

ENROLLED ORIGINAL

AN ACT

*Codification
District of
Columbia
Code
1999 Supp.*

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Chapter 28 of Title 47 of the District of Columbia Code to establish a simplified and unified overall business regulatory structure for the District of Columbia by: 1) requiring that all businesses of whatever nature operating in the District of Columbia be licensed, 2) providing for two business license classifications, 3) establishing a business license center within the Department of Consumer and Regulatory Affairs, 4) establishing reasonable fees for master licenses, endorsements, and all other licenses, 5) establishing procedures for issuance, expiration, reinstatement, and denial of licenses, 6) establishing a fund to be credited with all fees that are collected for the issuance of master licenses and endorsements, and 7) to repeal sections 47-2801 through 47-2805; to amend the Life Insurance Act and section 47-2608 of the District of Columbia Code to decrease the tax paid by insurance companies and associations from 2.25% to 1.7%; to establish a Health Regulation Reform Task Force to review the boards created by the District of Columbia Health Occupations Revision Act of 1985 and make recommendations to the Mayor and Council on the restructuring of the boards, simplifying the licensure process, and making administrative changes to improve the transition of health professional licensure to the Department of Health; to amend the following acts to abolish the respective boards, commissions, authorities, or task forces established by or pursuant to the acts: the Business Incubator Facilitation Act of 1985, the Commission on Youth Affairs Act of 1988, the District of Columbia Bicentennial Commission Act of 1987, the Task Force on Hunger Act of 1990, An Act To provide recognition for meritorious service by members of the police and fire departments of the District of Columbia, the District of Columbia Housing Authority Act of 1994, the Nuclear Weapons Freeze Act of 1982, the Prison Industries Act of 1996, the District of Columbia Public Postsecondary Education Reorganization Act, and the Education in Partnership with Technology Corporation Establishment Act of 1986; to abolish the following commissions, committees, advisory boards, or task forces established pursuant to Mayor's orders: the Cooperative Economic Development Commission, the Mayor's Advisory Council on District of Columbia General Hospital, the District of Columbia Community Advisory Board on the Deinstitutionalization of Forest Haven, the Drug Free Workplace Program Task Force,

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the Finance and Taxes Advisory Committee, the Food, Nutrition and Health Committee, the Historical Records Advisory Board, the Housing and Community Development Advisory Board, the Housing Production Trust Fund Advisory Board, the Commission on the Medical Examiner's Office, the Parole Advisory Board, the Mayor's Task Force on Parole, the Parole Advisory Committee, the Committee on Police Media Passes , the Mayor's Citizens Panel on Public Safety and Justice, the Mayor's Citizen Advisory Panel on Recreation and Parks, the Mayor's Advisory Committee on Resources and Budget, the Mayor's Schools and Hospitals Facilities Advisory Committee, the Mayor's Advisory Committee on Traffic Safety, the District of Columbia Academy of Travel and Tourism Advisory Board, the Weatherization of Low-Income Family Homes Board, the Mayor's Task Force on Welfare Reform, and the District of Columbia 50th Anniversary of World War II Commemoration Committee; to require that the establishment of any new commission be pursuant to legislative mandate; to amend the District of Columbia Health Occupations Revision Act of 1985, the Architect Licensure and Regulation Act of 1992, and the Barber and Cosmetology Revision Act of 1992 to allow the issuance of licenses by reciprocity or endorsement; to amend the District of Columbia Construction Codes Supplement and the BOCA National Building Code/1990, 11th Edition to reference the "Code Official" or "Director of the Department of Consumer and Regulatory Affairs" as opposed to the "Fire Chief"; to amend the Historic Landmark and Historic District Protection Act of 1978 to require the Review Board to schedule application hearings within 90 days, to require a decision to be made within 60 days after a hearing record is closed, to prohibit the acceptance of a subsequent application for a designation within 12 months of a denial of an application, and to provide that upon withdrawal of an application subsequent refilings are limited to 1 within 12 months of the withdrawal; to amend the Street and Alley Closing Acquisition Procedures Act of 1982 to allow the Council to close streets and alleys by resolution; to establish the Zoning Review Task Force to make recommendations to the Mayor and the Council concerning land use, zoning, and the administration and adjudication of zoning issues; to amend An Act To establish a code of law for the District of Columbia to require that every deed of trust or substitution of trustee offered for recordation contain the name and address of each party to the deed of trust or substitution of trustee and to establish procedures for the release of deeds of trust; to amend the District of Columbia Environmental Policy Act of 1989 to require that all solid waste facilities prepare an Environmental Impact Statement for the establishment of any new or substantial modification to an existing solid waste facility; to amend the Rental Housing Act of 1985 to allow for the eviction of a tenant where the tenant or a person occupying the premises has performed an illegal act within the premises; to amend Title 18 of the District of Columbia Municipal Regulations to extend the moratorium on parking for 5 additional years and to include 4 additional parking offenses in the moratorium; to repeal the Franchising Act of 1988; to amend Title 24 of the District of Columbia Municipal Regulations to regulate the number of vendors

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allowed to occupy a side of any block and to establish procedures for assigning vendors to locations in the central vending zone; to amend section 47-2834 of the District of Columbia Code to include a new class of vendor license to cover street photography and shoe shining; to establish a body of law regulating the formation of fraternal benefit societies; to repeal sections 749, 750, 751, 752, and 754 through 765 of the Life Insurance Act, the Juvenile Fraternal Act, and An Act To authorize fraternal and benevolent corporations heretofore created by special Act of Congress to divide and separate the insurance activities from the fraternal activities by an act of its supreme legislative body, subject to the approval of the Superintendent of Insurance of the District of Columbia; and to amend Title 28 of the District of Columbia Code to limit the Department of Consumer and Regulatory Affairs consumer protection jurisdiction to cases with amounts in controversy of \$2,500 or more and where a pattern or practice of abuse is shown, to allow the Department to appoint private attorneys to take action in the name of the District, to remove the time limitation for certain actions of the Director, to change the relief available to a consumer from treble damages to the greater of \$1,500 or treble damages, and to establish the Consumer Protection Education Fund.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Omnibus Regulatory Reform Amendment Act of 1998".

TITLE I. BUSINESS LICENSING

Sec. 101. Chapter 28 of Title 47 of the District of Columbia Code is amended as follows:

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

(1) The heading to the table of contents for subchapter I is amended to read as follows:

"Subchapter I. Specific Licensing Provisions."

(2) A new subchapter IA is added to read as follows:

"Subchapter IA. General Provisions.

"Sec.

"47-2851.1. Definitions.

"47-2851.2. License required.

"47-2851.3. Classes of license.

"47-2851.4. License application and fees.

"47-2851.5. Business license center.

"47-2851.6. Public information.

"47-2851.7. Issuance of licenses.

"47-2851.8. Master license application fees; renewal fees.

"47-2851.9. License expiration date.

"47-2851.10. Lapsed and reinstated licenses.

New
Subchapter
IA,
Chapter 28,
Title 47

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- "47-2851.11. Denial of master license.
- "47-2851.12. Additional licenses.
- "47-2851.13. Establishment of Master License Fund; disposition of licensing fees.
- "47-2851.14. Certain professional licenses exempt.
- "47-2851.15. Existing licenses or permits.
- "47-2851.16. Third-party inspections.
- "47-2851.17. Performance audit."

(b) A new subchapter IA is added to read as follows:

"Subchapter IA. General Provisions.

"§ 47-2851.1. Definitions.

"For the purposes of this subchapter, the term:

"(1) "Business" means any trade, profession, or activity which provides, or holds itself out to provide, goods or services to the general public or to any portion of the general public and which pays, or is subject to the payment of, taxes on earnings, or fees in lieu of taxes, to the District of Columbia, or which qualifies for tax-exempt status under District law.

New Section
47-2851.1

"(2) "Business License Center" means the business registration and licensing center established by this subchapter and located in and under the administrative control of the Department of Consumer and Regulatory Affairs.

"(3) "Department" means the Department of Consumer and Regulatory Affairs.

"(4) "Director" means the Director of the Department of Consumer and Regulatory Affairs.

"(5) "License" means the whole or part of any agency permit, license, certificate, approval, registration, charter, or any form or permission required by law, including agency rule, to engage in any activity.

"(6) "Master application" means a document incorporating pertinent data from existing applications for licenses covered under this subchapter.

"(7) "Master license" means the single document designed for public display issued by the business license center that certifies District agency license approval and that incorporates the endorsements for individual licenses included in the master license system, that the District requires for any person subject to this subchapter.

"(8) "Person" means any individual, sole proprietorship, partnership, association, cooperative, corporation, nonprofit organization, and any other organization required to register with the District to do business in the District and to obtain one or more licenses from the District or any of its agencies.

"(9) "Regulation" means any licensing or other governmental or statutory requirements pertaining to business or professional activities.

"(10) "Regulatory agency" means any District agency, board, commission, or division which regulates one or more professions, occupations, industries, businesses, or activities.

"(11) "Renewal application" means a document used to collect pertinent data for

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renewal of licenses covered under this subchapter.

"(12) "System" means the mechanism by which master licenses are issued and renewed, license and regulatory information is disseminated, and account data is exchanged by the agencies.

"§ 47-2851.2. License required.

"(a) No person shall engage in or carry on any business in the District of Columbia without having first obtained a master license and any necessary endorsements in accordance with this subchapter; provided, however, that no license shall be required of:

**New Section
47-2851.2**

"(1) A person who does not maintain a business address in the District of Columbia and who engages in business only in affiliation with a licensed business providing the same or similar services; or

"(2) A person who earns no more than \$2,000 in business income in any calendar year.

"(b) Each license shall specify the particular business or businesses the licensee is authorized to operate, as defined by District law or regulation, and no licensee shall be permitted to engage in activities outside the scope of the license.

"(c) A license shall be required for each business location.

"(d) No person issued a license under this subchapter shall willfully allow any other person required to obtain a separate license to operate under his or her license.

"(e) Licenses granted under this subchapter may be assigned or transferred upon approval by the Department and payment of the applicable fee.

" § 47-2851.3. Classes of license.

"(a) All licenses issued in accordance with this subchapter shall be either Class A or Class B licenses.

**New Section
47-2851.3**

"(1) Businesses licensed as Class A shall be subject to inspection by the District government and may be fined, suspended, or closed for failure to pass each inspection.

"(2) Businesses licensed as Class B shall not require inspection in accordance with this or any other District law.

"(b) Businesses, including those operating in the following areas must obtain Class A licenses:

"(1) Housing, both transient and residential;

"(2) Entertainment;

"(3) Manufacturing;

"(4) Hospitals and other facilities that care for the ill, the elderly, the mentally retarded, or other vulnerable persons;

"(5) Food establishments, both wholesale and retail;

"(6) Suppliers of fuels, solvents, and other hazardous materials;

"(7) Motor vehicle sales, services, and repair facilities;

"(8) Alcohol sales, both wholesale and retail;

"(9) Supermarkets and grocers; and

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"(10) Daycare centers.

"(c) Any business, not required to obtain Class A licenses, whether or not defined in any District statute or regulation, must obtain a Class B license.

"(d) The Department shall maintain and periodically update a roster of all licensed businesses, indicating whether they are Class A or Class B licensees.

"(e) Each licensed business shall have a unique identifying number that shall be used for all official purposes, including taxation.

"§ 47-2851.4. License application and fees.

"(a) Any person requiring a license in accordance with this subchapter shall file an application for a master license with the business license center, as provided in this section, and shall pay the required fee or fees.

**New Section
47-2851.4**

"(b) Printed license application forms shall be made available by the business license center as well as electronic forms, which may be downloaded by computer.

"(c)(1) Except for such fees as are established by this subchapter, the Director shall by regulation establish fees for the issuance, reissuance, and transfer or reinstatement of all business licenses and endorsements, provided, however, that any fee required by any law or regulation in force as of the effective date of this subchapter shall remain in effect until changed in accordance with this section.

"(2) The fees established pursuant to paragraph (1) of this subsection may vary according to the class of license and the particular kind of business being licensed and shall be reasonably related to the cost to the District of investigating, inspecting, and issuing the licenses.

"(d)(1) All fees collected pursuant to this section shall be deposited in a special account and used only to defray the costs of licensing and license enforcement, including salaries, staff training, equipment, records, and computers.

"(2) The Department shall not spend more for issuing and enforcing the provisions of this subchapter than has been collected through license fees, except that surplus funds or deficits occurring in any fiscal year may be carried forward for not more than 3 fiscal years.

"§ 47-2851.5. Business license center.

"(a) There is created the Business License Center ("Center") within the Department of Consumer and Regulatory Affairs .

**New Section
47-2851.5**

"(b) The duties of the Center shall include the following:

"(1) Developing and administering a computerized "one-stop" master license system capable of storing, retrieving, and exchanging license information with due regard to privacy statutes, as well as issuing and renewing master licenses in an efficient manner;

"(2) Creating a license information service that shall provide to any member of the public, upon request, printed or electronic information detailing requirements to establish or engage in business in the District, including a list of all information, approvals, documents , and payments required for each and every license issued by the District government;

"(3) Providing for staggered master license renewal, as set forth in § 47-2851.9;

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"(4) Identifying types of licenses appropriate for inclusion in the master license system;

"(5) Recommending, in reports to the Mayor and the Council, the elimination, consolidation, or other modification of duplicative, ineffective, or inefficient licensing or inspection requirements; and

"(6) Incorporating licenses into the master license system.

