



MURIEL BOWSER
MAYOR

September 16, 2022

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 an enactment by the Council of the District of Columbia is legislation entitled the "Business Organization Clarification Act of 2022." This legislation will allow the Department of Consumer and Regulatory Affairs ("DCRA") to better serve its customers by streamlining and expediting the corporate filing process. The legislation also clarifies parts of Title 29 of the D.C. Code, codifies existing operational procedures, promotes compliance among filing entities, and provides greater protection for the general public.

Among the amendments made by the legislation are the following:

Streamlining Filings by Reducing Mail-In Applications: Electronic filing would become the default method of filing for all transactions with DCRA's Corporations Division. This change will have several benefits, including expediting turnaround times, eliminating human errors that occur when information from hard copies is inputted by staff, and decreasing the number of duplicate filings.

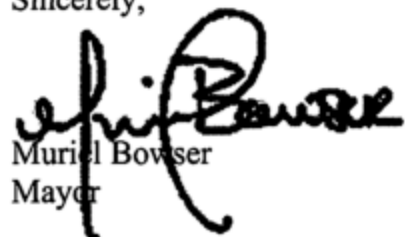
Clarifying Title 29 of the D.C. Code and Codifying Existing Procedures: Among other improvements, this legislation will codify the practice of electronically notifying entities at risk of being administratively dissolved. It will also clarify that a registered agent's address for service of process needs to be a physical address in the District, which is a key requirement for courts to take action. Additionally, it will amend language in the D.C. Code to restrict the participation of a minor in a business entity.

Promoting Compliance and Protecting Consumers: This legislation will standardize the use of corporate suffixes in entity names, which is an important consumer protection measure, as it will allow the public to more easily determine if they are dealing with a company or a sole proprietor. Additionally, the legislation will require the appropriate suffix to appear at the end of a company's name, which will help alleviate the confusion caused to the public when a suffix appears at the beginning or middle of an entity name (as is currently allowed).

Several amendments also address entity transactions, where filing evidence is requested from organization's home state to ensure that the organization is in full compliance with the laws and requirements of the state of domicile before being admitted into the District. The statute currently relies on self-declaration, which can be abused. While the requirement for proof of compliance in the home state does exist in regulations, this legislation will add the requirement to the D.C. Code.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser". The signature is stylized and cursive, with a large initial "M" and "B".

Muriel Bowser
Mayor



Chairman Phil Mendelson
at the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Chapters 1, 2, 3, 4, 6, 8, and 9 of Title 29 and Chapter 28 of Title 47 of the District of Columbia Official Code to clarify existing law and codify operating procedures for business organizations, such as streamlining filings by reducing mail-in applications, clarifying that a registered agent's address for service of process needs to be a physical address in the District while ensuring that a minor cannot participate in a business entity, standardizing the use of corporate suffixes in entity names, and codifying the proof of compliance in a home state with regards to entity transactions.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, that this act may be cited as the "Business Organization Amendment Act of 2022".

Sec. 2. Chapter 1 of Title 29 of the District of Columbia Official Code is amended as follows:

(a) Section 29-101.04(a) is amended to read as follows:

"(a) Except as otherwise provided in this title, permissible means of delivery of a record to the Mayor is limited to electronic transmission. Delivery of a record by hand, the United States Postal Service, or a commercial delivery service is only permissible with the prior approval of the Mayor."

(b) Section 29-102.01(5) is amended by adding the sentence "An individual signing an entity filing must be 18 years of age or older." at the end.

(c) Section 29-102.09 is amended by adding a new subsection (b-1) to read as follows:

"(b-1) An individual signing an entity filing must be 18 years of age or older."

35 (d) Section 29-102.10 is amended by striking the phrase “by § 29-106.02 or”.

36 (e) Section 29-102.11(a)(5) is amended to read as follows:

37 “(5) In the case of a registered foreign entity, a statement whether the entity is in
38 good standing in its state of formation.”.

39 (f) Section 29-102.11 is amended by adding a new subsection (f) to read as follows:

40 “(f) An individual signing a biennial report on behalf of an entity must be 18 years of age
41 or older.”.

42 (g) Section 29-103.02 is amended by adding new subsections (j) and (k) to read as
43 follows:

44 “(j) If subsections (a) through (i) of this subsection require a filing entity’s name to
45 contain a specific word, the specific word shall be the last word of the filing entity’s name.

46 “(k) A filing entity shall not include in its name more than one of the words or
47 abbreviations required by subsections (a) through (i) of this subsection.”.

48 (h) Section 29-104.03 is amended to read as follows:

49 “§ 29-104.03. Addresses in filings.

50 “If a provision of this subchapter other than § 29-104.10(a)(4) requires that a record state
51 an address, the record shall state a street address in the District.”.

