



MURIEL BOWSER
MAYOR

February 26, 2026

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

Dear Chairman Mendelson:

Enclosed for consideration and adoption by the Council of the District of Columbia is the "Supporting Local Business Enterprises Emergency Declaration Resolution of 2026," the "Supporting Local Business Enterprises Emergency Amendment Act of 2026," the "Supporting Local Business Enterprises Temporary Amendment Act of 2026," and the "Supporting Local Business Enterprises Amendment Act of 2026."

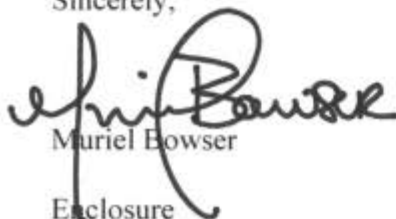
The resolution and accompanying emergency, temporary and permanent bills amend the Small and Certified Business Enterprise Development and Assistance Act of 2005 ("CBE Act"), by clarifying the qualifications for certain certified business enterprise ("CBE") categories, enhancing existing penalties, clarifying relevant contracting and subcontracting requirements, and establishing invoicing and payment requirements.

More specifically, these amendments: (1) propose a new penalty structure that would require a beneficiary to pay the difference between the dollar amount it was required to subcontract to CBEs and the actual dollar amount subcontracted to CBEs; (2) prohibit beneficiaries from subcontracting any of their 35% spending goal to an enterprise in which the beneficiary has an ownership interest; (3) waive developer, acquisition, and general contractor fees that, when totaled, are unreasonably disproportionate to the percentage of its equity investment in the project; (4) establish uniform hearing procedures for enforcement actions under the CBE Act; (5) expand the definition of beneficiary to include non-profit entities; (6) require beneficiaries to invoice the District for undisputed work performed on a government-assisted project every 30 days, and following receipt of payment by the District, to pay subcontractors for work properly invoiced and satisfactorily performed; (7) require applicants for certification as a local business enterprise to be independently owned and operated; (8) require each CBE holding an interest in a certified joint venture that is selected as a beneficiary to perform a percentage of the work that is equal to or greater than its percentage interest in the joint venture.


These changes will strengthen the District's CBE laws and help strengthen the local business community.

I urge the Council to take prompt and favorable action on the enclosed legislation.

Sincerely,


Muriel Bowser
Enclosure

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36



Chairman Phil Mendelson
at the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the Small and Certified Business Enterprise Development and Assistance Act of 2005 to require a business applying for certification as a local business enterprise to be independently owned and operated, to establish uniform hearing procedures for enforcement actions, to expand the scope of the Department of Small and Local Business Development's complaint hotline, to add penalties for any business enterprise that violates the act, to include non-profit entities as beneficiaries subject to certified business enterprise subcontracting and reporting requirements, to establish minimum and maximum periods of revocations for violations under the act, to require a delta-based shortfall payment for beneficiaries who fail to show commercially reasonable best efforts to meet subcontracting requirements, to prevent a beneficiary from fulfilling subcontracting requirements by hiring a certified business enterprise in which it has an ownership interest, to limit eligibility requirements for equity sponsors to prevent conflicts of interest, to protect equity sponsors from bearing disproportionate project costs on projects and protect equity sponsor voting rights, to clarify contracting and subcontracting requirements for certified business enterprise beneficiaries, to eliminate moot Department reporting requirements, to establish certification procedures during a public health emergency, and to repeal the Living Wage Certification Program, Triennial Review of Program and Subchapter, and Volunteer Corp of Executives and Entrepreneurs provisions of the Act; and to amend the Quick Payment Act to impose invoice submission timing requirements on beneficiaries and to authorize fines and other penalties for failure to comply with the invoicing requirements.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Supporting Local Business Enterprises Amendment Act of 2026".

37 Sec. 2. The Small and Certified Business Enterprise Development and Assistance Act of
38 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 *et seq.*), is
39 amended as follows:

40 (a) The table of contents is amended as follows:

41 (1) The section designation for section 2315 is amended to read as follows:

42 “Sec. 2315. Living Wage Certification Program. [Repealed]”.

43 (2) The section designation for section 2337 is amended to read as follows:

44 “Sec. 2337. Local business enterprise with its principal office located in an enterprise
45 zone.”.

46 (3) The section designation for section 2346 is amended to read as follows:

47 “Sec. 2346. Performance and subcontracting requirements for government-assisted
48 projects; subcontracting plans.”.

49 (4) A new section designation is added to read as follows:

50 “Sec. 2361a. Certificate of registration during a public health emergency.”.

51 (5) The section designation for section 2367 is amended to read as follows:

52 “Sec. 2367. Establishment of the Volunteer Corp of Executives and Entrepreneurs.
53 [Repealed]”.

54 (6) The section designation for section 2371 is amended to read as follows:

55 “Sec. 2371. Triennial review of program and subchapter. [Repealed]”.

56 (b) Section 2302 (D.C. Official Code § 2-218.02) is amended as follows:

57 (1) Paragraph (1B) is amended to read as follows:

58 “(1B) “Beneficiary” means a business enterprise, not-for-profit business, or other
59 person that is the prime contractor or developer on a government-assisted project.”.