"(c) The Director shall establish the position of Deputy Director of the Department who shall be responsible for the operation of the Center.

"(d) The Director shall promulgate such regulations as may be necessary to effectuate the purposes of this subchapter.

"§ 47-2851.6. Public information.

"(a)(1) The Center shall compile information regarding the regulatory programs associated with each of the licenses obtainable under the master license system.

**New Section
47-2851.6**

"(2) This information shall include a listing of all laws and administrative rules that require the issuance of licenses.

"(b)(1) The Center shall provide the information required by this section to any person requesting it.

"(2) Materials used by the Center to describe the services provided by the Center shall indicate that this information is available upon request.

"§ 47-2851.7. Issuance of licenses.

"(a) Any person who is required to obtain a license that has been incorporated into the system shall submit a master application to the Center requesting the issuance of the license. The master application form shall contain, in consolidated form, all information necessary for the issuance of licenses.

**New Section
47-2851.7**

"(b) The applicant shall include with the application the sum of all fees and deposits required for the master license and any necessary or requested individual license endorsements.

"(c)(1) Irrespective of any authority delegated to the Center to implement the provisions of this subchapter, the authority for determining eligibility and fitness for the issuance and renewal of any requested license that requires a pre-licensing or renewal investigation, inspection, testing, or other judgmental review by the regulatory agency legally authorized to make such determination shall remain with that agency.

"(2) The Center shall have the authority to issue, without endorsement, a Class B license for which the proper fee payment and a completed application form has been received and for which no pre-licensing or renewal approval action is required by any regulatory agency.

"(d)(1) Upon receipt of the application and proper fee payment for any license for which issuance is subject to regulatory agency action under subsection (c) of this section, the Center shall immediately notify the relevant regulatory agency of the license requested by the applicant.

"(2) Each regulatory agency shall advise the Center within 30 days after receiving the notice, or such other period as is established by law the following:

"(A) That the agency approves the issuance of the requested license and

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will advise the applicant of any specific conditions required for issuing the license;

"(B) That the agency denies the issuance of the license and gives the applicant reasons for the denial; or

"(C) That no action has been taken on the application and the Department shall provide good and sufficient reasons for the delay and an estimate of when the action will be taken.

"(e)(1) The Center shall issue a master license endorsed for all the approved licenses to the applicant and advise the applicant of the status of other requested licenses.

"(2) It is the responsibility of the applicant to contest the decision regarding conditions imposed or licenses denied through the normal process established by statute or by regulation.

"(f) Regulatory agencies shall be provided information from the master application for their licensing and regulatory functions.

"§ 47-2851.8. Master license application fees; renewal fees.

"(a)(1) The Center shall collect a fee of \$25 for each master license it issues, plus \$5 for each endorsement added to the master license.

**New Section
47-2851.8**

"(2) The entire master application fee shall be deposited in the Master License Fund established by § 47-2851.13.

"(b)(1) The Center shall collect a fee of \$15 on each renewal license it issues, plus \$5 for each endorsement.

"(2) The entire application renewal fee shall be deposited in the Master License Fund established by 47-2851.13.

"§ 47-2851.9. License expiration date.

"(a)(1) The Center shall assign an expiration date for each master license. All renewable licenses endorsed on that master license shall expire on that date.

**New Section
47-2851.9**

"(2) Notwithstanding any other provision of law, every license issued in accordance with this subchapter shall be valid for 2 years from the date of issue, unless earlier revoked or voluntarily relinquished, and licenses shall be issued on a staggered basis, using as the renewal date the date of incorporation, if the business is incorporated, the date of organization, if the business is unincorporated, or the birth date of the principal if the business is a sole proprietorship.

"(3) Valid licenses that for any reason expire on a date other than a date determined in accordance with paragraph (2) of this subsection shall be extended automatically until the next anniversary of the date determined in accordance with paragraph (2) of this subsection.

"(b) All renewable licenses endorsed on a master license shall be renewed by the Center under conditions originally imposed unless a regulatory agency advises the Center of conditions or denials to be imposed before the endorsement is renewed.

"§ 47-2851.10. Lapsed and reinstated licenses.

"(a) The Department shall send notice of impending license expiration, an application

**New Section
47-2851.10**

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for renewal, and a statement of the applicable renewal fee to each licensee not less than 30 days prior to the expiration date at the address shown on the current license, unless the licensee has notified the Department in writing of an address change, in which case the Department shall notify the licensee at the new address.

"(b) A license that has not been revoked, suspended, or voluntarily relinquished shall not lapse at the end of 2 years unless the District government has mailed timely notice of the expiration date and an application for renewal, and the licensee has either failed to file the renewal application or failed to pay the required renewal fee. A license shall continue in force until 30 days from the date notice of expiration and the application for renewal has been mailed to the licensee or 6 months from the expiration date, whichever shall occur first. If the licensee fails to notify the Department of a change of address of the business, the license shall lapse on the expiration date.

"(c)(1) Any licensee whose license has lapsed under this section may apply for renewal at any time within 6 months of the lapse, and shall be reinstated upon the payment of a fine of \$150, in addition to all other applicable fees, plus whatever additional fines or fees are provided by law.

"(2) A licensee whose license has been expired for more than 6 months shall be treated as a new applicant and not as an applicant for renewal.

"(d) Any person who has obtained a license or renewed a license under false pretenses, including paying fees with a bad check, stating falsely that corporate status is current, or stating falsely that all taxes owed the District have been paid, shall be notified immediately of the problem and given 30 days from the date of notice to provide proof of having cured the problem. If the problem has not been corrected 30 days from the date of notification, the license shall be revoked and may only be reinstated upon proof of correction and payment of a \$500 fine in addition to any other fees and fines required by this subchapter and all other relevant District laws and regulations.

"§ 47-2851.11. Denial of master license.

"(a) The Center shall not issue or renew a master license to any person or business entity if:

New Section
47-2851.11

"(1) The person or business does not have a valid tax registration or Certificate of Occupancy, if required;

"(2) The person or business is delinquent in taxes, periodic report fees, or penalties owing to the District, or is not validly registered in accordance with District law; the Department of Finance and Revenue shall cooperate with the business license center to determine if such taxes, fees, or penalties are owing;

"(3) The person or business has been denied any of the necessary endorsements for the type of business for which licensing is sought; or

"(4) The person or business has not submitted the sum of all fees and deposits required for the requested individual license endorsements, any outstanding master license delinquency fee, or other fees and penalties to be collected through the system.

"(b) Nothing in this section shall prevent registration by the District of an employer for

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the purpose of paying an employee workers' compensation insurance or unemployment insurance benefits.

"§ 47-2851.12. Additional licenses.

**New Section
47-2851.12**

In addition to the licenses processed under the master license system that were required prior to the effective date of this subchapter, use of the master license system shall be expanded as needed for the processing of additional licenses as provided by District law.

"§ 47-2851.13. Establishment of Master License Fund; disposition of licensing fees.

**New Section
47-2851.13**

"(a) There is established the Master License Fund ("Fund") which shall be classified as a propriety fund and a type of enterprise fund for the purposes of § 47-373(1). The Fund shall be credited with all fees that are identified in subsection (b) of this section.

"(b) All fees collected for the issuance of a master license and endorsements, including renewals and fines, shall be deposited in the Fund by the Treasurer of the District of Columbia. The entire cost of the master licensing system shall be paid from the Fund and no other appropriated funds may be used for that purpose.

"(c) Revenue credited to the Fund shall be expended by the Department as designated by an appropriations act of Congress, for the purposes of maintaining and upgrading the master licensing system, including copying fees, automation upgrades, personnel costs, and supplies.

"§ 47-2851.14. Certain professional licenses exempt.

**New Section
47-2851.14**

"The provisions of this subchapter regarding the processing of license applications and renewals under a master license system shall not apply to those businesses or professional activities that are licensed and regulated by an entity other than the District government or are currently regulated and licensed by an agency of the District government, other than the Department.

"§ 47-2851.15. Existing licenses or permits.

**New Section
47-2851.15**

"(a) A license or permit issued by the District which is valid on the effective date of this subchapter need not be registered under the master license system until the renewal or expiration date of that license or permit under the law in effect prior to the effective date of this subchapter, unless it has been otherwise revoked or suspended.

"(b) Upon the renewal date of the above-referenced license or permit, the applicant shall receive a renewal date in accordance with § 47-2851.9.

"§ 47-2851.16. Third-party inspections.

**New Section
47-2851.16**

"The Director shall conduct a study on the feasibility of allowing certain businesses the option of obtaining inspections for a fee by either a nationally recognized and accredited organization or individual approved by the Department.

"§ 47-2851.17. Performance audit.

**New Section
47-2851.17**

"The Auditor of the District of Columbia shall conduct a performance audit of the master licensing program and report to the Council not later than 5 years after the effective date of this subchapter. At a minimum, this study should include an examination of the program cost and effectiveness."

(c) Sections 47-2801 through 47-2805 of the District of Columbia Code are repealed.

**Sections
47-2801 -**

TITLE II. INSURANCE PREMIUM TAX.

Sec. 201. Section 650 of the Life Insurance Act, approved March 3, 1901 (31 Stat. 1291; D.C. Code § 35-105), is amended to read as follows:

Section
35-105

"Sec. 650. Required annual statement of business; tax payments; annuities exemption.

"(a) Every insurance company and association doing business in the District of Columbia shall, through its local agents or representatives, furnish to the Commissioner, during the month of January of each year, a statement of its business in the District, setting forth specifically the net amount of its premium receipts, the amount of losses paid, the amount of expenses incurred, respecting the business done in the District during the calendar year next preceding, and the Commissioner shall preserve a separate record of the same in his office for convenient reference, showing the ratio of such losses and expenses, respectively, to the premium receipts.

"(b) Every insurance company or association of whatever kind or character, not including fraternal beneficiary associations and nonprofit hospital and medical service corporations, shall, as required by law, pay to the Director of the Department of Finance and Revenue, or to a depository designated by the Director, in lieu of all other taxes, except taxes upon real estate and any license fees provided for in section 5 of the Insurance Agents and Brokers Licensing Revision Act of 1996, effective April 9, 1997 (D.C. Law 11-227; D.C. Code § 35-1324), an amount equal to the following:

"(1)(A) One and seven tenths percent of the gross amount of premiums received during the preceding calendar year by every life insurance company or association, not including fraternal beneficiary associations, or the gross payments or deposits collected from holders of fraternal beneficiary association certificates, on contracts of insurance covering risks resident in the District during the preceding year, including contracts for group insurance and annuities and without including or deducting any amounts received or paid for reinsurance.

"(B) In determining the gross amount of premiums to be taxed, there shall be excluded all premiums received from policies or contracts issued in connection with a pension, annuity, profit-sharing plan or individual retirement annuity qualified or exempt under sections 401, 403, 404, 408, or 501(a) of the Internal Revenue Code, or successor provisions, and all premiums returned to policyholders or annuitants during the preceding calendar year, except cash surrender values, all dividends that, during the year, have been paid in cash or applied in reduction of premiums or left to accumulate to the credit of policyholders or annuitants.

"(C) In determining the gross amount of premiums to be taxed, there shall be excluded all consideration received in connection with an annuity contract whether or not such contract is qualified or exempt under the Internal Revenue Code, and all premiums returned to policyholders or annuitants during the preceding calendar year, except cash surrender values, and all dividends that, during said year, have been paid in cash or applied in reduction of premiums or left to accumulate to the credit of policyholders or annuitants.

"(2) One and seven tenths percent of the gross amount of premiums, assessments, and fees received during the preceding calendar year by every company or

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association other than life on contracts of insurance other than life for business done in the District, after deducting the amount returned upon canceled policies, certificates, and rejected applications.

"(3) Except as provided in paragraph (4) of this subsection, the premium tax shall be paid on or before March 1 of the year following the calendar year for which the tax is due. The Commissioner may suspend or revoke the license of a company or association that fails to pay premium tax on or before the due date.

"(4) Each insurance company and association transacting business in the District whose District premium tax liability for the preceding calendar year was \$1,000 or more shall remit on or before June 1, on a prepayment basis, an amount equal to one-half of the premium tax liability for the preceding calendar year. The sums prepaid by a company or association under this subsection shall be allowed as credits against its premium tax liability for the calendar year during which the payments are made. If a prepayment made under this subsection exceeds the annual premium tax liability, the excess shall be allowed as a credit against subsequent prepayment or tax liabilities. The Commissioner may suspend or revoke the license of a company or association that fails to make a prepayment on or before the due date.

"(c) Notwithstanding section 105, a hospital service corporation, medical service corporation, pharmaceutical service corporation, optometric service corporation and any other health service corporation shall pay as taxes to the director of the Department of Finance and Revenue an amount equal to 1% of the gross amount of payments received during the preceding calendar year for subscriber contracts covering residents in the District after deducting the amounts returned to subscribers upon canceled subscriber contracts and rejected applications.

"(d) The Commissioner shall determine whether or not the tax remitted is correct. If the tax remitted is not sufficient, the Commissioner shall notify the delinquent company of the amount of such delinquency and certify the amount thereof to the Department of Finance and Revenue which shall proceed to collect such delinquency.

"(e) An insurer may offset an assessment made pursuant to section 7 of the Life and Health Insurance Guaranty Association Act of 1992, effective July 22, 1992 (D.C. Law 9-129; D.C. Code § 35-1946) ("Life and Health Insurance Guaranty Association Act"), against its premium tax liability pursuant to section 11 of the Life and Health Insurance Guaranty Association Act to the extent of 10% of the amount of the assessment for each of the 10 calendar years following the year in which the assessment was paid. If an insurer ceases doing business, all uncredited assessments may be credited against its premium tax liability for the year it ceases doing business.