52 (i) Section 29-104.05 is amended by adding a new subsection (a-1) t to read as follows:

53 “(a-1) “An individual signing a commercial registered agent listing statement must be 18
54 years of age or older;”.

55 (j) Section 29-104.06 is amended by adding a new subsection (e) to read as follows:

56 “(e) If a commercial registered agent is a filing entity and has been administratively
57 dissolved, or otherwise not in good standing, then the Mayor may cancel the listing of the
58 commercial registered agent.”.

59 (k) Section 29-104.10 is amended by adding a new subsection (f) to read as follows:

60 “(f) The Mayor may resign the registered agent on record if the information required by
61 D.C. Official Code § 29-104.04(a) is not current.”.

62 (l) Section 29-105.03 is amended as follows:

63 (1) The existing text is designated as subsection (a).

64 (2) A new subsection (b) is added to read as follows:

65 “(b) An individual signing a foreign registration statement must be 18 years of age or
66 older.”.

67 (m) Section 29-106.02 is amended as follows:

68 (1) Subsection (a) is amended by striking the phrase “serve the entity pursuant to
69 § 29–104.12 with notice in a record of the Mayor’s determination” and inserting the phrase
70 “deliver a notice of the Mayor’s determination to the entity’s registered agent on record” in its
71 place.

72 (2) Subsection (b) is amended to read as follows:

73 “(b) If a domestic filing entity, not later than 60 days after service of the notice required
74 by subsection (a) of this section does not cure each ground for dissolution or demonstrate to the
75 satisfaction of the Mayor that each ground determined by the Mayor does not exist, after the
76 expiration of the 60-day period, the Mayor shall dissolve the entity administratively. The Mayor
77 shall publish a notice of the dissolution, including the rationale for the dissolution, on an

78 appropriate website. The Mayor shall also deliver a notice of the dissolution, including the
79 rationale for the dissolution, to the domestic filing entity.”.

80 Sec. 3. Chapter 2 of Title 29 of the District of Columbia Official Code is amended as
81 follows:

82 (a) Section 29-202.05(4) is amended by striking the semicolon and inserting the phrase “,
83 which shall be evidenced by submission of a copy of the filing effectuating the approval certified
84 by the Secretary of State or authorized officer of the jurisdiction of formation and dated within
85 90 days of the date that it is submitted;” in its place.

86 (b) Section 29-204.05(b)(4) is amended by striking the semicolon and inserting the
87 phrase “, which shall be evidenced by submission of a copy of the filing effectuating the
88 approval certified by the Secretary of State or authorized officer of the jurisdiction of formation
89 and dated within 90 days of the date that it is submitted;” in its place.

90 (c) Section 29-205.05(b)(4) is amended by striking the semicolon and inserting the phrase
91 “which shall be evidenced by submission of a copy of the filing effectuating the approval
92 certified by the Secretary of State or authorized officer of the jurisdiction of formation and dated
93 within 90 days of the date that it is submitted;” in its place.

94 Sec. 4. Chapter 3 of Title 29 of the District of Columbia Official Code is amended as
95 follows:

96 (a) Section 29-302.01 is amended by adding the sentence “An incorporator of a
97 corporation must be 18 years of age or older.” at the end.

98 (b) Section 29-307.03(a)(3) is amended by inserting the sentence “The authorization shall
99 be evidenced by submission of a copy of the filing effectuating the authorization certified by the

100 Secretary of State or authorized officer of the jurisdiction of formation and dated within 90 days
101 of the date that it is submitted.” at the end.

102 (c) Section 29-309.06(a)(5) is amended by inserting the sentence “The authorization shall
103 be evidenced by submission of a copy of the filing effectuating the authorization certified by the
104 Secretary of State or authorized officer of the jurisdiction of formation and dated within 90 days
105 of the date that it is submitted.” at the end.

106 Sec. 5. Chapter 4 of Title 29 of the District of Columbia Official Code is amended as
107 follows:

108 (a) Section 29-402.01 is amended by adding the sentence, “An individual acting as an
109 incorporator must be 18 years of age or older.” at the end.

110 (b) Section 29-407.04(a)(3) is amended by striking the period and inserting the phrase
111 “which shall be evidenced by submission of a copy of the filing effectuating the approval
112 certified by the Secretary of State or authorized officer of the jurisdiction of formation and dated
113 90 days of the date that it is submitted.” in its place.

114 (c) Section 29-409.06(a)(5) is amended by striking the period and inserting the phrase
115 “which shall be evidenced by submission of a copy of the filing effectuating the approval
116 certified by the Secretary of State or authorized officer of the jurisdiction of formation and dated
117 90 days of the date that it is submitted;” in its place.

