

**Micro-Business Startup Fee Relief Amendment Act of 2017,  
Bill 22-525**

**Before the**

**Committee of the Whole  
Council of the District of Columbia**

**The Honorable Phil Mendelson, Chairman**

**December 20, 2018, 10:00 A.M.  
John A. Wilson Building, Room 412**



**Comments by Elissa F. Borges  
Assistant General Counsel  
Office of Tax and Revenue  
Office of the Chief Financial Officer**

**Jeffrey S. DeWitt  
Chief Financial Officer  
Government of the District of Columbia**

Thank you for the opportunity to comment on Bill 22-525, the “Micro-Business Startup Fee Relief Amendment Act of 2017.”

Pursuant to Chapter 28 of Title 47 of the D.C. Code, the District requires various persons which engage in business in the District to obtain a general business license. In addition, persons who engage in specific types of businesses are required to obtain an endorsement and/or a separate license specific to that person’s type of business. The Department of Consumer and Regulatory Affairs (“DCRA”), and not the Office of Tax and Revenue, is the District agency that is responsible for administering business licenses as established under Chapter 28 of Title 47 of the D.C. Code. The amount of the fee or fees that are charged to obtain business licenses are established by the Director of DCRA in accordance with D.C. Code Section 47-2851.04.

The Micro-Business Startup Fee Relief Amendment Act of 2017 seeks to reduce the total cost of a basic business license, and all required endorsements, taxes, and fees, for businesses with taxable income of \$100,000 or less by adding a new subsection (c-1) to D.C. Code Section 47-2851.04. That new subsection provides in relevant part:

By October 1, 2018 the Director shall:

(A) Require new businesses to pay an amount that is 25% of the total of the basic business license fee ***and any other required endorsements, taxes, and fees***; provided that if after the business’s first taxable year the business’s taxable income exceeds \$100,000, the business shall pay the remaining 75% of the basic business license fee and any other required endorsements, taxes, and fees.

(B) Reduce the total cost of a basic business license renewal ***and all required endorsements, taxes, and fees*** by 75% for

existing businesses that reported a taxable income of \$100,000 or less in the prior taxable year.

(emphasis added).

Since DCRA, and not OTR, is the agency that is responsible for setting and administering license fees, OTR does not have any substantive comments regarding this bill.

However, OTR has concerns that the proposed bill is ambiguous regarding the application of the 75% reduction to “any other required endorsements, taxes, and fees,” and in particular, “any . . . taxes.” Although this does not appear to be the intent of the bill, it could be interpreted as requiring a reduction in any tax imposed by the District under Title 47 or any other title under the D.C. Code, including those administered by OTR.

Therefore, OTR proposes technical changes to the legislation that make clear that the reduction shall apply to the total cost of a basic business license renewal and all required endorsements, taxes, and fees **imposed under Chapter 28 of Title 47**. I have attached to this testimony a mark-up of the bill with OTR’s proposed clarifying changes.

I am pleased to discuss further or respond to any additional questions you may have.

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Councilmember Mary M. Cheh

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Councilmember Robert C. White, Jr.

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Councilmember Anita Bonds

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Councilmember David Grosso

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Councilmember Elissa Silverman

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Councilmember Brianne K. Nadeau

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Councilmember Charles Allen

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Councilmember Brandon T. Todd

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Councilmember Vincent C. Gray

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Councilmember Trayon White, Sr.

A BILL

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IN THE COUNCIL OF DISTRICT OF COLUMBIA

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To amend section 47-2851.04 of the District of Columbia Official Code to reduce the total cost of a basic business license, and all required endorsements, taxes, and fees, for businesses with taxable income of \$100,000 or less.

42 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this  
43 act may be cited as the "Micro-Business Startup Fee Relief Amendment Act of 2017".

44 Sec. 2. Section 47-2851.04 of the District of Columbia Official Code is amended as  
45 follows:

46 (a) A new subsection (c-1) is added to read as follows:

47 "(c-1)(1) By October 1, 2018 the Director shall:

48 "(A) Require new businesses to pay an amount that is 25% of the total of  
49 the basic business license fee and any other required endorsements, taxes, and fees imposed  
50 under [Chapter 28 of this Title]; provided that if after the business's first taxable year the  
51 business's taxable income exceeds \$100,000, the business shall pay the remaining 75% of the  
52 basic business license fee and any other required endorsements, taxes, and fees imposed under  
53 [Chapter 28 of this Title].

54 "(B) Reduce the total cost of a basic business license renewal and all  
55 required endorsements, taxes, and fees imposed under [Chapter 28 of this Title] by 75% for  
56 existing businesses that reported a taxable income of \$100,000 or less in the prior taxable year.

57 "(2) The Mayor may issue rules to implement the provisions of this subsection."

58 Sec. 3. Fiscal impact statement.

59 The Council adopts the fiscal impact statement in the committee report as the fiscal  
60 impact statement required by section 4a of the General Legislative Procedures Act of 1975,  
61 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

62 Sec. 4. Effective date.

63 This act shall take effect following approval by the Mayor (or in the event of veto by the  
64 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as

65 provided in section 602(c)(2) of the District of Columbia Home Rule Act, approved December  
66 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(2)), and publication in the District of  
67 Columbia Register.