"(f)(1) When by the laws of any other jurisdiction a premium or income or other taxes, or fees, fines, penalties, licenses, deposit requirement, or other obligations, prohibitions or restrictions are imposed upon District domestic insurance companies doing business in the other jurisdiction, or upon the agents of District companies, which in the aggregate are in excess of the aggregate of the taxes, fees, fines, penalties, licenses, deposit requirements or other obligations, prohibitions or restrictions directly imposed upon insurance companies of the other jurisdiction

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under the statutes of the District, the same obligations, prohibitions or restrictions for whatever kind are in the same manner and for the same purpose imposed upon insurance companies of the other jurisdiction doing business in the District.

"(2) Insurance premium taxes paid which were not paid under protest shall not be refunded if the refund claim is based upon an alleged error or mistake of law or erroneous interpretation of statute regarding the validity or legality of this section under the laws or constitution of the United States.

"(3) For the purpose of this section, an alien insurer is deemed domiciled in a United States jurisdiction designated by it wherein it has established its principal office or agency in the United States, maintains the largest amount of its assets held in trust or on deposit for the security of its policyholders or policyholders and creditors in the United States, or in which it was admitted to do business in the United States.

"(4) This section does not apply to ad valorem taxes on real or personal property or to personal income taxes."

Sec. 202. Section 47-2608(a)(1) of the District of Columbia Code is amended by striking the phrase "2.25%" and inserting the phrase "1.7%" in its place.

**Section
47-2608**

Sec. 203. Applicability.

The provisions of this title shall be applicable to premiums received during the calendar year beginning January 1, 1998, and subsequent years.

**Note, Sections
35-105,
47-2608**

TITLE III. HEALTH REGULATION REFORM TASK FORCE.

Sec. 301. There is established a Health Regulation Reform Task Force ("Health Task Force") in the District which shall consist of 11 members as follows:

**Note, Section
2-3301.1**

(1) There shall be 4 ex-officio members who each may designate a representative to perform the member's responsibilities under this act as follows:

- (A) The Mayor of the District of Columbia;
- (B) The Chairman of the Council of the District of Columbia;
- (C) The Director of the Department of Consumer and Regulatory Affairs;

and

- (D) The Director of the Department of Health.

(2) There shall be 7 public members, including the chairperson of the Health Task Force, each of whom shall be appointed by the Mayor with the advice and consent of the Council. The public members shall include representation as follows:

- (A) One member shall be a physician licensed by the District;
- (B) One member shall be a dentist licensed by the District;
- (C) One member shall be a nurse licensed by the District;
- (D) One member shall be a mental health professional licensed by the

District;

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(E) One member shall be a social worker licensed by the District;

(F) One member shall be a physical therapist, occupational therapist, or recreation therapist licensed by the District; and

(G) One member shall be a consumer who resides in the District.

(3) Members of the Health Task Force shall be appointed by the Mayor within 60 days of the effective date of the Omnibus Regulatory Reform Amendment Act of 1998. A vacancy on the Health Task Force shall be filled in the same manner as the original appointment.

(4) The Health Task Force shall meet at the call of the chairperson, who shall convene the first meeting of the Health Task Force no later than 15 days after all appointments have been made.

(5) The majority of the members of the Health Task Force shall constitute a quorum. An audio or written transcript shall be kept for all meetings at which a vote is taken.

(6) Members of the Health Task Force shall not be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties and shall not be compensated for time expended in the performance of official duties.

(7) The Health Task Force shall cease to exist 60 days after the report required by section 302 is submitted to the Mayor and the Council.

Sec. 302. Duties of the Health Task Force.

(a) Within 180 days from the date of the first meeting of its members, the Health Task Force shall submit a written report to the Mayor and the Council which includes the following:

(1) A review of the boards created by the District of Columbia Health Occupations Revision Act of 1985, effective March 25, 1996 (D.C. Law 6-99; D.C. Code § 2-3301.1 *et seq.*);

(2) Recommendations to restructure and consolidate those boards, including information on the composition of any new boards;

(3) Recommendations to simplify the licensure process;

(4) Recommendations for administrative changes to improve the transition of health professional licensure from the Department of Consumer and Regulatory Affairs to the Department of Health; and

(5) Draft proposed legislation to facilitate the changes recommended in paragraphs (2), (3), and (4) of this subsection.

(b) The Chairman of the Council, upon request of the Health Task Force, shall introduce in the Council proposed legislation which the Health Task Force determines to be necessary to further the purposes of this title.

TITLE IV. BOARDS AND COMMISSIONS.

Sec. 401. Abolishment of Boards and Commissions.

(a) Sections 12, 13, and 15 of the Business Incubator Facilitation Act of 1985, effective December 12, 1985 (D.C. Law 6-71; D.C. Code §§1-2241, 1-2242, and 1-2243), are repealed.

(b) The Commission on Youth Affairs Act of 1988, effective March 16, 1989 (D.C. Law

**Sections
1-2241,
1-2242,**

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- 7-227; D.C. Code § 1-2621 *et seq.*), is repealed. 1-2243
- (c) The District of Columbia Bicentennial Commission Act of 1987, effective July 25, 1987 (D.C. Law 7-12; D.C. Code § 2-3501 *et seq.*), is repealed. 1-2621 -
1-2629
- (d) The Task Force on Hunger Act of 1990, effective March 6, 1991 (D.C. Law 8-201; D.C. Code § 2-3701 *et seq.*), is repealed. 2-3501 -
2-3506
- (e) Section 2 of An Act To provide recognition for meritorious service by members of the police and fire departments of the District of Columbia, approved March 4, 1929 (45 Stat. 1556; D.C. Code § 4-702), is repealed. 2-3701 -
2-3706

4-702
- (f) Section 8 of the District of Columbia Housing Authority Act of 1994, effective March 21, 1995 (D.C. Law 10-243; D.C. Code § 5-126), is repealed.
- (g) Sections 3 and 4 of the Nuclear Weapons Freeze Act of 1982, effective March 17, 1983 (D.C. Law 4-210; D.C. Code §§ 6-1512 and 6-1513), are repealed. 5-126
- (h) Section 8 of the Prison Industries Act of 1996, effective May 8, 1996 (D.C. Law 11-117; D.C. Code § 24-458.7), is repealed. 6-1512,
6-1513
- (i) Section 202 of the District of Columbia Public Postsecondary Education Reorganization Act, effective November 1, 1975 (D.C. Law 1-36; D.C. Code § 31-1512), is repealed. 24-458.7
- (j) The Education in Partnership with Technology Corporation Establishment Act of 1986, effective February 24, 1987 (D.C. Law 6-170; D.C. Code § 31-2501 *et seq.*), is repealed. 31-1512
- (k) The Cooperative Economic Development Commission, established by Mayor's Order 80-168, issued May 29, 1980 (27 DCR 2596), is abolished. 31-2501 -
31-2512
- (l) The Mayor's Advisory Council on District of Columbia General Hospital, established by Mayor's Order 95-24, issued on January 25, 1995 (42 DCR 673) is abolished.
- (m) The District of Columbia Community Advisory Board on the Deinstitutionalization of Forest Haven, established by Mayor's Order 86-177, issued on October 1, 1986 (33 DCR 6963), is abolished.
- (n) The Drug Free Workplace Program Task Force, established by Mayor's Order 93-47, issued April 22, 1993 (40 DCR 3177), is abolished.
- (o) The Finance and Taxes Advisory Committee, established by Mayor's Order 92-1, issued January 6, 1992 (39 DCR 396), is abolished.
- (p) The Food, Nutrition and Health Committee, established by Mayor's Order 83-249, issued October 14, 1983 (30 DCR 5566), is abolished.
- (q) The Historical Records Advisory Board, established by Mayor's Order 84-35, issued February 10, 1984 (31 DCR 799), is abolished.
- (r) The Housing and Community Development Advisory Board, established by Mayor's Order 95-126, issued October 27, 1995 (42 DCR 6160), is abolished.
- (s) The Housing Production Trust Fund Advisory Board, established by Mayor's Order 90-39, issued March 5, 1990 (37 DCR 1773), is abolished.
- (t) The Commission on the Medical Examiner's Office, established by Mayor's Order 89-62, issued March 28, 1989 (36 DCR 2426), is abolished.

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- (u) The Parole Advisory Board is abolished.
- (v) The Mayor's Task Force on Parole, established by Mayor's Order 96-34, issued on March 11, 1996, as amended (43 DCR 1477), is abolished.
- (w) The Parole Advisory Committee is abolished.
- (x) The Committee on Police Media Passes, established by Mayor's Order 89-230, issued October 5, 1989 (36 DCR 7183), is abolished.
- (y) The Mayor's Citizens Panel on Public Safety and Justice, established by Mayor's Order 93-35, issued April 1, 1993 (40 DCR 2516), is abolished.
- (z) The Mayor's Citizen Advisory Panel on Recreation and Parks, established by Mayor's Order 93-57, issued May 7, 1993 (40 DCR 3384), is abolished.
- (aa) The Mayor's Advisory Committee on Resources and Budget, established by Mayor's Order 92-137, issued November 12, 1992, (39 DCR 8577), is abolished.
- (bb) The Mayor's Schools and Hospitals Facilities Advisory Committee, established by Mayor's Order 80-7, issued January 11, 1980 (27 DCR 395), is abolished.
- (cc) The Mayor's Advisory Committee on Traffic Safety, established by Mayor's Order 84-228, issued December 13, 1984 (32 DCR 226), is abolished.
- (dd) The District of Columbia Academy of Travel and Tourism Advisory Board, established by Mayor's Order 95-122, issued on October 20, 1995 (42 DCR 6153), is abolished.
- (ee) The Weatherization of Low-Income Family Homes Board, established by Mayor's Order 89-12, issued January 6, 1989 (36 DCR 1260), is abolished.
- (ff) The Mayor's Task Force on Welfare Reform, established by Mayor's Order 94-157, issued July 8, 1994 (41 DCR 4961), is abolished.
- (gg) The District of Columbia 50th Anniversary of World War II Commemoration Committee, established by Mayor's Order 94-100, issued April 27, 1994 (41 DCR 2529), is abolished.

Sec. 402. As of the effective date of this act, there shall be no new commission established except as necessary to carry out a legislatively mandated purpose as required by federal or District of Columbia laws.

Sec. 403. Section 507 of the District of Columbia Health Occupations Revision Act of 1985, effective March 25, 1986 (D.C. Law 6-99; D.C. Code § 2-3305.7), is amended to read as follows:

Note, Section 1-299.7

"Sec. 507. Reciprocity and endorsement.

"Each board shall issue a license by reciprocity or endorsement to an applicant:

"(1) Who is licensed or certified and in good standing under the laws of another state with requirements which, in the opinion of the Board, were substantially equivalent at the time of licensure to the requirements of this act, and which state admits health professionals licensed by the District in a like manner; or

Section 2-3305.7

"(2) Who is certified or accredited by a recognized national accrediting

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association, acceptable to the Board, as a qualified professional according to standards that were the substantial equivalent at the time of the certification or accreditation to the standards for that profession as set forth in this act and who has continually remained in good standing with the certifying or accrediting association from the date of certification or accrediting until the date of licensing; and

"(3) Who pays the applicable fees established by the Mayor."

Sec. 404. Section 306 of the Architect Licensure and Regulation Act of 1992, effective March 13, 1993 (D.C. Law 9-184; D.C. Code § 2-266), is amended to read as follows:

"The Board shall issue a license by reciprocity or endorsement to an applicant:

"(1) Who is licensed or certified and in good standing under the laws of another state with requirements which, in the opinion of the Board, were substantially equivalent at the time of licensure to the requirements of this act, and which state admits architects licensed by the District in a like manner; or

Section
2-266

"(2) Who is certified or accredited by a recognized national accrediting association, acceptable to the Board, as a qualified professional according to standards that were the substantial equivalent at the time of the certification or accreditation to the standards for that profession as set forth in this act and who has continually remained in good standing with the certifying or accrediting association from the date of certification or accrediting until the date of licensing; and

"(3) Who pays the applicable fees established by the Mayor."

Sec. 405. Section 19 of the Barber and Cosmetology Revision Act of 1992, effective March 17, 1993 (D.C. Law 9-245; D.C. Code § 2-438), is amended to read as follows:

"The board shall issue a license by reciprocity or endorsement to an applicant:

"(1) Who is licensed or certified and in good standing under the laws of another state with requirements which, in the opinion of the Board, were substantially equivalent at the time of licensure to the requirements of this act, and which state admits barbers and cosmetologists licensed by the District in a like manner; and

Section
2-438

"(2) Who pays the applicable fees established by the Mayor."

TITLE V. BUILDING AND LAND REGULATION.

Sec. 501. The District of Columbia Construction Codes Supplement (12 DCMR 103; 39 DCR 8665), adopted pursuant to section 10 of the Construction Codes Approval and Amendments Act of 1986, effective March 21, 1987 (D.C. law 6-216; D.C. Code § 5-1309), is amended as follows:

(a) The District of Columbia Building Code Supplement of 1992 (12A DCMR; 39 DCR 8665) is amended as follows:

DCMR

(1) Article 1 is amended as follows:

(A) Section 109.1 is amended by striking the word "except" from the first

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sentence and inserting the word "including" in its place.