118 Sec. 6. Section 29-506 of Chapter 5 of Title 29 of the District of Columbia Official Code
119 is amended as follows:

120 (a) The existing text is designated as subsection (a)

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

122 “(b) An individual acting as an incorporator must be 18 years of age or older”.

123 Sec. 7. Chapter 6 of Title 29 of the District of Columbia Official Code is amended as
124 follows:

125 (a) Section 29-601.05 is amended as follows:

126 (1) Subsection (a) is amended by striking the phrase “by a partnership” and
127 inserting the phrase “by a limited liability partnership” in its place.

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

129 “(f) An individual executing a statement referred to in this section must be 18 years of
130 age or older.”.

131 (b) Section 29-610.01 is amended as follows:

132 (1) Subsection (c)(3) is amended to read as follows:

133 “(3) The registered agent information required by § 29-104.04;”.

134 (2) Subsection (d) is repealed.

135 (3) A new subsection (i) is added to read as follows:

136 “(i) An individual executing a statement of qualification, or an amendment or
137 cancellation of a statement of qualification, must be 18 years of age or older.”.

138 (c) Section 29-610.04 is amended as follows:

139 (1) Subsection (b) is amended by striking the phrase “serve the partnership with
140 notice” and inserting the word “deliver notice to the partnership” in its place.

141 (2) Subsection (c) is amended to read as follows:

142 “(c) If a limited liability partnership, not later than 60 days after service of the notice is
143 effected under subsection (b) of this section, does not cure or demonstrate to the satisfaction of
144 the Mayor the nonexistence of each ground determined by the Mayor, the Mayor shall
145 administratively revoke the statement of qualification and publish a notice of the revocation,

146 which shall include the rationale for the revocation, on an appropriate website. The Mayor shall
147 also deliver a notice of revocation, including the rationale for the dissolution, to the limited
148 liability partnership.”.

149 Sec. 8. Section 29-702.04 of Chapter 7 of Title 29 of the District of Columbia Official
150 Code is amended by adding a new subsection (d) to read as follows:

151 “(d) An individual signing a record delivered to the Mayor for filing pursuant to this
152 chapter must be 18 years of age or older.”.

153 Sec. 9. Chapter 8 of Title 29 of the District of Columbia Official Code is amended as
154 follows:

155 (a) Section 29-802.01 is amended as follows:

156 (1) Subsection (a) is amended by adding the sentence “An individual signing a
157 certificate of organization must be 18 years of age or older.” at the end.

158 (2) Subsection (b) is amended as follows:

159 (A) Paragraph (2) is amended by striking the word “; and” and inserting a
160 semicolon in its place.

161 (B) Paragraph (3) is amended by striking the period and inserting the
162 phrase “; and” in its place.

163 (C) A new paragraph (4) is added to read as follows:

164 “(4) A statement that at least one person has become a member of the limited
165 liability company.”.

166 (3) Subsection (d) is amended by striking the phrase “and at least one person
167 becomes a member”.

168 (c) Section 29-802.03 is amended by adding a new subsection (c) to read as follows:

169 “(c) An individual signing a record for filing pursuant to this chapter must be 18 years of
170 age or older.”.

171 (d) Section 29-802.06 is amended by adding a new subsection (s) to read as follows:

172 “(s) An individual acting as a registered agent for a limited liability company must be 18
173 years of age or older.”.

174 (e) Section 29-807.06(a) is amended by striking the word “dissolution” and inserting the
175 phrase “dissolution within 120 days of its effective date” in its place.

176 (f) Section 29-809.04(b)(6) is amended by striking the word “statute” and inserting the
177 phrase “statute, which shall be evidenced by submission of a copy of the filing effectuating the
178 approval certified by the Secretary of State or authorized officer of the jurisdiction of formation
179 and dated within 90 days of the date it is submitted;” in its place.

180 (g) Section 29-809.08(a)(6) is amended by striking the word “jurisdiction” and inserting
181 the phrase “jurisdiction, which shall be evidenced by submission of a copy of the filing
182 effectuating the approval certified by the Secretary of State or authorized officer of the
183 jurisdiction of formation and dated within 90 days of the date it is submitted; and” in its place.

184 Sec. 10. Chapter 9 of Title 29 of the District of Columbia Official Code is amended as
185 follows:

186 (a) Section 29-903 is amended to read as follows:

187 “§ 29-903. Incorporators.

188 “Any one or more persons may incorporate as an association in the District under this
189 chapter.”.

190 (b) Section 29-906(a) is amended by adding the sentence “The signers of the articles of
191 incorporation must be 18 years of age or older.” at the end.

192 (c) Section 29-936(a) is amended by striking the phrase “§ 29-105.03” and inserting the
193 phrase “§ 29-105.03 and comply with the other requirements in Chapter 1 of this title” in its
194 place.