60 (2) Paragraph (7) is amended to read as follows:

61 “(7) “Economically disadvantaged individual” means an individual who owns at
62 least a 51% interest in a business enterprise and whose personal net worth does not exceed the
63 limit set forth in 49 CFR § 26.68.”.

64 (3) Paragraph (8) is amended to read as follows:

65 “(8) “Enterprise zone” means a census tract(s) within the District of Columbia
66 that has a poverty rate of 10 percent or more as provided by the U.S. Census Bureau.”.

67 (4) Paragraph (8A) is amended to read as follows:

68 “(8A) “Equity impact enterprise” means a business enterprise that is a resident-
69 owned business, small business enterprise, and disadvantaged business enterprise.”.

70 (5) A new paragraph (8B) is added to read as follows:

71 “(8B) “Equity sponsor” means a small investor, a disadvantaged investor, or a
72 certified equity participant.”.

73 (6) A new paragraph (9-1) is added to read as follows:

74 “(9-1) “Formal complaint” means a complaint that is submitted to the
75 Department in writing, sworn to by the complainant, and notarized.”.

76 (7) A new paragraph (10A) is added to read as follows:

77 “(10A) “Informal complaint” means any complaint other than a formal complaint,
78 and includes complaints submitted in person, by email, by telephone, or through the
79 Department’s complaint hotline.”.

80 (8) A new paragraph (10B) is added to read as follows:

81 “(10B) “Independently owned and operated” means, with respect to a business,
82 that the ownership interests, management, and operation of the business are not subject to

83 control, restriction, modification, or limitation by a person with no official role in the business.

84 There is a rebuttable presumption that a business is not independently owned and operated if:

85 “(A) A person with no official role in the business owns or controls 50%
86 or more of the voting stock; or

87 “(B) One or more owners, general partners, directors, officers, or members
88 of another business controls or has the power to control or has the ability to control, veto,
89 approve, deny, amend or change the course of the day-to-day operations of the business, the
90 business’s board of directors, or owner of the business.”.

91 (9) Paragraph (11) is amended to read as follows:

92 “(11) “Joint venture” means 2 or more persons that combine their property,
93 capital, efforts, skills, or knowledge to carry out a single project.”.

94 (10) Paragraph (13A) is amended to read as follows:

95 “(13A) “Material change” means a change in:

96 “(A) A business’s ownership;

97 “(B) The address of a business’s principal office;

98 “(C) A business’s size, if the business is certified as a small business
99 enterprise; and

100 “(D) Any other characteristic of the business that affects whether the
101 business continues to qualify for certification under a CBE category under which the business
102 enterprise is certified.”.

103 (11) Paragraph (13B) is redesignated as paragraph (13D).

104 (12) New paragraphs (13B) and (13C) are added to read as follows:

105 “(13B) “Person” means any individual, firm, partnership, general partner of a
106 partnership, limited liability company, registered limited liability partnership, foreign limited
107 liability partnership, association, corporation, unincorporated business, company, syndicate,
108 estate, trust, business trust, trustee, trustee in bankruptcy, receiver, executor, administrator,
109 assignee, fiduciary, or entity of any kind.

110 “(13C) “Principal office” means the location where the primary operational,
111 financial, and recordkeeping functions of the business occur.”.

112 (13) Paragraph (15) is amended to read as follows:

113 “(15) "Resident-owned business" means a local business enterprise in which more
114 than 50% of the ownership interest is owned by an individual who is, or individuals who are:

115 “(A) Domiciled in the District of Columbia; and

116 “(B) Subject to personal income tax under District law as a full-year
117 resident, or as full-year residents, of the District of Columbia.”.

118 (c) Section 2315 (D.C. Official Code § 2-218.15) is repealed.

119 (d) Section 2331 (D.C. Official Code § 2-218.31) is amended by adding a new paragraph
120 (1A) to read as follows:

121 “(1A)(A) Is:

122 “(i) Independently owned and operated;

123 “(ii) More than 50% owned, operated, and controlled by a District-
124 based enterprise or not-for-profit business; or

125 “(iii) Owned by a non-District-based business enterprise that is
126 more than 50% owned by District residents;”.

127 (e) Section 2332 (D.C. Official Code § 2-218.32) is amended as follows:

128 (1) Subsection (a) is amended as follows:

129 (A) Paragraph (1)(A) is amended by striking the semicolon and inserting
130 the phrase “; and” in its place.

131 (B) Paragraph (2) is repealed.

132 (2) Subsections (b) and (c) are repealed.

133 (f) Section 2333 (D.C. Official Code § 2-218.33) is amended as follows:

134 (1) Subsection (a)(2)(A) is amended by striking the phrase “; or” and inserting a
135 period in its place.

136 (2) Subsection (b) is repealed.

137 (g) Section 2337 (D.C. Official Code § 2-218.37) is amended to read as follows:

138 “Sec. 2337. Local business enterprise with its principal office located in an enterprise
139 zone.