(B) Section 109.2 is repealed.

(C) Section 123.1 is amended by striking the phrase "Appeals related to the D.C. Fire Prevention Code shall be processed by the D.C. Fire Department.".

(2) Section 201 of Article 2 is amended as follows:

(A) By striking the phrase "unless otherwise specified" from the definition of "Administrative Authority";

(B) By striking the phrase "unless otherwise specified" from the definition of "Authority/Department having jurisdiction";

(C) By striking the sentence "The Fire Chief as specified in Section 109.0 of this code" from the definition of "Code official"; and

(D) By striking the phrase "unless otherwise specified" from the definition of "Department".

(3) Article 10 is amended as follows:

(A) Section 1001.1 is amended by striking the phrase "and Fire Department."

(B) Section 1016.7.5 is amended by substituting "the Code official" for "the Fire Chief" in the second sentence.

(C) Section 1016.8.1 is amended in the second sentence by striking the phrase "the Fire Chief" and inserting the phrase "the Code official" in its place.

(b) Article 1 of the District of Columbia Fire Prevention Code Supplement of 1992 (12D DCMR; 39 DCR 8911) is amended as follows:

(1) Section F-104.1 is amended as follows:

(A) By striking the phrase "Fire Chief of the Fire Department of the District of Columbia" and inserting the phrase "Director of the Department of Consumer and Regulatory Affairs" in its place;

(B) By striking the phrase "Fire Chief" in the second sentence and inserting the phrase "Director of the Department of Consumer and Regulatory Affairs" in its place.

(2) Section F-108.1 is amended by striking the phrase "code official" and inserting the phrase "Fire Chief of the District of Columbia" in its place wherever it appears.

(3) Section F-112.0 is repealed.

Sec. 502. The BOCA National Building Code/1990, 11th Edition, is amended as follows:

(a) Section 602.9 of Article 6 is amended by striking the phrase "in a location approved by the fire department" from the first sentence.

DCMR

(b) Article 10 is amended as follows:

(1) The "Note" to Section 1001.1 is repealed

(2) Section 1001.2 is amended by striking the word "Department" and inserting

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the phrase "Code official" in its place.

Sec. 503. The Historic Landmark and Historic District Protection Act of 1978, effective March 3, 1979 (D.C. Law 2-144; D.C. Code § 5-1001 *et seq.*), is amended as follows:

(a) Section 3 (6)(B) (D.C. Code § 5-1002(6)(B)) is amended by striking the proviso clause after the semicolon and adding a new proviso clause to read as follows:

"provided that, the Review Board shall schedule a hearing on the application within 90 days of one having been filed, and will determine within 90 days of receipt of an application pursuant to sections 5 through 9 whether to list such property as a historic landmark pursuant to the procedures contained in section 4(c)(5)."

Section
5-1002

(b) Section 4 (D.C. Code § 5-1003) is amended as follows:

(1) Subsection (c) is amended by adding a new paragraph (5) to read as follows:

"(5) Consider applications to designate historic landmarks under the contested case procedures contained in section 10 of the District of Columbia Administrative Procedures Act, approved October 21, 1968 (82 Stat. 1208; D.C. Code § 1-1509)."

Section
5-1003

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

"(d)(1) If, after a hearing, the Review Board has determined to deny an application to designate a building, structure, object or feature, and its site, as a historic landmark, or has determined to deny an application to designate a historic district, the Review Board shall not accept a subsequent application for that designation within 12 months of the denial.

"(2) If an application for designation of a historic landmark or historic district is withdrawn, no more than 1 new application may be filed within 12 months from the date that the application is withdrawn."

(c) Section 13 (D.C. Code § 5-1012) is amended as follows:

(1) Subsection (a) is amended by adding a new sentence after the first sentence to read as follows:

"In all applications for which a hearing is held, the Mayor's decision must be issued within 60 days after the hearing record is closed, including the filing of any required post-hearing submissions, or the application shall be deemed approved by the Mayor."

Section
5-1012

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

"(b) All proceedings pursuant to this act shall be conducted in accordance with the applicable provisions of the District of Columbia Administrative Procedures Act, approved October 21, 1968 (82 Stat. 1204; D.C. Code § 1-1501 *et seq.*) ("Administrative Procedures Act"). The hearing by the Review Board upon the filing of an application to designate a historic landmark shall be conducted under the contested case procedures contained in section 10 of the Administrative Procedures Act (D.C. Code § 1-1509). Any final order of the Mayor under this act and any final order of the Review Board regarding the designation of a historic landmark shall be reviewable in the District of Columbia Court of Appeals."

Sec. 504. The Street and Alley Closing Acquisition Procedures Act of 1982, effective

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March 10, 1983 (D.C. Law 4-201; D.C. Code § 7-411 *et seq.*), is amended as follows:

(a) Section 201 (D.C. Code § 7-421) is amended to read as follows:

"Sec. 201. Authority of the Council.

"The Mayor may close all or part of any street or alley which is determined by the Council to be unnecessary for street or alley purposes, upon approval of a proposed resolution submitted by the Mayor to the Council for its review."

Section
7-421

(b) Section 206(b) (D.C. Code § 7-426(b)) is amended by striking the word "legislation" and inserting the word "resolution" in its place wherever it appears.

(c) Section 215 (D.C. Code § 7-435) is amended to read as follows:

"Within 6 months of the effective date of the Omnibus Regulatory Reform Amendment Act of 1998, the Mayor shall issue procedures to require that all administrative reviews by affected agencies and by the public utilities of all applications to close all or part of a street or public alley, including agency and utility procedures both prior to Council review and after enactment of the resolution, will be completed within a total period of no greater than 180 days from the date of application. This 180 day period shall not include the days that the resolution is pending in the Council."

Section
7-426

Section
7-435

TITLE VI. ZONING REVIEW TASK FORCE.

Sec. 601. There is established a Zoning Review Task Force ("Task Force") in the District which shall consist of 11 voting members as follows:

(1) There shall be 3 *ex officio* members who each may designate a representative to perform the member's responsibilities under this act as follows:

Note, Sections
5-413, 5-414,
5-415

(A) The Mayor of the District of Columbia;

(B) The Chairman of the Council of the District of Columbia ("Council");

and

(C) The Chairman of the Council Committee on Consumer and Regulatory Affairs.

(2) There shall be 8 public members, including the chairperson of the Task Force, each of whom shall be appointed by the Mayor with the advice and consent of the Council. The public members shall be nominated as follows:

(A) One member shall be nominated from a list of persons recommended by the District of Columbia Building Industry Association, each of whom shall be a resident of the District, or a nonresident who represents a business licensed and doing business in the District;

(B) One member shall be nominated from a list of persons recommended by the Greater Capital Area Association of Realtors, each of whom shall be a resident of the District, or a nonresident who represents a business licensed and doing business in the District;

(C) One member shall be nominated from a list of persons recommended by the Board of Governors of the District of Columbia Bar, each of whom shall be a resident of the District, or a nonresident who has demonstrated an expertise in zoning issues in the District;

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(D) One member shall be nominated from a list of persons recommended by the District of Columbia Chamber of Commerce, each of whom shall have demonstrated an expertise in zoning issues in the District;

(E) Two members shall be nominated by the Mayor, each of whom shall be residents of the District and each of whom shall not be an official representative of any business concerned with zoning issues in the District of Columbia; and

(F) Two members shall be nominated by the Council, each of whom shall be residents of the District and each of whom shall not be an official representative of any business or profession concerned with zoning issues in the District of Columbia.

(3) Members of the Task Force shall be appointed by the Mayor within 60 days of the effective date of the Omnibus Regulatory Reform Amendment Act of 1998. A vacancy on the Task Force shall be filled in the same manner that the original appointment was made.

(4) The Task Force shall meet at the call of the chairperson, who shall convene the first meeting of the Task Force not later than 15 days after all appointments have been made. The Task Force shall meet not less than once each month.

(5) A majority of the members of the Task Force shall constitute a quorum. A written transcript or audio transcript shall be kept for all meetings at which a vote is taken.

(6) Members of the Task Force shall not be entitled to compensation for time expended in the performance of official duties, and shall be entitled only to reimbursement for actual and necessary expenses incurred in the performance of official duties approved in advance by a majority of the Task Force.

(7) The Task Force may request from any department, agency or instrumentality of the District government, including independent agencies, any information necessary to carry out the provisions of this title. Each department, agency, instrumentality, or independent agency of the District shall cooperate with the Task Force and provide any information, in a timely manner, that the Task force reasonably requests to carry out the provisions of this title.

(8) The Mayor shall provide administrative and technical support, office space, staff, and other resources needed by the Task Force to carry out the provisions of this title.

(9) In addition to funds appropriated or allocated by the District government, the Task Force may solicit, receive, accept, and expend contributions or grants from private or federal sources to carry out the provisions of this title. Any Task Force solicitation, receipt, acceptance, or expenditure of contributions or grants from private sources must be approved in advance by the Mayor.

(10) The Task Force may enter into contracts, for which sufficient appropriations or other public or private funding is available and provided, with federal or state agencies, private firms, institutions, or individuals to conduct research or surveys, prepare reports, and perform other activities necessary to the discharge of its duties.

(11) The Task Force may establish committees, subcommittees, or advisory groups, as it deems necessary to carry out the purposes of this title.

(12) The Task Force shall cease to exist 90 days after the report required by

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section 602 is submitted to the Mayor and the Council.

Sec. 602. Duties of the Task Force; recommended legislation.

(a) Within 270 days from the date of the first meeting of its members, the Commission shall submit a written report to the Mayor and the Council which includes the following information:

(1) An identification of statutes, regulations, and Charter provisions that concern land use, zoning, and the administration and adjudication of zoning regulation; and

(2) Recommendations, including proposed legislation, to modify, amend, repeal or otherwise change statutes and regulations concerning land use, zoning, and the administration and adjudication of zoning issues to assure rational and consistent application of such statutes and regulations.

(b) The Chairman of the Council, upon request of the Task Force, shall introduce in the Council any proposed legislation which the Task Force determines to be necessary to further the purposes set forth in this title.

TITLE VII. DEEDS.

Sec. 701. Subchapter 2 of chapter 16 of An Act To establish a code of law for the District of Columbia, approved March 3, 1901 (31 Stat. 1271; D.C. Code § 45-701 *passim*), is amended by adding new sections 545a and 545b to read as follows:

"Sec. 545a. Tracking addresses.

"Every deed of trust or substitution of trustee offered for recordation shall have the name and address of each party to the deed of trust or substitution of trustee typed or printed directly above or below the signature of the party. Deeds of trust or substitution of trustee submitted without both the name and address of each person will not be recorded.

**New Section
45-718.1**

"Sec. 545b. Procedures for release of deed of trust.

"(a) For purposes of this section, the term:

"(1) "Ancillary security instrument" means an assignment of leases with respect to the real property described in a deed of trust, an assignment of rents from or arising out of the real property described in a deed of trust, a financing statement filed in the financing statement records in the Office of the Recorder of Deeds of the District of Columbia with respect to fixtures on real property described in a deed of trust, and any other document or instrument that assigns, or creates a lien on, an interest in the real property described in a deed of trust as security for a promissory note.

**New Section
45-718.2**

"(2) "Deed of trust" means a mortgage or a deed of trust encumbering real property located in the District of Columbia as the same may be modified, amended, supplemented, or restated.

"(3) "Land records" means the land records in the Office of the Recorder of Deeds of the District of Columbia.

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"(4) "Promissory note" means a promissory note or other written evidence of indebtedness or obligation secured by a deed of trust.

"(b)(1) Except as otherwise provided in paragraph (2) of this subsection, if (i) a deed of trust is not released as a lien on the real property described therein within a period of 12 years after the maturity date of the obligation secured by the deed of trust, or (ii) no determinable maturity date is recited in the deed of trust and 35 years have elapsed since the date of recordation of the deed of trust among the land records (or, if the deed of trust has been modified or extended, the last recorded modification or extension), then the promissory note secured by the deed of trust shall be deemed conclusively to have been paid and satisfied. The deed of trust shall, without any action on the part of the owner or other person having an interest in the real property described in the deed of trust, be deemed to have been automatically released as of the last day of the period referred to in clause (i) or (ii) of this paragraph, as the case may be, and the deed of trust shall no longer constitute a lien on, or be enforceable against, the real property described therein.

"(2) Paragraph (1) of this subsection shall not apply if:

"(A) A Notice of Foreclosure with respect to a deed of trust has been recorded among the land records within 60 days before the expiration of the applicable time period referred to in (i) or (ii) of paragraph (1) of this subsection, or (ii) as of the last day of the applicable time period referred to in clause (i) or (ii) of paragraph (1) of this subsection, a proceeding to enforce the lien of a deed of trust is pending in a court of competent jurisdiction.

"(c) A deed of trust may be validly released as a lien on real property in the District of Columbia by any one of the following means:

"(1)(A) A deed of trust securing a lost, misplaced or destroyed promissory note which has been fully paid and satisfied may be released as a lien on the real property described therein by recording an affidavit among the Land Records. The affidavit, which shall be executed by the holder of the lost, misplaced or destroyed promissory note, or by the trustee or trustees named in the original deed of trust or subsequently appointed by a recorded instrument of substitution, shall state that (i) the promissory note has been fully paid and satisfied, (ii) the original promissory note has been lost, misplaced, or destroyed and, if the affiant is the holder of the promissory note, neither the promissory note nor any interest therein has been transferred, assigned, or negotiated to any other person, (iii) the affiant has been unable to locate the promissory note despite a diligent search, and (iv) the affiant release the deed of trust identified by recording reference, as a lien on the real property described in the deed of trust.

