

Alcoholic Beverage Enforcement Amendment Act of 2019, Bill 23-227

Before the Committee on Business and Economic Development

The Honorable Kenyan R. McDuffie, Chairperson

**June 26, 2019, 10:00 a.m.
Room 123, John A. Wilson Building**



**Comments by
Keith J. Richardson
Deputy Chief Financial Officer
Office of Tax and Revenue**

**Jeffrey S. DeWitt
Chief Financial Officer**

Thank you for the opportunity to comment on Bill 23-227, the Alcoholic Beverage Enforcement Amendment Act of 2019 (“the Bill”).

The Bill was introduced on March 29, 2019 and proposes to amend various provisions of Title 25 of the District of Columbia Official Code relating to the Alcoholic Beverage Control Board’s (“the Board”) enforcement powers. In particular, the Bill would require that the Office of Tax and Revenue (“OTR”) notify the Board when a licensee is the subject of a citation, revocation, or other enforcement action.

Currently, the Board and the Alcoholic Beverage Regulation Administration (“ABRA”) accesses the District’s Citywide Clean Hands System (“Clean Hands”) to determine if a licensee owes more than \$100 to the District, including delinquent taxes and non-filed tax returns. Additionally, ABRA staff, including the Director and General Counsel, are in contact (telephonically and by email) almost daily with William Bowie, Senior Counsel, who serves as the OTR liaison to ABRA, regarding compliance issues with ABRA licensed businesses. ABRA staff also correspond with OTR Collection Division staff on Clean Hands issues regarding ABRA licensed businesses. This method has worked smoothly for the past 10 years.

Clean Hands provides tax account balances which are updated via a nightly batch interface from the Modernized Integrated Tax System (MITS). There can be up to a 72-hour delay before a tax payment processed in MITS is reflected in an account balance sent to Clean Hands. Hence, in instances where a licensed business is working with OTR to settle a delinquency to obtain or renew a license, Clean Hands might still show a balance. In these situations, ABRA contacts OTR directly for an update on the tax compliance status of the licensed business. Due to the confidential nature of tax information, OTR will only provide a “yes” or “no” answer on tax compliance.

OTR anticipates that by May 2020, Clean Hands will be integrated into MITS. The nightly tax data interface will be eliminated, and updated tax account balances provided more timely. Note however, that for scenarios like the one cited earlier, ABRA will still have to reach out to the OTR Clean Hands team for assistance due to the normal payment processing cycle.

While OTR believes the legislative requirement in this Bill for OTR to notify ABRA of any enforcement action is not needed, as we have an excellent collaborative relationship, we have no objection to the Bill.