140 “A local business enterprise shall be eligible for certification as a local business
141 enterprise with its principal office located in an enterprise zone if its principal office is located in
142 an enterprise zone as defined by section 2302(8).”.

143 (h) Section 2338 (D.C. Official Code § 2-218.38) is amended as follows:

144 (1) Paragraph (2) is amended by striking the semicolon and inserting the phrase “;
145 and” in its place.

146 (2) Paragraph (3) is amended by striking the phrase “; and” and inserting a period
147 in its place.

148 (3) Paragraph (4) is repealed.

149 (i) Section 2346 (D.C. Official Code § 2-218.46) is amended as follows:

150 (1) The section heading is amended by striking the phrase “construction and non-
151 construction contracts” and inserting the phrase “government-assisted projects” in its place.

152 (2) Subsection (a)(3) is amended to read as follows:

153 “(3) A local business enterprise shall not be subject to the requirements in
154 paragraph (1) or (2) of this subsection.”.

155 (3) Subsection (b) is amended as follows:

156 (A) Paragraph (1)(A) is amended to read as follows:

157 “(A)(i) This paragraph applies to each contract for a government-assisted
158 project for which a certified business enterprise was selected as a beneficiary and was:

159 “(I) Granted points or a price reduction pursuant to section
160 2343; or

161 “(II) Selected through a set-aside program under this
162 subpart.

163 “(ii) If the contract for the government-assisted project is valued at
164 or over \$1 million:

165 “(I) The certified business enterprise shall perform at least
166 35% of the work on the contract with its own organization and resources; and

167 “(II) If the certified business enterprise subcontracts, at
168 least 35% of the dollar volume of the overall subcontract shall be subcontracted with certified
169 business enterprises.

170 “(iii) If the project is valued at less than \$1 million:

171 “(I) The certified business enterprise shall perform at least
172 50% of the work on the contract with its own organization and resources; and

173 “(II) If the certified business enterprise subcontracts, at
174 least 35% of the dollar volume of the overall subcontracting amount shall be subcontracted with
175 certified business enterprises.”.

176 (B) Paragraph (2)(A) is amended to read as follows:

177 “(A) For each government-assisted project for which a certified joint
178 venture is selected as a beneficiary and is granted points or a price reduction pursuant to section
179 2343, selected through a set-aside program under this part, or conferred a procurement
180 preference for being a certified business enterprise:

181 “(i) Each certified business enterprise holding a majority or
182 minority interest in the certified joint venture shall, with its own organization and resources,
183 perform a percentage of the work equal to or greater than its percentage interest in the joint
184 venture.

185 “(ii) If the certified joint venture subcontracts, at least 35% of the
186 dollar volume of the subcontract shall be subcontracted with qualified certified business
187 enterprises.”.

188 (4) Subsection (b-1) is amended by striking the phrase “subsections (a) and (b) of
189 this subsection” and inserting the phrase “subsections (a) and (b) of this section” in its place.

190 (5) Subsection (c) is repealed.

191 (6) A new subsection (c-1) is added to read as follows:

192 “(c-1) Any dollar volume of a contract for a government-assisted project that is
193 subcontracted to a certified business enterprise in which a beneficiary of that contract has an
194 ownership or financial interest shall not count toward the fulfillment of the 35% dollar volume
195 subcontracting requirement set forth in this section.”.

196 (7) Subsection (d)(3) is amended by striking the word “District” and inserting the
197 phrase “procurement authority” in its place.

198 (8) Subsection (h) is repealed.

199 (9) Subsection (i) is amended as follows:

200 (A) Paragraph (1) is amended by striking the phrase “A beneficiary” and
201 inserting the phrase “A beneficiary on a government-assisted project subject to subcontracting
202 requirements under subsections (a), (b), or (b-1) of this section” in its place.

203 (B) A new paragraph (1A) is added to read as follows:

204 “(1A) The initial quarterly report filed by the beneficiary shall include a copy of
205 the subcontracting plan.”

206 (C) New paragraphs (3) and (4) are added to read as follows:

207 “(3) A subcontractor identified on a beneficiary’s subcontracting plan shall not
208 commence performance on the subcontract until the subcontract has been executed. The
209 beneficiary shall not receive credit for monies paid to a certified business enterprise
210 subcontractor for work performed on the government-assisted project before the subcontract
211 agreement was executed.

212 “(4) If a beneficiary fails to submit copies of the executed subcontracts within 30
213 calendar days of execution to the Department, the beneficiary’s failure shall render voidable by
214 the District any underlying contract with the beneficiary for that project.”

215 (j) Section 2349a(a) (D.C. Official Code § 2-218.49a(a)) is amended as follows:

216 (1) A new paragraph (1A) is added to read as follows:

217 “(1A) An investment of a small investor, disadvantaged investor, or certified
218 equity participant shall not count toward the 20% equity requirement set forth in paragraph (1) of

219 this subsection if the beneficiary for the project and either the small investor, disadvantaged
220 investor, or certified equity participant stand in any of the following relationships with one
221 another:

222 “(A) One stands in an employee-employer relationship to the other;

223 “(B) One has an ownership or financial interest in the other; or

224 “(C) One has a fiduciary duty to the other.”.