"(B) The affidavit shall fully identify the real property encumbered by, the parties to, the date of, and the recording reference for, the deed of trust being released. The recordation of the affidavit shall be effective to release the deed of trust as a lien on the real property described therein with the same effect as a release recorded pursuant to paragraph (3) of this subsection.

"(2)(A) A deed of trust may be released as a lien on the real property described therein by recording the original promissory note, marked "paid" or "canceled" on its face by the

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holder, among the land records with an attached affidavit executed by the holder, or by an officer of the title insurance company or validly licensed title insurance agent which disbursed funds in payment of the promissory note, stating that the promissory note has been fully paid or satisfied and releasing the deed of trust as a lien on the real property described in the deed of trust.

"(B) The affidavit shall fully identify the real property encumbered by, the parties to, the date of, and the recording reference for, the deed of trust being released. The recordation of the original promissory note with the required affidavit attached shall be effective to release the deed of trust as a lien on the real property with the same effect as a release recorded pursuant to paragraph (3) of this subsection.

"(3) A deed of trust may be released as a lien on the real property described therein by recording a certificate of satisfaction executed by the beneficiary, mortgagee, assignee, or trustee fully identifying the real property encumbered by, the parties to, the date of, and the recording reference for, the deed of trust being released, and stating that the deed of trust is released as a lien on the real property described therein, or, if the deed of trust is being released as a lien on less than all of the real property described therein, describing the part of the real property then being released.

"(d) A certificate of satisfaction shall comply with the requirements of subsection (c)(3) of this section, shall be acknowledged in the manner required for the acknowledgement of a deed, and shall be in the following form:

"CERTIFICATION OF SATISFACTION

"KNOW ALL BY THESE PRESENTS:

"That _____ (name, title) _____, representing _____ (beneficiary) _____

does hereby certify and acknowledge, under penalties of perjury, that the promissory note or other evidence of indebtedness secured by that certain mortgage/deed of trust made by _____ to _____ mortgage/trustee(s), dated _____ and recorded _____ as Instrument No. _____ among the Land Records of the District of Columbia, which encumbers the real property described in Exhibit A attached hereto, has been fully paid and satisfied and that _____ was, at the time of satisfaction, the holder of the promissory note or other evidence of indebtedness and that the lien of the said mortgage/deed of trust is hereby released.

"The property encumbered by said mortgage/deed of trust is described as follows:

"WITNESS the hand and seal of the party making this certification this _____ day of _____

"(ACKNOWLEDGMENT)

"(e)(1) If a promissory note is paid or satisfied in full, the holder shall, within 30 days after receipt of such payment or within 30 days after such satisfaction, execute, acknowledge, and

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deliver, or cause to be executed, acknowledged and delivered, to the person making such payment or causing such promissory note to be satisfied, one or more of the documents, instruments and affidavits, in one of the forms permitted by subsection (c) of this section, sufficient to release the deed of trust securing such promissory note as a lien against the real property described in the deed of trust.

"(2) If a promissory note is paid or satisfied in part, and if by the terms of the promissory note, the deed of trust securing the promissory note or a separate agreement between the parties, the person making such partial payment or causing such partial satisfaction to be made is entitled to a release of a part of the real property encumbered by the lien of the deed of trust, the holder of the promissory note shall comply with the provisions of subsection (c)(3) of this section in the same manner as if the promissory note were paid or satisfied in full, except that the release shall apply only to the part of the real property encumbered by the lien of the deed of trust which the holder is obligated, by the terms of the promissory note, the deed of trust or the separate agreement, to release on account of such partial payment or satisfaction.

"(3) If a holder of a promissory note secured by a deed of trust fails to execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, the documents, instruments, or affidavits required to release the deed of trust, in whole or in part, within the time, and in the manner, required by paragraph (1) or (2) of this subsection, and if the holder's failure continues for more than 30 days after the holder receives a written request therefor from the person entitled to the release or such person's agent, then holder shall pay to the person entitled to the release a penalty in the amount of \$50 per day, shall be liable to such person for all actual and consequential damages caused by the holder's failure timely to deliver or record the full or partial release, and shall pay or reimburse such person for all costs and expenses, including reasonable attorneys fees and disbursements, relating to or arising out of the enforcement of such person's rights under this section. The penalty of \$50 per day shall be payable for the period beginning on and including the 31st day after the holder receives a written request for the release to, but not including, the day on which the holder delivers the executed and acknowledged documents, instruments or affidavits required to release the deed of trust.

"(4) For purposes of this subsection, (i) a payment in the form of an electronic transfer of immediately available funds to an account in a commercial bank, a savings bank, a savings and loan association, a credit union or a similar financial institution shall be deemed to be made when the financial institution confirms receipt of the funds to the owners of the account, (ii) a payment in the form of a check issued or certified by a national or state bank shall be deemed to be made upon receipt of the check, and (iii) payment in the form of a check that is not issued or certified by a national or state bank shall be deemed to be made on the first day on which the holder receives the proceeds of collection of such check in immediately available funds.

"(f) If a deed of trust is released, or deemed released, as a lien on all of the real property described therein, the release of the deed of trust shall be deemed automatically to release any ancillary security instrument that secures the same promissory note secured by the deed of trust. This provision shall not apply if the document recorded among the land records expressly states

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that the release of the deed of trust shall not release the ancillary security instrument.

"FORM OF RELEASE AFFIDAVIT

FOR LOST, MISPLACED, OR DESTROYED PROMISSORY NOTE PER § 45-721 (C)(1):
"KNOW ALL MEN BY THESE PRESENTS:

"THAT I, the undersigned, hereby certify under penalties of perjury that:

"1. I was the last known holder of a certain promissory note (or the trustees named in the original deed of trust or substitute trustees appointed by an instrument of substitution recorded in the land records);

"2. Despite diligent search, I have been unable to locate the original promissory note which has been lost, misplaced or destroyed, (if the holder add: and neither the promissory note nor any interest therein has been transferred, assigned or negotiated to any other person);

"3. The promissory note has been fully paid and satisfied; and

"4. The deed of trust dated _____ (date) _____ securing said promissory note granted by (grantor) _____ in favor of _____ (trustee(s)) _____ securing _____ (grantee) _____ and recorded in the land records on _____ (date) _____ in Liber _____, at Folio _____, as instrument no. _____ and constituting a lien upon that piece or parcel of land located in the District of Columbia and known as:

"LOT _____ in SQUARE _____, (additional legal description, ex. subdivision) as per plat recorded in Liber _____ at Folio _____ among the land records is hereby RELEASED.

"WITNESS the hand and seal of the undersigned _____
[noteholder/trustee/substitute trustee] _____ this _____ day of _____

"STATE/DISTRICT of _____)

) ss:

"COUNTY of _____)

"I, the undersigned, a Notary Public in and for the aforesaid do hereby certify that _____ party to and who is personally well known to me as the person who executed the foregoing Release Affidavit dated the _____ day of

_____, _____, personally appeared before me in said jurisdiction and acknowledged the same to be his/her/its act and deed.

Given under my hand and seal, this _____ day of _____, and:

My commission expires: _____
Notary Public

"FORM OF RELEASE AFFIDAVIT

"TO ACCOMPANY PROMISSORY NOTE § 45-721 (2):

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"KNOW ALL MEN BY THESE PRESENTS:

"THAT I, the undersigned, hereby certify under penalties of perjury that:

"1. I am [the last known holder of the attached promissory note marked "Paid" or "canceled"] or [an officer of the undersigned title insurance company] or [a validly licensed title insurance agent] which disbursed funds in payment of the promissory note;

"2. the attached promissory note has been fully paid, canceled or satisfied; and

"3. the deed of trust dated _____ (date) _____ securing said promissory note granted by (grantor) _____ in favor of _____ (trustees) _____ securing _____ (grantee) _____ and recorded in the Land Records on _____ (date) _____ in Liber _____, at Folio _____, as instrument no. _____ and constituting a lien upon that piece or parcel of land located in the District of Columbia and known as:

"LOT _____ in SQUARE _____, (additional legal description, ex. subdivision) as per plat recorded in Liber _____ at Folio _____ among the Land Records is hereby RELEASED.

"WITNESS the hand and seal of the undersigned _____ [noteholder/trustee/substitute trustee] this _____ day of _____

_____.

"STATE/DISTRICT of _____)

) ss:

"COUNTY of _____)

"I, the undersigned, a Notary Public in and for the aforesaid do hereby certify that _____ party to and who is personally well known to me as the person who executed the foregoing Release Affidavit dated the _____ day of

_____, _____, personally appeared before me in said jurisdiction and acknowledged the same to be his/her/its act and deed.

Given under my hand and seal, this _____ day of _____, and:

"My commission expires:

Notary Public."

TITLE VIII. ENVIRONMENTAL REGULATION.

Sec. 801. This title may be cited as the "Environmental Policy Supplemental Act of 1998".

Note,
New Section
6-990.1

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Sec. 802. The District of Columbia Environmental Policy Act of 1989, effective October 18, 1989 (D.C. Law 8-36; D.C. Code § 6-981 *et seq.*), is amended by adding a new section 11a to read as follows:

"Sec. 11a. Required Environmental Impact Statements.

**New Section
6-990.1**

"Notwithstanding any other provision of this act, a full EIS shall be required for the construction of any new solid waste facility or the substantial modification of an existing structure presently used as, or intended to be used as, a solid waste facility, as the term "solid waste facility" is defined in the Solid Waste Facility Permit Act of 1995, effective February 27, 1996 (D.C. Law 11-94; D.C. Code § 6-3451 *et seq.*), regardless of the cost of construction or modification."

TITLE IX. HOUSING REGULATION.

Sec. 901. Section 501 of the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Code § 45-2551), is amended as follows:

**Section
45-2551**

(a) Subsection (c) is amended to read as follows:

"(c) A housing provider may recover possession of a rental unit where a court of competent jurisdiction has determined that the tenant, or a person occupying the premises with or in addition to the tenant, has performed an illegal act within the rental unit or the housing accommodation. The housing provider shall serve on the tenant a 30-day notice to vacate. The tenant may be evicted only if the tenant knew or should have known that an illegal act was taking place."

(b) Subsection (k-1) is amended as follows:

(1) Paragraph (1) is amended by striking the word "or" at the end.

(2) Paragraph (2) is amended by striking the period and inserting the phrase"; or " in its place.

(3) A new paragraph (3) is added to read as follows:

"(3) Where a court of competent jurisdiction has made a specific finding that the tenant has abandoned the premises."

TITLE X. MISCELLANEOUS PROVISIONS.

Sec. 1001. Section 2425 of Title 18 of the District of Columbia Municipal Regulations (Vehicles and Traffic) (Parking Moratorium) is amended as follows:

DCMR

(a) Subsection 2425.2 is amended by adding a new sentence at the end to read as follows:

"The parking violations shall include the offenses cited in subsections 2405.2(c) (within forty feet (40 ft.) of intersecting streets or within twenty-five feet (25 ft.) of an intersection on a one-way street); 2405.2(i) (parking within three feet (3 ft.) of another parallel parked vehicle in a nonmetered area); and 2405.3(d) (within twenty-five feet (25 ft.) of motorists' courtesy mail boxes)."

(b)(1) Subsection 2425.5 is amended by striking the phrase "December 31, 1997" and

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inserting the phrase "December 31, 2002" in its place.

(2) This subsection shall apply as of December 30, 1997.

Sec. 1002. The Franchising Act of 1988, effective March 16, 1989 (D.C. Law 7-185; D.C. Code § 29-1201 *et seq.*), is repealed.

Sections
29-1201 -
29-1208

TITLE XI. STREET VENDING.

Sec. 1101. Chapter 5 of Title 24 of the District of Columbia Municipal Regulations is amended as follows:

DCMR

(a) Strike the phrase "Director, Office of Business and Economic Development" and insert the phrase "Director of the Department of Consumer and Regulatory Affairs" in its place wherever it appears in this chapter.

(b) Section 501 is amended as follows:

(1) Subsection 501.4 is amended to read as follows:

"501.4 In accordance with subsection 501.1, the Director shall determine the location of sidewalk vendors in the following manner:

"(a) No more than three (3) sidewalk vendors shall be permitted to occupy any side of any block in the central vending zone or neighborhood commercial zone as these zones are delineated in section 515 of this chapter, except that no vending shall be allowed in the locations restricted under section 515 of this chapter, and no vending site shall be located in front of a predominately residential building.

"(b) The Director shall issue a request for proposals to identify the location of each sidewalk vendor site on each block of the central vending zone no later than five (5) months after the effective date of the Omnibus Regulatory Reform Amendment Act of 1998. The site study shall also include the review of the appropriateness of a vending business located within fifty feet (50 ft.) of a store that sells the same, substantially the same, or similar goods. The sites shall be selected in accordance with section 510 of this chapter. An appropriate mix of vending sites for vendors of food, fruit or flowers, general merchandise, shoe shine, and street photographers shall also be determined. The central vending zone may be subdivided into business district zones and tourist zones with delineated boundaries.

"(c) The Director shall issue a request for proposals to identify the best lottery or alternative system for matching vendors with sidewalk and roadway vendor sites and the administration of that system no later than seven (7) months after the effective date of the Omnibus Regulatory Reform Amendment Act of 1998.