195 Sec. 11. Section 29-1002.01 of Chapter 10 of Title 29 of the District of Columbia Official
196 Code is amended by adding a new paragraph (6) to read as follows:

197 “(6) An organizer, officer, or other person signing a record delivered to the Mayor
198 for filing pursuant to this chapter must be 18 years of age or older.”.

199 Sec. 12. Chapter 12 of Title 29 of the District of Columbia Official Code is amended as
200 follows:

201 (a) Section 29-1202.01(a) is amended by adding the sentence “An individual delivering a
202 certificate of trust for filing must be 18 years of age or older.” at the end.

203 (b) Section 29-1202.03 is amended by adding a new subsection (c) to read as follows:

204 “(c) “An individual signing a record for filing pursuant to this chapter must be 18 years of
205 age or older.”.

206 Sec. 13. Chapter 28 of Title 47 of the District of Columbia Official Code is amended as
207 follows:

208 (a) Section 47-2855.01(2) is repealed.

209 (b) Section 47-2855.02 is amended as follows.

210 (1) Section 47-2855.02(a) is amended by striking the word “Department” and
211 inserting the word “Mayor” in its place.

212 (2) A new subsection (e) is added to read as follows:

213 “(e) A trade name registration renewal application shall be filed every 2 years from the
214 registration date to renew the trade name according to the rules established by the Mayor.”.

215 (c) Section 47-2855.03 is amended as follows.

216 (1) Subsection (a) is amended by striking the word “Department” and inserting
217 the word “Mayor” in its place.”

218 (2) A new subsection (a-1) is added to read as follows:

219 “(a-1) Registered agent changes are governed by subchapter IV of Chapter 1 of Title
220 29.”.

221 (d) Section 47-2855.04(a) is amended by striking the word “renewals” and inserting the
222 phrase “trade name registration renewals” in its place.

223 (e) Section 47-2855.05 is amended by striking the word “Department” and inserting the
224 word “Mayor” in its place.

225 Sec. 14. Fiscal impact statement.

226 The Council adopts the fiscal impact statement in the committee report as the fiscal
227 impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,
228 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

229 Sec. 15. Effective date.

230 This act shall take effect following approval by the Mayor (or in the event of veto by the
231 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as
232 provided in section 602(c)(l) of the District of Columbia Home Rule Act, approved December
233 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(l)), and publication in the District of
234 Columbia Register.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Attorney General



Legal Counsel Division

MEMORANDUM

TO: Bryan Hum
Interim Director
Office of Policy and Legislative Affairs

FROM: Brian K. Flowers
Deputy Attorney General
Legal Counsel Division

DATE: July 19, 2022

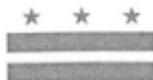
RE: Legal Sufficiency Certification of Draft Legislation, the "Business
Organization Clarification Act of 2022"
(AE-21-141 B)

This is to Certify that this Office has reviewed the above-referenced draft legislation and found it to be legally unobjectionable. If you have any questions, please do not hesitate to call me at 724-5524.

Brian K. Flowers

Brian K. Flowers


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



Fitzroy Lee
Interim Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Fitzroy Lee
Interim Chief Financial Officer 

DATE: September 2, 2021

SUBJECT: Fiscal Impact Statement – Business Organization Clarification Act of 2021

REFERENCE: Draft bill as provided to the Office of Revenue Analysis on July 23, 2021

Conclusion

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill.

Background

The bill amends laws governing the corporate entity registration process, which is managed by the Corporations Division of the Department of Consumer and Regulatory Affairs (DCRA). First, the bill makes electronic applications the default method for filings with DCRA. Second, the bill standardizes corporate suffixes to ensure that specific words in corporate names, such as "LLC", occur at the end of the name. Third, the bill makes many other clarifications, most of which codify existing procedures or fix inconsistencies in the D.C. Official Code, including:

- Requiring statements or articles of merger, conversion and domestication to include a certified copy of the merger documents from an entity's home state;
- Requiring registered agents to have a physical address in the District;
- Clarifying that a minor cannot participate in a business entity;
- Authorizing the Mayor to provide notice electronically when administratively dissolving a registered agent or filing entity;
- Requiring LLC filings to include a statement that at least one person has become a member of the LLC;
- Requiring LLCs that rescind their dissolution to do so within 120 days;

The Honorable Phil Mendelson

FIS: Bill 23-401, "Business Organization Clarification Act of 2021," Draft bill as provided to the Office of Revenue Analysis on July 23, 2021.

- Fixes inconsistency to clarify that a single person may incorporate in the District; and
- Codifying the existing practice that trade name renewals be filed every two years.

Financial Plan Impact

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill. Making electronic documents the default method for corporate filings does not have a cost and the Department of Consumer and Regulatory Affairs expects the change to streamline processes. The remaining changes either codify existing procedures, clarify existing law, or do not have a cost to implement.