225 (2) New paragraphs (4), (5), and (6) are added to read as follows:

226 “(4) An equity sponsor for a government-assisted project shall not be required to
227 pay developer fees, acquisition fees, or general contractor fees that, when totaled, are
228 unreasonably disproportionate to the percentage of its equity investment in the project.

229 “(5) An equity sponsor for a government-assisted project shall have voting rights
230 pertaining to personnel and managerial decisions on a covered project that are commensurate
231 with its percentage of equity investment.

232 “(6) The Mayor shall issue rules, pursuant to section 2372, specifying:

233 “(A) The maximum ratio between the percentage of total fees an equity
234 sponsor is required to pay and the percentage of its equity investment, before those fees become
235 unreasonably disproportionate for purposes of paragraph (4) of this subsection; and

236 “(B) The minimum ratio, between an equity sponsor’s percentage of total
237 voting rights and the percentage of its equity investment in the project, that makes the sponsor’s
238 voting rights commensurate with its percentage of equity investment for purposes of paragraph
239 (5) of this subsection.”.

240 (k) Section 2354(a), (b), and (c)(2) (D.C. Official Code § 2-218.54(a), (b), and (c)(2)) are
241 repealed.

242 (l) Section 2361 (D.C. Official Code § 2-218.61) is amended as follows:

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

244 “(c-1) If the Department denies an application for certification, the Department shall not
245 accept, review, or evaluate any of the following for a period of 6 months from the date the
246 applicant receives notice of the decision to deny the application:

247 “(1) Amendments to the denied application; or

248 “(2) A new certification application from the applicant, its agent(s),
249 representative(s), or other members of the public on the applicant's behalf.”.

250 (2) A new subsection (f) is added to read as follows:

251 “(f)(1) Within 90 days after the effective date of the 2025 Act, a business enterprise
252 certified by the Department as of the day before the 2025 Act’s effective date shall notify the
253 Department in writing if it determines that it no longer qualifies for certification under any of the
254 designations under sections 2331 through 2339a of the Act.

255 “(2) An application required by this subsection shall contain the information
256 required by subsection (b) of this section; provided, that the Department may by rule clarify the
257 documents or information required to be submitted with the application.

258 “(3) The Department shall deny the application of a certified business enterprise
259 filed pursuant to paragraph (1) of this subsection if:

260 “(A) The business enterprise timely filed the application and the
261 Department determines that the business no longer meets the requirements for certification under
262 this act; or

263 “(B) The business enterprise did not timely file the application.

264 “(4) A business enterprise whose application is denied under paragraph (3) of this
265 subsection shall nonetheless be treated as a certified business enterprise for the purpose of the
266 following contracts, including with respect to the contracting, subcontracting, and procurement
267 requirements of this act, as well as any applicable subcontractor credit described in this act, so
268 long as the business enterprise remains in compliance with the other provisions of this act:

269 “(A) Any contract between the business enterprise and the District that
270 was executed before the effective date of 2025 Act; and

271 “(B) Any contract executed before the effective date of the 2025 Act on
272 which the business enterprise was included as a subcontractor on a subcontracting plan.”

273 “(5) For the purpose of this section, the phrase “2025 Act” refers to the
274 Supporting Local Business Enterprises Amendment Act of 2025, introduced on ____ (Bill 25-
275 ____).”.

276 (m) A new section 2361a is added to read as follows:

277 “Sec. 2361a. Certificate of registration during a public health emergency.

278 “(a) During a public health emergency declared by the Mayor pursuant to section 5a of
279 the District of Columbia Public Emergency Act of 1980, effective October 17, 2002 (D.C. Law
280 14-194; D.C. Official Code § 7-2304.01):

281 “(1) A business enterprise that satisfies all elements of section 2331 other than
282 section 2331(2) shall still be eligible for certification or subsequent certification as provided in
283 section 2361 if:

284 “(A) The business enterprise demonstrates that its chief executive officer
285 and highest-level managerial employees are restricted, by statute, regulation, Mayor’s Order, or

286 decision of the business, from working in the business enterprise’s principal office due to the
287 declared public health emergency; and

288 “(B) The principal office maintained by the business enterprise in the
289 District is either:

290 “(i) A brick-and-mortar dedicated office space leased or owned by
291 the business enterprise; or

292 “(ii) A leased or owned dwelling in which the majority owner of
293 the business enterprise resides.

294 “(2) A business enterprise certified pursuant to paragraph (1) of this subsection
295 shall be eligible for subsequent certification pursuant to section 2361(c-1) during the public
296 health emergency if it either:

297 “(A) Files a no-change affidavit, pursuant to section 2361(c-1), attesting
298 that there has been no material change in the business enterprise’s business status and that the
299 business enterprise continues to satisfy the requirements of paragraph (1) of this subsection; or

300 “(B) Demonstrates that the business enterprise satisfies section 2331.

301 “(b) A business enterprise certified pursuant to paragraph (a)(1) of this section shall be
302 eligible for subsequent certification after the public health emergency has ended so long as the
303 business enterprise demonstrates that it satisfies section 2331.