"(d) The Director shall issue a request for proposals to identify the location of each sidewalk vendor site on each block of each neighborhood commercial vending zone no later than nine (9) months after the effective date of the Omnibus Regulatory Reform Amendment Act of 1998. The sites shall be selected in accordance with section 510 of this chapter. An appropriate mix of vending sites for vendors of food, fruit or flowers, general merchandise, shoe shine, and street photographers shall also be determined. The neighborhood commercial

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vending zones may be subdivided to create separate delineated zones, including, but not limited to, zones for Adams Morgan, Alabama Avenue, Dupont Circle, and Georgetown.

"(e) Each request for proposals under paragraphs (b) and (d) shall also determine a two (2) year public space rental fee for each vending site. This fee shall be revised every two (2) years as provided in subsection 501.15 of this chapter.

"(f) Prior to issuance, each request for proposals shall be submitted to the Council of the District of Columbia for review and approval for a period of fifteen (15) days, excluding periods of Council recess. If no action to disapprove by resolution is taken prior to the expiration of the review period, then the request for proposals shall be deemed approved."

(2) Subsection 501.11 is amended by adding a new sentence at the end to read as follows:

"The Vending Coordinator shall make recommendations for changes in these regulations to the Director after consultation with representatives of the Metropolitan Police Department, the Fire and Emergency Medical Services Department, the Department of Taxation and Revenue, the Department of Public Works, and the Department of Emergency Preparedness."

(3) New subsections 501.15, 501.16, and 501.17 are added to read as follows:

"501.15 The Director shall, by regulation, establish and revise every two (2) years a schedule of public space rental fees for all vending sites.

"501.16 The Director shall be authorized to determine all vending site locations, including the addition, deletion, and relocation of a vending site. The listing of sidewalk vending sites in the central vending zone and the neighborhood commercial zones or any other subzones established by the Director, roadway vending sites, and the fee schedule for vending sites shall be adopted by regulation. The Director may, by regulation, designate areas for the sale of farm produce. The Director may, for good cause, rescind the location of any vending site by regulation.

"501.17 Any vendor who uses propane gas shall obtain a permit from the Fire and Emergency Medical Services Department."

(c) Section 502 is amended as follows:

(1) Subsection 502.1 is amended to read as follows:

"502.1 Only vendors in good standing, those who have paid all assessed and outstanding violations, penalties, taxes, fines, and rents as required under § 47-2861 *et seq.* of the District of Columbia Code are qualified for licensure."

(2) Subsection 502.4 is amended by adding a new paragraph (g) to read as follows:

"(g) CLASS D LICENSES - that authorize persons to vend the services of shining shoes or street photography from public space."

(3) Subsection 502.6 is amended to read as follows:

"502.6 A Class A, Class B Temporary, Class C Nonfood, and Class D license shall not be valid for the vending of food."

(4) Subsection 502.10 is amended by striking the phrase "one (1) year" and

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inserting the phrase "two (2) years" in its place.

(5) Subsection 502.12 is amended by adding a new sentence at the end to read as follows:

"The Director shall develop a youth vendor program after consultation with the Superintendent of the D.C. Public Schools and the Director of the Department of Employment Services."

(6) A new subsection 502.13 is added to read as follows:

"502.13 A licensed vendor may hire one (1) assistant and one (1) youth assistant. Each assistant shall be issued a photo identification license by the Director after completing an application and paying a fee established by the Director."

(d) Section 503 is amended as follows:

(1) Subsection 503.6 is amended by adding a new sentence at the end to read as follows:

"The Director may revise the prepayment amount by regulation based on the recommendation of the Director of the Department of Taxation and Revenue."

(2) Subsection 503.8 is amended by a new sentence at the end to read as follows:

"The Director may revise annually the interest rate by regulation based on the recommendation of the Director of the Department of Taxation and Revenue."

(e) Section 505 is amended as follows:

(1) Subsection 505.4 is amended by adding a new sentence at the end to read as follows:

"The Director shall determine the number of vending sites in each vending zone and shall maintain a waiting list of prospective qualified applicants pursuant to subsection 505.6."

(2) A new subsection 505.10 is added to read as follows:

"505.10 As of the effective date of the Omnibus Regulatory Reform Amendment Act of 1998, there shall be a moratorium on the issuance of all Class A, B, and D licenses for sidewalk and roadway vendors until a survey has been completed and approved that allows for the enforcement of the limitation on the number of vending licenses under subsection 505.4 of this chapter."

(f) Section 508 is amended by adding a new subsection 508.5 to read as follows:

"508.5 The operator of each vending depot shall maintain a ledger that includes current information on the name, license number, and address of each vendor and supplier doing business with the operator. This ledger shall be made available during regular business hours for inspection by any duly authorized agent of the District of Columbia government."

(g) Section 509 is amended as follows:

(1) Subsection 509.1 is amended to read as follows:

"509.1 The Director shall suspend or revoke any vending license issued pursuant to this chapter, after notice, based on the following reasons:

"(a) A vending license shall be revoked for any the following violations:

"(1) Fraud, misrepresentation, or false statements contained in the

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application for the license;

"(2) Fraud, misrepresentation, or false statements made in connection with the selling of any article, merchandise, or food;

"(3) Violation of any provision of the criminal code of the District of Columbia that was committed in connection with the operation of the vending business, including, but not limited to, the possession or sale of counterfeit merchandise; or

"(4) Fifteen (15) or more violations of provisions enumerated in paragraph (b) of this subsection.

"(b) A vending license shall be suspended for a period of no less than five (5) and no more than ten (10) days for any of the following:

"(1) If a vendor is found guilty of twelve (12) or more violations, during any twelve (12) month period, of §510, §511, §512, §514, §§521 through 523, §527, or §528 of this chapter; or

"(2) If a vendor is found guilty of violating §513, §515, §526, or §529 of this chapter, or the parking restriction regulations under the District of Columbia Traffic Act, 1925, approved March 3, 1925 (43 Stat. 1119; D.C. Code § 40-701 *et seq.*).

"(c) A vending license may be summarily suspended for the illegal possession or sale of counterfeit merchandise or for the sale of tainted food products that constitute a menace to the health or safety of the public in violation of the health laws or regulations of the District of Columbia."

(2) Subsection 509.3 is amended by striking the phrase "D.C. Board of Appeals and Review" and inserting the phrase "Office of Adjudication of the Department of Consumer and Regulatory Affairs" in its place.

(h) Section 510 is amended as follows:

(1) Subsection 510.2 is amended by striking the phrase "five feet (5 ft.) from any entranceway" and inserting the phrase "twelve feet (12 ft.) from any entranceway, from any crosswalk, or from any parking space reserved for diplomatic use" in its place.

(2) A new subsection 510.21 is amended to read as follows:

" 510.21 No vendor shall vend nor shall there be any vending operation on or within marked loading and entrance zones or parking spaces designated for diplomat parking."

(i) Subsection 512.1 is amended to read as follows:

"512.1 The Director shall issue a request for proposals every eight (8) years to develop a minimum of four (4) distinct design standards for vending stands, food carts (including ice cream), and roadway vehicles. The initial request for proposals shall be issued within six (6) months of the effective date of the Omnibus Regulatory Reform Amendment Act of 1998. The design standards shall be adopted by regulation, after public hearing. Each vendor shall have the design of their stand, cart, or vehicle approved by the Public Space Committee of the Department of Public Works prior to new licensure or license renewal."

(j) Section 513 is amended by adding a new subsection 513.9 to read as follows:

"513.9 The Director may authorize by regulation additional food items for sale under

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subsection 515.19 when, in the Director's discretion, compliance with the applicable health and sanitation laws and regulations shall be achieved."

(k) Section 515 is amended as follows:

(1) Subsection 515.3 is amended as follows:

(A) Paragraph (c) is amended by striking the word "or".

(B) Paragraph (d) is amended by striking the period and inserting the phrase "; or" in its place.

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

"(e) Mount Vernon."

(2) Subsection 515.16 is amended by adding the phrase "East/West Sides of 9th Street between N Street and Mount Vernon Place, N.W., East/West Sides of 7th Street between N Street and Mount Vernon Place, N.W." after the phrase "East/West Streets, N.W., of 25th Street between L and M. North/South Sides of N Street between 7th and 9th Streets, N.W., North Side of Mount Vernon Place between 7th and 9th Streets, N.W."

(3) Subsection 515.26 is amended by striking the period and inserting the phrase "; provided that once the Director has adopted the sidewalk vendor sites and corresponding public space rental fee schedule, the lottery shall be conducted every two (2) years for all spaces and on an as needed basis within the two (2) year cycle for those spaces vacated due to license revocation, suspension of more than 30 days, or in the event of the death of the licensee" in its place.

(4) new subsections 515.31 and 515.32 are added to read as follows:

"515.31 The Director may contract out the function of performing all lotteries for sidewalk vendors and roadway vendors.

"515.32 Notwithstanding the provisions encompassed within subsections 515.26 through 515.31, if an alternative method to a lottery is selected for matching vendors with eligible vending sites in accordance with subsection 501.4(c), these provisions shall not be applicable, provided that a written report is submitted which sets forth the reasons why the alternative method selected is superior and the reasons why a lottery was not selected.

(l) Subsection 599.1 is amended as follows:

(1) The definition of "Stand" is amended to read as follows:

"Stand - any fixed or moveable structure, table, or device used by a vendor for the following purpose:

"(a) Displaying or storing any merchandise, article, or food that is offered for sale;
or

"(b) Offering a shoe shine service in exchange for a fee."

(2) A definition of "Vending Depot" is added to read as follows:

"Vending Depot -- any business that supplies vendors with merchandise or food items, or stores vending stands, carts, or vehicles for a fee."

Sec. 1102. District of Columbia Code § 47-2834 is amended as follows:

Section
47-2834

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- (a) Subsection (a) is amended as follows:
 - (1) Paragraph (5) is amended by striking the word "and".
 - (2) Paragraph (6) is amended by striking the period and inserting the phrase "; and" in its place.
 - (3) A new paragraph (7) is added to read as follows:

"(7) Class D Services, for people who engage in street photography or shining shoes, \$111 per annum."
 - (b) A new subsection (c) is added to read as follows:

"(c) The Director may, by regulation, establish and revise every 2 years a site specific schedule of fees to replace the fees listed under subsection (a) of this section to reflect the adoption of a regulatory system that assigns specific vending sites by lottery and assesses a license fee that reflects the administrative cost of licensure, periodic inspection of food vendors, and a public space rental fee based on the estimated customer volume and sales tax information for the prior year for each site."

New
Chapter 12 A,
Title 35

TITLE XII. FRATERNAL BENEFIT SOCIETIES.

Sec. 1201. Short title.

This title may be cited as the "Fraternal Benefit Societies Act of 1998".

Note, Section
35-1231

Sec. 1202. Definitions.

For the purposes of this title, the term:

- (1) "Benefit contract" means the agreement for provision of benefits authorized by section 1214, as that agreement is described in section 1217(a).
- (2) "Benefit member" means an adult member who is designated by the laws or rules of the society to be a benefit member under a benefit contract.
- (3) "Certificate" means the document issued as written evidence of the benefit contract.
- (4) "Commissioner" means the Commissioner of Insurance of the District of Columbia.
- (5) "District" means the District of Columbia.
- (6) "Fraternal benefit societies" means any incorporated society, order or supreme lodge, without capital stock, including one exempted under the provisions of section 1234(a)(2), whether incorporated or not, conducted solely for the benefit of its members and their beneficiaries and not for profit, operated on a lodge system with ritualistic form of work, having a representative form of government, and which provides benefits in accordance with this act.
- (7) "Laws" means the society's articles of incorporation, charter, constitution and bylaws, however designated.
- (8) "Lodge" means subordinate member units of the society, known as camps, courts, councils, branches or by any other designation.
- (9) "Lodge System" means a society that has a supreme governing body and

New Section
35-1231

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subordinate lodges into which members are elected, initiated, or admitted in accordance with its laws, rules, and rituals. Subordinate lodges shall be required by the laws of the society to hold regular meetings periodically in furtherance of the purposes of the society. A society may, at its option, organize and operate lodges for children under the minimum age for adult membership, but membership and initiation in local lodges shall not be required of such children, nor shall they have a voice or vote in the management of the society.

(10) "Premiums" means premiums, rates, dues, or other required contributions by whatever name known, which are payable under the certificate.

(11) "Representative form of government" means a society in which:

(A) There is a supreme governing body constituted in 1 of the following ways:

(i) By assembly if the supreme governing body is composed of delegates elected directly by the members or at intermediate assemblies or conventions of members or their representatives, together with other delegates as may be prescribed in the society's laws. A society may provide for election of delegates by mail. The elected delegates shall constitute a majority in number and shall not have less than a majority of the votes and not less than the number of votes required to amend the society's laws. The assembly shall be elected and shall meet at least once every 4 years and shall elect a board of directors to conduct the business of the society between meetings of the assembly. Vacancies on the board of directors between elections may be filled in the manner prescribed by the society's laws; or

(ii) By direct election if the supreme governing body is a board composed of persons elected by the members, either directly or by their representatives in intermediate assemblies, and any other persons prescribed in the society's laws. A society may provide for election of the board by mail. Each term of a board member may not exceed 4 years. Vacancies on the board between elections may be filled in the manner prescribed by the society's laws. Those persons elected to the board shall constitute a majority in number and not less than the number of votes required to amend the society's laws. A person filling the unexpired term of an elected board member shall be considered to be an elected member. The board shall meet at least quarterly to conduct the business of the society;

(B) The officers of the society are elected either by the supreme legislative or governing body or by the board by whatever name known, as provided in the society's constitution and bylaws;

(C) The members, officers, representatives, or delegates shall not vote by proxy; and

(D) Only benefit members are eligible for election to the supreme governing body, the board of directors or any intermediate assembly.

