the revocation became final, except that DSLBD may remove the suspension or reissue a certification if DSLBD determines that it is in the District government's interest.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. DSLBD can administer the bill's changes to definitions, certification eligibility, and joint venture requirements with its current resources. The changes to the complaint and appeals processes were recently in effect under temporary legislation<sup>2</sup> and no additional resources are needed to implement them through the bill.

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<sup>2</sup> L25-0198, Certified Business Enterprise Program Compliance and Enforcement Support Temporary Amendment Act of 2024, Effective from July 19, 2024 through March 1, 2025 (D.C. Law 25-198; 71 DCR 9911)