304 “(c) Notwithstanding section 2361(d), a certificate of registration issued during a public
305 health emergency to a business enterprise shall expire 1 year after the date of approval of the
306 application if the business enterprise did not demonstrate its compliance with section 2331(2).”.

307 (n) Section 2363 (D.C. Official Code § 2-218.63) is amended as follows:

308 (1) Subsection (a) is amended as follows:

309 (A) Paragraph (3) is amended as follows:

310 (i) Subparagraph (B) is amended by striking the word “city” and
311 inserting the phrase “District government” in its place.

312 (ii) Subparagraph (C) is amended as follows:

313 (I) Sub-subparagraph (iii) is amended by striking the word
314 “Made” and inserting the phrase “Willfully made” in its place.

315 (II) Sub-subparagraph (iv) is amended to read as follows:

316 “(iv) Used a document that the person knows to contain a false
317 statement or entry; or”.

318 (III) A new sub-subparagraph (v) is added to read as
319 follows:

320 “(v) Willfully omitted a material fact in a submission to the
321 Department.”.

322 (iii) Subparagraph (H) is amended to read as follows:

323 “(H) Failed to operate and manage a certified joint venture in
324 accordance with section 2339; provided, that, if the joint venture demonstrates that the failure to
325 operate and manage the joint venture in accordance with the joint venture application was
326 necessary due to unforeseen business or operational issues, the failure shall not be a violation of
327 this act.”.

328 (ii) Subparagraph (I) is amended as follows:

329 (I) Strike the word “submits” and insert the word
330 “submitted” in its place.

331 (II) Strike the word “violates” and insert the word
332 “violated” in its place.

333 (iii) Subparagraph (J) is amended by striking the period at the end
334 and inserting the phrase “; or” in its place.

335 (B) A new paragraph (4) is added to read as follows:

336 “(4) A business enterprise:

337 “(A) Willfully obstructed or impeded, or attempted to obstruct or impede,
338 a District government official or employee investigating the qualifications of a business
339 enterprise that has requested certification; or

340 “(B) In any certified business enterprise matter administered under this
341 act:

342 “(i) Fraudulently obtained, attempted to obtain, or aided another
343 person in fraudulently obtaining or attempting to obtain, public moneys to which the person is
344 not entitled;

345 “(ii) Willfully falsified, concealed, or covered up a material fact by
346 any scheme or device;

347 “(iii) Willfully made a materially false statement or representation;

348 “(iv) Knowingly used a document that contains a false statement or
349 entry; or

350 “(v) Willfully omitted a material fact in a submission to the
351 Department.”.

352 (2) Subsection (b) is amended by striking the phrase “an individual or business”
353 and inserting the phrase “a person” in its place.

354 (3) Subsection (c) is amended as follows:

355 (A) The lead-in language is amended to read as follows:

356 “(c) If the Department determines, in accordance with procedures set forth in subsection
357 (g) of this section, that a person:”.

358 (B) Paragraph (1) is amended as follows:

359 (i) Strike the phrase “Department shall:” and insert the phrase
360 “Department shall, to the extent consistent with applicable law:” in its place.

361 (ii) Subparagraph (C) is amended as follows:

362 (I) Sub-subparagraph (i) is amended to read as follows:

363 “(i) Assess a civil penalty of not more than \$25,000 for the third
364 and any subsequent offense.”.

365 (II) Sub-subparagraph (ii) is repealed.

366 (iii) Subparagraph (C-1) is amended by striking the phrase

367 “Department shall assess” and insert the phrase “Department shall, to the extent consistent with
368 applicable law, assess” in its place.

369 (C) Paragraph (2) is amended to read as follows:

370 “(2) Has committed a violation of subsection (a)(2) or (a)(3) of this section and is
371 a certified business enterprise or certified joint venture, the Department shall suspend or revoke
372 its certification;”.

373 (D) Paragraph (3) is repealed.

374 (E) Paragraph (4) is amended to read as follows:

375 “(4) Has failed to use commercially reasonable best efforts to meet the subcontracting
376 requirements established in section 2346 of the Act, the Department, notwithstanding the

377 enforcement actions in paragraph (1) of this subsection, shall require a shortfall payment equal
378 the difference between the dollar volume the beneficiary or certified joint venture was required
379 to subcontract to certified business enterprises and the actual dollar volume subcontracted to
380 certified business enterprises. For the purposes of this paragraph, the term “commercially
381 reasonable best efforts” shall require that the beneficiary or certified joint venture take all actions
382 that a similarly situated beneficiary or certified joint venture would take to accomplish the goal;
383 provided, that the beneficiary or certified joint venture shall not be required to expend amounts
384 that are disproportionate to the benefit being obtained;”.

385 (F) Paragraph (5) is amended as follows:

386 (i) Strike the phrase “Department shall assess” and insert the
387 phrase “Department shall, to the extent consistent with applicable law, assess”

388 (i) Strike the period at the end and insert the phrase “; and” in its
389 place.