(12) "Rules" means all rules, regulations, or resolutions adopted by the supreme governing body or board of directors which are intended to have general application to the members of the society.

(13) "Society" means fraternal benefit society, unless otherwise indicated.

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Sec. 1203. Operation for benefit of members and their beneficiaries; bylaws.

**New Section
35-1232**

(a)(1) A society shall operate for the benefit of its members and their beneficiaries by:

(A) Providing benefits as specified in section 1214; and

(B) Operating for one or more social, intellectual, educational, charitable, benevolent, moral, fraternal, patriotic, or religious purposes for the benefit of its members, which may also be extended to others.

(2) The purposes of paragraph (2) of this subsection may be carried out directly by the society, or indirectly through subsidiary corporations or affiliated organizations.

(b) Every society shall have the power to adopt laws and rules for the government of the society, the admission of its members, and the management of its affairs. It shall have the power to change, alter, add to, or amend such laws and rules and shall have other powers as are necessary and incidental to carrying into effect the objects and purposes of the society.

Sec. 1204. Qualifications for membership.

**New Section
35-1233**

(a) A society shall specify in its laws or rules:

(1) Eligibility standards for each class of membership, provided that if benefits are provided on the lives of children, the minimum age for adult membership shall be set at not less than age 15 and not greater than age 21;

(2) The process for admission to membership for each membership class; and

(3) The rights and privileges of each membership class, provided that only benefit members shall have the right to vote on the management of the insurance affairs of the society.

(b) A society may also admit social members who shall have no voice or vote in the management of the insurance affairs of the society.

(c) Membership rights in the society are personal to the member and are not assignable.

**New Section
35-1234**

Sec. 1205. Location of office.

(a) The principal office of any domestic society shall be located in the District. The meetings of its supreme governing body may be held in any state, district, province, or territory wherein such society has at least 1 subordinate lodge, or in any other location as determined by the supreme governing body, and all business transacted at the meetings shall be as valid in all respects as if the meetings were held in the District. The minutes of the proceedings of the supreme governing body and of the board of directors shall be in the English language.

(b)(1) A society may provide in its laws for an official publication in which any notice, report, or statement required by law to be given to members, including notice of election, may be published. The required reports, notices, and statements shall be printed conspicuously in the publication. If the records of a society show that 2 or more members have the same mailing address, an official publication mailed to 1 member is deemed to be mailed to all members at the same address unless a member requests a separate copy.

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(2) Not later than June 1st of each year, a synopsis of the society's annual statement providing an explanation of the facts concerning the condition of the society thereby disclosed shall be printed and mailed to each benefit member of the society or, in lieu thereof, the synopsis may be published in the society's official publication.

(c) A society may provide in its laws or rules for grievance or complaint procedures for members. New Section
35-1235

Sec. 1206. Liability of officers and members.

(a) The officers and members of the supreme governing body or any subordinate body of a society shall not be personally liable for any benefits provided by a society.

(b) Any person may be indemnified and reimbursed by any society for expenses reasonably incurred by, and liabilities imposed upon, such person in connection with or arising out of any action, lawsuit, or proceeding, whether civil, criminal, administrative, or investigative, or threat thereof, in which the person may be involved by reason of the fact that he or she is or was a director, officer, employee, or agent of the society or of any firm, corporation, or organization which he or she served in any capacity at the request of the society. A person shall not be so indemnified or reimbursed:

(1) In relation to any matter in such action, lawsuit, or proceeding as to which he or she shall finally be adjudged to be, or have been guilty of, breach of a duty as a director, officer, employee or agent of the society; or

(2) In relation to any matter in such action, lawsuit, or proceeding, or threat thereof, which has been made the subject of a compromise settlement.

(c) A society may indemnify or reimburse a person in relation to any matter specified in subsection (b)(1) and (2) of this section if the person acted in good faith for a purpose the person reasonably believed to be in or not opposed to the best interests of the society and, in a criminal action or proceeding, in addition, had no reasonable cause to believe that his or her conduct was unlawful. The determination whether the conduct of the person met the standard required in order to justify indemnification and reimbursement in relation to any matter described in subsection (b)(1) and (2) of this section may only be made by the supreme governing body or board of directors by a majority vote of a quorum consisting of persons who were not parties to the action, lawsuit, or proceeding or by a court of competent jurisdiction. The termination of any action, lawsuit, or proceeding by judgment, order, settlement, conviction, or upon a plea of no contest, as to the person shall not in itself create a conclusive presumption that the person did not meet the standard of conduct required in order to justify indemnification and reimbursement.

(d) The right to indemnification and reimbursement shall not be exclusive of other rights to which such person may be entitled as a matter of law and shall inure to the benefit of his or her heirs, executors, and administrators.

(e) A society shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the society, or who is or was serving at the request of the society as a director, officer, employee, or agent of any other firm,

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corporation, or organization against any liability asserted against such person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the society would have the power to indemnify the person against such liability under this section.

(f) No director, officer, employee, member, or volunteer of a society serving without compensation, shall be liable, and no cause of action may be brought, for damages resulting from the exercise of judgment or discretion in connection with the duties or responsibilities of such person for the society unless such act or omission involved willful or wanton misconduct.

New Section
35-1236

Sec. 1207. Waiver of laws.

The laws of the society may provide that no subordinate body, nor any of its subordinate officers or members, shall have the power or authority to waive any of the provisions of the laws of the society. Such provision shall be binding on the society and every member and beneficiary of a member.

New Section
35-1237

Sec. 1208. Organization of societies.

(a) A domestic society organized on or after the effective date of this act shall be formed as follows:

(1) Seven or more citizens of the United States, a majority of whom are residents of the District, who desire to form a fraternal benefit society may make, sign, and acknowledge, before some officer competent to take acknowledgment of deeds, articles of incorporation, in which shall be stated:

(A) The proposed corporate name of the society, which shall not resemble the name of any society or insurance company already authorized to transact business in the District so as to be misleading or confusing;

(B) The place where its principal office shall be located within the District;

(C) The purposes for which it is being formed and the mode in which its corporate powers are to be exercised. Such purposes shall not include more liberal powers than are granted by this act; and

(D) The names and residences of the incorporators and the names, residences, and official titles of all the officers, trustees, directors, or other persons who will manage the affairs and funds of the society for the first year or until the ensuing election, at which all such officers shall be elected by the supreme governing body. The ensuing election shall be held no later than 1 year from the date of issuance of the permanent certificate of authority.

(2) Duplicate originals of the articles of incorporation, certified copies of the society's bylaws and rules, copies of all proposed forms of certificates, applications and rates therefor, and circulars to be issued by the society and a bond conditioned upon the return to applicants of the advanced payments if the organization is not completed within 1 year shall be filed with the Commissioner, who may require such further information as the Commissioner deems necessary. The bond with sureties approved by the Commissioner shall be in such amount,

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not less than \$50,000, nor more than \$500,000, as required by the Commissioner. All documents filed are to be in the English language. If the Commissioner finds that the purposes of the society conform to the requirements of this act and all provisions of the law have been complied with, the Commissioner shall approve the articles of incorporation and issue the incorporators a preliminary certificate of authority authorizing the society to solicit members as hereinafter provided.

(b) No preliminary certificate of authority granted under the provisions of this section shall be valid after 1 year from its date or after such further period, not exceeding 1 year, as may be authorized by the Commissioner upon cause shown, unless the 100 applicants hereinafter required have been secured and the organization has been completed as herein provided. The charter and all other proceedings thereunder shall become null and void in 1 year from the date of the preliminary certificate of authority, or at the expiration of the extended period, unless the society shall have completed its organization and received a certificate of authority to do business as hereinafter provided.

(c) Upon receipt of a preliminary certificate of authority from the Commissioner, the society may solicit members for the purpose of completing its organization, shall collect from each applicant the amount of not less than 1 regular monthly premium in accordance with its table of rates, and shall issue to each such applicant a receipt for the amount so collected. No society shall incur any liability other than for the return of such advance premium, nor issue any certificate, nor pay, allow, or offer or promise to pay or allow, any benefit to any person until:

(1) Actual bona fide applications for benefits have been secured aggregating at least \$100,000 on not less than 100 applicants, and any necessary evidence of insurability has been furnished to and approved by the society;

(2) At least 5 subordinate lodges have been established into which the 100 applicants have been admitted;

(3) There has been submitted to the Commissioner, under oath of the president or secretary, or corresponding officer of the society, a list of such applicants, giving their names, addresses, date each was admitted, name and number of the subordinate lodge of which each applicant is a member, amount of benefits to be granted, and premiums therefor; and

(4) It shall have been shown to the Commissioner, by sworn statement of the treasurer, or corresponding officer of such society, that at least 100 applicants have each paid in cash at least 1 regular monthly premium as herein provided, which premiums in the aggregate shall amount to at least \$50,000. Advance premiums shall be held in trust during the period of organization. If the society has not qualified for a certificate of authority within 1 year, as herein provided, advance premiums shall be returned to applicants.

(d) The Commissioner may make such examination and require such further information as the Commissioner deems necessary. Upon presentation of satisfactory evidence that the society has complied with all the provisions of law, the Commissioner shall issue to the society a certificate of authority to that effect and that the society is authorized to transact business pursuant to the provisions of this act. The certificate of authority shall be prima facie evidence of

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the existence of the society at the date of such certificate of authority to be made and filed with the Recorder of Deeds of the District. A certified copy of such record may be given in evidence with like effect as the original certificate of authority.

(e) Any incorporated society authorized to transact business in the District at the time this act becomes effective shall not be required to reincorporate.

(f) No unincorporated or voluntary association shall be permitted to transact business in the District as a fraternal benefit society.

**New Section
35-1238**

Sec. 1209. Laws; amendments.

(a) A domestic society may amend its laws in accordance with the provisions of its laws by action of its supreme governing body at any regular or special meeting or, if its laws so provide, by referendum. The referendum may be held in accordance with the provisions of its laws by the vote of the voting members of the society, by the vote of delegates or representatives of voting members, or by the vote of local lodges. A society may provide for voting by mail. No amendment submitted for adoption by referendum shall be adopted unless, within 6 months from the date of submission, a majority of the members voting shall have signified their consent to such amendment by one of the methods herein specified. Any such amendment shall be filed with the Commissioner.

(b) Within 90 days from the filing of any such amendment, a copy or synopsis thereof shall be furnished to all members of the society either by mail or by publication in full in the official publication of the society. The affidavit of any officer of the society or of anyone authorized by it to mail any amendments or synopsis thereof, stating facts which show that same have been duly addressed and mailed, shall be prima facie evidence that the amendments or synopsis, have been furnished to the addressee.

(c) Every foreign or alien society authorized to do business in the District shall file with the Commissioner a duly certified copy of all amendments of, or additions to, its laws within 90 days after enactment.

(d) Printed copies of the laws as amended, certified by the secretary or corresponding officer of the society shall be prima facie evidence of the legal adoption thereof.

**New Section
35-1239**

Sec. 1210. Operations of nonprofit institutions.

A society may create, maintain, and operate, or may establish organizations to operate, not-for-profit institutions to further the purposes permitted by section 1203(a)(2). Such institutions may furnish services free of charge or at a reasonable charge. Any real or personal property owned, held, or leased by the society for this purpose shall be reported in every annual statement.

**New Section
35-1240**

Sec. 1211. Reinsurance.

A domestic society may enter into reinsurance transactions only in accordance with the Law on Credit for Reinsurance Act of 1993, effective October 15, 1993 (D.C. Law 10-36; D.C.

**New Section
35-1241**

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Code § 35-3301 *et seq.*). Notwithstanding that law, a society may reinsure the risks of another society in a consolidation or merger approved by the Commissioner under section 1212.

Sec. 1212. Consolidations and mergers.

**New Section
35-1242**

A domestic society may enter into agreements of consolidation or merger in accordance with the Life Insurance Act, effective March 14, 1985 (D.C. Law 5-160; D.C. Code § 35-640).

Sec. 1213. Conversion of fraternal benefit society into a mutual life insurance company.

Any domestic fraternal benefit society may be converted and licensed as a mutual life insurance company by compliance with all the applicable requirements of the laws of the District with respect to similar mutual legal reserve life insurance corporations if the plan of conversion has been approved by the Commissioner. A plan of conversion shall be prepared in writing by the board of directors setting forth in full the terms and conditions of conversion. The affirmative vote of 2/3rds of all members of the supreme governing body at a regular or special meeting shall be necessary for the approval of the plan. No such conversion shall take effect unless approved by the Commissioner who may grant approval if the Commissioner finds that the proposed change is in conformity with the requirements of law and not prejudicial.

**New Section
35-1243**

Sec. 1214. Benefits.

(a) A society may provide the following contractual benefits in any form:

- (1) Death benefits;
- (2) Endowment benefits;
- (3) Annuity benefits;
- (4) Temporary or permanent disability benefits;
- (5) Hospital, medical, or nursing benefits;
- (6) Monument or tombstone benefits to the memory of deceased members; and
- (7) Such other benefits as authorized for life insurers and which are not

inconsistent with this act.