390 (G) A new paragraph (6) is added to read as follows:

391 “(6) Ceases to meet the requirements of a particular category of certification and
392 is a certified business enterprise, the Department may change the business enterprise’s certificate
393 of registration by removing the category of certification for which the business enterprise no
394 longer meets the requirements of certification; provided, that this paragraph shall not apply if a
395 certified business enterprise ceases to qualify as a local business enterprise.”.

396 (4) New subsections (d-1) and (d-2) are added to read as follows:

397 “(d-1) The Department may refer matters to the Office of Contracting and Procurement,
398 including matters involving agencies not subject to the Office of Contracting and Procurement’s
399 authority pursuant to section 201(b) of the Procurement Practices Reform Act of 2010, effective

400 April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-352.01(b)), for investigation. If the
401 Office of Contracting and Procurement through its hearing procedures determines that a
402 beneficiary, business enterprise, or certified joint venture has committed more than 2 violations
403 of subsection (a)(1) of this section, or any violations of subsections (a)(3) or (a)(4) of this
404 section, the beneficiary, business enterprise, or certified joint venture shall be:

405 “(1) Debarred from consideration of award of contracts or subcontracts with the
406 District government for a period of no more than 5 years; and

407 “(2) Deemed ineligible from consideration for government-assisted projects with
408 the District government for a period of no more than 5 years.

409 “(d-2) The Department may refer any suspected violation of this section to the Attorney
410 General for the District of Columbia, who may bring a civil action in the Superior Court of the
411 District of Columbia against any person, including the directors or officers of a business
412 enterprise, alleged to have committed the violation. A person alleged to have violated subsection
413 (a)(3) or (a)(4) of this section shall be subject to civil penalties of \$100,000, or triple the profit
414 earned by the person on all contracts awarded, whichever is greater.”.

415 (5) Subsection (e) is amended as follows:

416 (A) Paragraphs (1) through (3) are amended to read as follows:

417 “(1) Any person may file with the Department a formal or informal complaint
418 alleging a violation of this act. The Department shall maintain a hotline for the filing of informal
419 complaints.

420 “(2) The Department shall investigate each formal or informal complaint filed
421 with it, except as provided in paragraph (3) of this subsection.

422 “(3) The Department may dismiss a complaint without conducting an

423 investigation if the Department determines that the complaint is frivolous or otherwise without
424 merit. If the Department dismisses a formal complaint as frivolous or otherwise without merit,
425 the Department shall prepare a report documenting the following:

426 “(A) A statement detailing the formal complaint, including the name,
427 address, and telephone number of the person filing the complaint;

428 “(B) The name of the person or certified joint venture alleged to be in
429 violation of this act;

430 “(C) The facts and law considered in rendering the determination; and

431 “(D) Any other information considered in rendering the determination.”.

432 (B) Paragraph (4) is repealed.

433 (C) New paragraphs (5) and (6) are added to read as follows:

434 “(5) After the completion of an investigation conducted pursuant to this
435 subsection, the Department shall, as it deems appropriate, take any enforcement action available
436 under this act..

437 “(6) The Department shall maintain a record listing all formal complaints, which
438 shall contain the following information:

439 “(A) The name of the person alleged to be in violation of this act;

440 “(B) The date the formal complaint was made to the Department; and

441 “(C) A description of the formal complaint.”.

442 (6) Subsection (f) is repealed.

443 (7) Subsection (g) is amended to read as follows:

444 “(g)(1) Except as provided in paragraph (8) of this subsection, before issuing a civil
445 penalty to, or denying, suspending, changing, or revoking a certification of a business enterprise

446 or a certified joint venture, the Department shall issue a notice of determination to the person or
447 certified joint venture. The notice of determination shall describe the basis for the Department’s
448 determination; the proposed penalty, if any; and the process and timeline by which the person or
449 certified joint venture may request a hearing.

450 “(2) The person, or the certified representative if the notice of determination is
451 issued to a joint venture, may request a hearing before the Office of Administrative Hearings,
452 pursuant to paragraph (3) of this subsection, within 10 calendar days after receiving the notice. If
453 the person or certified joint venture does not request a hearing within that time, the civil penalty,
454 denial, suspension, change, or revocation shall become final.

455 “(3) If a hearing is requested, the Office of Administrative Hearings shall consider
456 the matter pursuant to section 19 of the Office of Administrative Hearings Establishment Act
457 of 2001, effective March 6, 2002 (D.C. Law 14-76; D.C. Official Code § 2-1831.16), and the
458 rules promulgated thereunder. The Department shall bear the burden of establishing the reason
459 for the civil penalty, change, denial, suspension, or revocation by a preponderance of the
460 evidence.

461 “(4) The decision of the Office of Administrative Hearings shall be the final
462 administrative decision for purpose of judicial review.

463 “(5) Notice of a final suspension or revocation of a certification shall be published
464 on the Department’s website.

465 “(6) A business enterprise or joint venture whose certification has been revoked
466 shall not be eligible to apply for a new certification from the Department until 36 months after
467 the date that the revocation became final.

468 “(7)(A) The Department may at any time, upon motion by a business enterprise or

469 joint venture whose certification has been suspended or revoked, remove the suspension or
470 reissue a certification, if the Department determines that it is in the District government's interest
471 to remove the suspension or reissue the certification before the end of the 36-month period and
472 such removal or reissuance does not endanger the health, safety, or welfare of the general public.

473 “(B) In determining whether to remove a suspension or reissuance a
474 certification, the Department shall consider in part whether the business enterprise or joint
475 venture submitted satisfactory proof that conditions within, or actions by, the business enterprise
476 or joint venture that led to the suspension or revocation have been corrected.

477 “(C) A business enterprise or joint venture whose certification is reissued
478 shall cease to be subject to the 36-month waiting period established in paragraph (6) of this
479 subsection.

480 “(8)(A) If, after an investigation, the Department determines that a business
481 enterprise or joint venture certified under this act has violated any provision of this act in such a
482 manner as to present an imminent danger to the health, safety, or welfare of any person or the
483 general public, and that a summary suspension is necessary and appropriate to respond to that
484 imminent danger, the Department may summarily suspend the certification of the business
485 enterprise or joint venture upon issuing the notice of determination described in paragraph (1) of
486 this subsection.

487 “(B) The notice of determination shall inform the business enterprise or
488 joint venture of the reason for the summary suspension and the right to request a hearing before
489 the Office of Administrative Hearings pursuant to paragraph (1) of this subsection.

490 “(C) If a business enterprise or joint venture timely requests a hearing on a
491 summary suspension, the Office of Administrative Hearings shall conduct the hearing within 14

492 days after receiving the request, unless the Office of Administrative Hearings and the business
493 enterprise or joint venture agree to a longer period of time, and shall issue a decision within 14
494 days after the record for the hearing closes.”.

495 (o) Section 2367 (D.C. Official Code § 2-218.67) is repealed.

496 (p) Section 2371 (D.C. Official Code § 2-218.71) is repealed.

497 (q) Section 2375(c)(2) (D.C. Official Code § 2-218.75(c)(2)) is amended by striking the
498 phrase “pursuant to section 2363(c)” and inserting the phrase “pursuant to section 2363(d-2)” in
499 its place.

500 Sec. 3. Section 3 of the District of Columbia Government Quick Payment Act of 1984,
501 effective March 15, 1985 (D.C. Law 5-164; D.C. Official Code 2-221.02), is amended as
502 follows:

503 (a) Subsection (d) is amended by adding a new paragraph (1A) to read as follows:

504 “(1A) A clause requiring a beneficiary performing work on a government-assisted
505 project for which a certified business enterprise (“CBE”) is utilized to meet the subcontracting
506 requirements pursuant to section 2346 of the Small and Certified Business Enterprise
507 Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C.
508 Official Code § 2-218.46), to submit an invoice to the District agency every 30 calendar days for
509 work by the CBE subcontractor that, in the beneficiary’s judgment, the subcontractor has
510 satisfactorily performed and properly invoiced, with the first invoice due to the District no later
511 than 35 calendar days after the certified business enterprise submits its initial invoice to the
512 beneficiary, unless the beneficiary’s contract with the District requires a different payment
513 timeline or deliverable;”.

514 (b) A new subsection (g) is added to read as follows:

515 “(g) The Mayor may impose a fine, or another penalty authorized by this act, on a
516 contractor, including a beneficiary, for failure to comply with a provision of this section or a
517 contract clause required by this section. The processes for determining the amount of the fine
518 and imposing the fine shall be established by the Mayor by rule issued pursuant to Title I of the
519 District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204;
520 D.C. Official Code § 2-501 *et seq.*)”.

521 Sec. 4. The Certified Business Enterprise Program Compliance and Enforcement Support
522 Temporary Amendment Act of 2025, effective August 16, 2025 (D.C. Law 26-25; 72 DCR
523 7536), is repealed.

524 Sec. 5. Fiscal impact statement.

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

528 Sec. 6. Effective date.

529 The act shall take effect following approval by the Mayor (or in the event of veto by the
530 Mayor, action by the Council to override the veto), a 30-day period of congressional review as
531 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
532 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
533 Columbia Register.

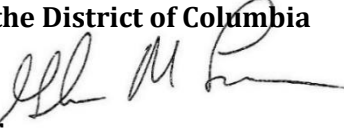
Government of the District of Columbia
Office of the Chief Financial Officer



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: February 17, 2026

SUBJECT: Fiscal Impact Statement – Supporting Local Business Enterprises
Emergency Amendment Act of 2026

REFERENCE: Draft Bill as provided to the Office of Revenue Analysis on February 12,
2026

Conclusion

Funds are sufficient in the fiscal year 2026 through fiscal year 2029 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. DSLBD also runs the Certified Business Enterprise (CBE) program. District-based businesses that meet specified criteria regarding ownership, size, and physical location can qualify as CBEs. Organizations certified as CBEs receive preference in District contracting or procurement actions.

The bill makes several changes to DSLBD's business enterprise certification programs and CBE program and would permanently modify the process to appeal a CBE determination or file a complaint. These changes are currently in effect on a temporary basis.¹ The bill repeals the existing

¹ These provisions are in effect on a temporary basis until March 29, 2026, via the Certified Business Enterprise Program Compliance and Enforcement Support Temporary Amendment Act of 2025, effective August 16, 2025 (D.C. Law 26-25; 72 DCR 7536).

The Honorable Phil Mendelson

FIS: "Supporting Local Business Enterprises Emergency Amendment Act of 2026," Draft Bill as provided to the Office of Revenue Analysis on February 12, 2026

temporary legislation in favor of this emergency bill and its accompanying temporary and permanent versions.

Within the CBE category, DSLBD also certifies businesses in several categories that qualify the business for additional priority in contracting actions (via point scoring or percentage reduction in price)², including Small Business Enterprises, Local Business Enterprises, Disadvantaged Business Enterprises, and Equity Impact Enterprises. The bill changes the definition for many of these additional subcategories and outlines how existing CBEs will be treated if they no longer meet the criteria for CBEs set out in the bill.

The bill expands the CBE designation (that applies to prime contractors or developers on government-assisted contracts) to include not-for-profit entities. Under current law, only for-profit entities qualify as CBEs. The bill also establishes the process for waiving certain CBE criteria during a public health emergency if its high-level employees (that would otherwise be required to be in their offices in the District) are restricted from working in the office.

In disposing of excess real property owned by the District, the Mayor may require that the developer contract with certified local business for equity investment in the project (an "equity sponsor"). The bill further defines equity sponsor for these purposes to include a small investor, disadvantaged investor, or certified equity participant. The bill prohibits the developer from charging fees to the equity sponsor that are unreasonably large relative to the equity investment, and it requires the Mayor to issue rules implementing this section.

Disadvantaged Business Enterprises must be local business enterprises that are more than 50 percent owned, operated, and controlled by socially and economically disadvantaged individuals. The bill redefines Disadvantaged Business Enterprises to be those held by individuals whose personal net worth is at or below the level qualifying for the federal Disadvantaged Business Enterprise program.

The bill revises the definition of Small Business Enterprises to match the federal definition of "small business concern" or have gross receipts below a certain level.

The bill revises the certification for Local Business Enterprises. Local Business Enterprises are those that are independently owned and operated and either 1) more than 50 percent owned and controlled by a District-based enterprise or not-for-profit business, or 2) owned by a non-district business enterprise that itself is more than 50 percent owned by District residents.

The bill eliminates the Living Wage Certification Program (the "Program") that was established to certify businesses that pay their employees a living wage³. These businesses could then advertise their designation as a living wage employer under the Program. The Program was never established or funded. The bill also repeals a reporting requirement.

The bill changes the hearing procedures for persons wishing to protest a DSLBD determination or penalty, removing a requirement that DSLBD hold an internal hearing before the applicant or entity can appeal to the Office of Administrative Hearings, and increases the civil penalty amounts for

² [Slide 1 \(dc.gov\)](#)

³ Living Wage Certification Grant Program Amendment Act of 2018, effective October 30, 2018 (D.C. Law 22-168; D.C. Official Code § 2-218.15).

The Honorable Phil Mendelson

FIS: "Supporting Local Business Enterprises Emergency Amendment Act of 2026," Draft Bill as provided to the Office of Revenue Analysis on February 12, 2026

entities that are found to have violated certain of the contracting and subcontracting requirements set out in the law. The bill also permits both formal and informal complaints and more explicitly lays out DSLBD's process after conducting an investigation of a formal complaint, including timeframes.

Finally, the bill eliminates the Volunteer Corps of Executives and Entrepreneurs, which was designed to provide mentoring and network opportunities to Certified Business Enterprises. The Volunteer Corps was never established.

Financial Plan Impact

Funds are sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. Costs related to changing these definitions were absorbed during the implementation of previous emergency and temporary legislation.⁴ Therefore, there is no additional cost associated with this emergency bill or its accompanying temporary and permanent versions. As the Living Wage Certification Program and the Volunteer Corps were never operational, their repeal has no impact on the budget and financial plan.

⁴ The Local Business Enterprise Clarification Emergency Amendment Act of 2022, effective April 25, 2022 through July 24, 2022 (D.C. Act 24-382; 69 DCR 4037), the Local Business Enterprise Clarification Emergency Amendment Act of 2023, effective February 27, 2023 through May 28, 2023 ([D.C. Act 25-37; 70 DCR 2984](#)) and the Local Business Enterprise Clarification Temporary Amendment Act of 2023, effective May 25, 2023 through Jan 5, 2024 (D.C. Act A25-55; 70 DCR 8446).

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



BRIAN L. SCHWALB
ATTORNEY GENERAL

LEGAL COUNSEL DIVISION

MEMORANDUM

TO: Tomás Talamante
Director
Office of Policy and Legislative Affairs

FROM: Adele El-Khoury
Deputy Attorney General
Legal Counsel Division

DATE: September 19, 2025

SUBJECT: Legal Sufficiency Review of Draft “Supporting Local Business Enterprises
Amendment Act of 2025”
(AE-24-247 B)

This is to Certify that this Office has reviewed the above-referenced draft legislation and found it to be legally sufficient. If you have any questions in this regard, please do not hesitate to call me at (202) 262-6402.

Adele El-Khoury

Adele El-Khoury