(b) A society shall specify in its rules those persons who may be issued, or covered by, the contractual benefits in subsection (a) of this section, consistent with providing benefits to members and their dependents. A society may provide benefits on the lives of children under the minimum age for adult membership upon application of an adult person.

**New Section
35-1244**

Sec. 1215. Beneficiaries.

(a) The owner of a benefit contract shall have the right at all times to change the beneficiary or beneficiaries in accordance with the laws or rules of the society unless the owner waives this right by specifically requesting in writing that the beneficiary designation be irrevocable. A society may, through its laws or rules, limit the scope of beneficiary designations and shall provide that no revocable beneficiary shall have or obtain any vested interest in the proceeds of any certificate until the certificate has become due and payable in conformity with the

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provisions of the benefit contract.

(b) A society may make provision for the payment of funeral benefits to the extent the portion of any payment under a certificate as might reasonably appear to be due to any person equitably entitled thereto by reason of having incurred expense occasioned by the burial of the member. The portion so paid shall not exceed \$2,000.

(c) If, at the death of any person insured under a benefit contract, there is no lawful beneficiary to whom the proceeds shall be payable, the amount of the benefit, except to the extent that funeral benefits may be paid as provided in subsection (b) of this section, shall be payable to the estate of the deceased insured in the same manner as other property not exempt. If the owner of the certificate is other than the insured, the proceeds shall be payable to the owner.

**New Section
35-1245**

Sec. 1216. Benefits not attachable.

No money or other benefit, charity, relief, or aid to be paid, provided, or rendered by any society, shall be liable to attachment, garnishment, or other process, or to be seized, taken, appropriated, or applied by any legal or equitable process or operation of law to pay any debt or liability of a member or beneficiary, or any other person who may have a right thereunder, either before or after payment by the society.

**New Section
35-1246**

Sec. 1217. Benefit contracts.

(a) Every society authorized to do business in the District shall issue to each owner of a benefit contract a certificate specifying the amount of benefits provided thereby. The certificate, together with any riders or endorsements attached thereto, the laws of the society, the application for membership, the application for insurance and declaration of insurability, if any, signed by the applicant, and all amendments to each thereof, shall constitute the benefit contract, as of the date of issuance, between the society and the owner, and the certificate shall so state. A copy of the application for insurance and declaration of insurability, if any, shall be endorsed upon or attached to the certificate. All statements on the application shall be representations and not warranties. Any waiver of this provision shall be void.

(b) Any changes, additions, or amendments to the laws of the society duly made or enacted subsequent to the issuance of the certificate, shall bind the owner and the beneficiaries, and shall govern and control the benefit contract in all respects the same as though the changes, additions, or amendments had been made prior to, and were in force at the time of, the application for insurance. No change, addition, or amendment shall destroy or diminish benefits which the society contracted to give the owner as of the date of issuance.

(c) Any person upon whose life a benefit contract is issued prior to attaining the age of majority shall be bound by the terms of the application and certificate and by all the laws and rules of the society to the same extent as though the age of majority had been attained at the time of application.

(d) A society shall provide in its laws that if its reserves as to all or any class of certificates become impaired, its board of directors or corresponding body may require the owner

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to pay to the society the amount of the owner's equitable proportion of the deficiency as ascertained by its board, and that if the payment is not made either: (i) it shall stand as an indebtedness against the certificate and draw interest not to exceed the rate specified for certificate loans under the certificates; or (ii) in lieu of or in combination with clause (i), the owner may accept a proportionate reduction in benefits under the certificate. The society may specify the manner of the election and which alternative is to be presumed if no election is made.

(e) Copies of any of the documents mentioned in this section, certified by the secretary or corresponding officer of the society, shall be received in evidence of the terms and conditions thereof.

(f) No certificate shall be delivered or issued for delivery in the District unless a copy of the form has been filed with the Commissioner in the manner provided for like policies issued by life, accident, and health insurers in the District. Any certificate issued prior to 1 year after the effective date of this act shall conform to the requirements provided by the laws applicable immediately prior to the effective date of this act. Every life, accident and health or disability insurance certificate and every annuity certificate issued on or after 1 year from the effective date of this act shall meet the standard contract provision requirements not inconsistent with this act for like policies issued by life, accident, and health insurers in the District, except that a society may provide for a grace period for payment of premiums of 1 full month in its certificates. The certificate shall also contain a provision stating the amount of premiums which are payable under the certificate and a provision reciting or setting forth the substance of any sections of the society's laws or rules in force at the time of issuance of the certificate which, if violated, will result in the termination or reduction of benefits payable under the certificate. If the laws of the society provide for expulsion or suspension of a member, the certificate shall also contain a provision that a member so expelled or suspended, except for nonpayment of a premium or within the contestable period for material misrepresentation in the application for membership or insurance, shall have the privilege of maintaining the certificate in force by continuing payment of the required premium.

(g) Benefit contracts issued on the lives of persons below the society's minimum age for adult membership may provide for transfer of control of ownership to the insured at an age specified in the certificate. A society may require approval of an application for membership in order to effect this transfer, and may provide in all other respects for the regulation, government and control of the certificates and all rights, obligations, and liabilities incident thereto and connected therewith. Ownership rights prior to the transfer shall be specified in the certificate.

(h) A society may specify the terms and conditions on which benefit contracts may be assigned.

New Section
35-1247

Sec. 1218. Nonforfeiture benefits, cash surrender values, certificate loans, and other options.

(a) For certificates issued prior to 1 year after the effective date of this act, the value of every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan, or other

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option granted shall comply with the provisions of law applicable immediately prior to the effective date of this act.

(b) For certificates issued on or after 1 year from the effective date of this act for which reserves are computed on the Commissioner's 1941 Standard Ordinary Mortality Table, the Commissioner's 1941 Standard Industrial Table, the Commissioner's 1958 Standard Ordinary Mortality Table, the Commissioner's 1980 Standard Mortality Table, or any more recent table made applicable to life insurers, every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan, or other option granted shall not be less than the corresponding amount ascertained in accordance with the laws of the District applicable to life insurers issuing policies containing like benefits based upon such tables.

**New Section
35-1248**

Sec. 1219. Investments.

A domestic society shall invest its funds only in investments authorized by the laws of the District for the investment of assets of life insurers and subject to the limitations therein. Any foreign or alien society permitted or seeking to do business in the District which invests its funds in accordance with the laws of the state, district, territory, country or province in which it is incorporated, shall be held to meet the requirements of this section for the investment of funds.

**New Section
35-1249**

Sec. 1220. Funds.

(a) All assets shall be held, invested and disbursed for the use and benefit of the society and no member or beneficiary shall have or acquire individual rights therein or become entitled to any apportionment on the surrender of any part thereof, except as provided in the benefit contract.

(b) A society may create, maintain, invest, disburse and apply any special fund or funds necessary to carry out any purpose permitted by the laws of the society.

(c) A society may, pursuant to resolution of its supreme governing body, establish and operate one or more separate accounts and issue contracts on a variable basis, subject to the provisions of law regulating life insurers establishing such accounts and issuing such contracts. To the extent the society deems it necessary in order to comply with any applicable federal or state laws, or any rules issued thereunder, the society may adopt special procedures for the conduct of the business and affairs of a separate account, may, for persons having beneficial interests therein, provide special voting and other rights, including without limitation special rights and procedures relating to investment policy, investment advisory services, selection of certified public accountants, and selection of a committee to manage the business and affairs of the account, and may issue contracts on a variable basis which section 1217(b) and (d) shall not apply.

**New Section
35-1250**

Sec. 1221. Taxation.

Every society organized or licensed under this act is hereby declared to be a charitable and benevolent institution, and all of its funds shall be exempt from all and every state, county,

**New Section
35-1251**

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district, municipal and school tax other than taxes on real estate and office equipment.

Sec. 1222. Applicability of provisions.

Except as herein provided, societies shall be governed by this act and shall be exempt from all other provisions of the insurance laws of the District unless they are expressly designated therein, or unless they are specifically made applicable by this act.

**New Section
35-1252**

Sec. 1223. Valuation standards for certificates.

(a) Standards of valuation for certificates issued prior to 1 year after the effective date of this act shall be those provided by the laws applicable immediately prior to the effective date of this act.

(b)(1) The minimum standards of valuation for certificates issued on or after 1 year from the effective date of this act shall be based on the following tables:

(A) For certificates of life insurance, the Commissioner's 1941 Standard Ordinary Mortality Table, the Commissioner's 1941 Standard Industrial Table, the Commissioner's 1958 Standard Ordinary Mortality Table, the Commissioner's 1980 Standard Mortality Table, or any more recent table made applicable to life insurers in the District; and

(B) For annuity and pure endowment certificates, for total and permanent disability benefits, for accidental death benefits, and for non-cancelable accident and health benefits, such tables as are authorized for use by life insurers in the District.

(2) The valuation methods and standards (including interest assumptions) set forth in paragraph (1) of this subsection shall be in accordance with the laws of the District applicable to life insurers issuing policies containing like benefits.

(c) The Commissioner may, in his or her discretion, accept other standards for valuation if the Commissioner finds that the reserves produced thereby will not be less in the aggregate than reserves computed in accordance with the minimum valuation standard herein prescribed. The Commissioner may, in his or her discretion, vary the standards of mortality applicable to all benefit contracts on substandard lives or other extra hazardous lives by any society authorized to do business in the District.

(d) Any society, with the consent of the Commissioner of the state of domicile of the society and under such conditions, if any, which the Commissioner may impose, may establish and maintain reserves on its certificates in excess of the reserves required thereunder, but the contractual rights of any benefit member shall not be affected thereby.

**New Section
35-1253**

Sec. 1224. Reports.

(a) Every society transacting business in the District shall annually, on or before March 1, unless for cause shown the time has been extended by the Commissioner, file with the Commissioner a true statement of its financial condition, transactions, and affairs for the preceding calendar year and pay a filing fee of \$50. The statement shall be in general form and context as approved by the National Association of Insurance Commissioners for fraternal benefit

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societies and as supplemented by additional information required by the Commissioner.

(b) As part of the annual statement, each society shall, on or before March 1, file with the Commissioner a valuation of its certificates in force on the preceding December 31. The Commissioner may, in his or her discretion for cause shown, extend the time for filing the valuation for not more than 2 calendar months. The valuation shall be done in accordance with the standards specified in section 1223. The valuation and underlying data shall be certified by a qualified actuary or, at the expense of the society, verified by the actuary of the department of insurance of the state of domicile of the society.

(c) A society neglecting to file the annual statement in the form and within the time provided by this section shall forfeit \$100 for each day during which the neglect continues, and, upon notice by the Commissioner to that effect, its authority to do business in the District shall cease while the default continues.

**New Section
35-1254**

Sec. 1225. Annual license.

Societies which are now authorized to transact business in the District, and all societies hereafter licensed, may continue such business until March 1 next succeeding the effective date of this act. The authority of the societies and all societies hereafter licensed, may thereafter be renewed annually, but in all cases to terminate on the succeeding March 1. However, a license so issued shall continue in full force and effect until a renewal of the license has been specifically refused. For each such license or renewal the society shall pay the Commissioner a fee of \$50. A duly certified copy or duplicate of the license shall be prima facie evidence that the licensee is a fraternal benefit society within the meaning of this act.

**New Section
35-1255**

Sec. 1226. Examination of societies; no adverse publications.

(a) The Commissioner, or any person he or she may appoint, may examine any domestic, foreign, or alien society transacting or applying for admission to transact business in the District in the same manner as authorized for examination of domestic, foreign, or alien insurers. Requirements of notice and an opportunity to respond before findings are made public as provided in the laws regulating insurers shall also be applicable to the examination of societies.

(b) The expense of each examination and of each valuation, including compensation and actual expense of examiners, shall be paid by the society examined or whose certificates are valued, upon statements furnished by the Commissioner.

**New Section
35-1256**

Sec. 1227. Foreign or alien society; admission.

No foreign or alien society shall transact business in the District without a certificate of authority issued by the Commissioner in accordance with sections 1 and 2 of Chapter IV of the Life Insurance Act, approved June 19, 1934 (48 Stat. 1154; D.C. Code §§ 35-701 and 35-702) and section 21 of the Fire and Casualty Act, approved October 9, 1940 (54 Stat 1074; D.C. Code § 35-1525).

**New Section
35-1257**

Sec. 1228. Injunction; liquidation; receivership of domestic society.

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(a) When the Commissioner, upon investigation, finds that a domestic society has exceeded its powers; has failed to comply with any provision of this act; is not fulfilling its contracts in good faith; has a membership of less than 90 after an existence of 1 year or more; or is conducting business fraudulently or in a manner hazardous to its members, creditors, the public, or the business, the Commissioner shall notify the society of such deficiency and state in writing the reasons for his or her dissatisfaction. The Commissioner shall immediately issue a written notice to the society requiring that the deficiency be corrected. After such notice the society shall have a 30-day period in which to comply with the Commissioner's request for correction. If the society fails to comply, the Commissioner shall notify the society of such findings of noncompliance and require the society to show cause on a date named why it should not be enjoined from carrying on any business until the violation complained of shall have been corrected, or why an action in quo warranto should not be commenced against the society.

(b) If on such date the society does not present good and sufficient reasons why it should not be so enjoined or why such action should not be commenced, the Commissioner may present the facts relating thereto to the Corporation Counsel of the District who shall, if he or she deems the circumstances warrant, commence an action to enjoin the society from transacting business or in quo warranto.

(c) The court shall thereupon notify the officers of the society of a hearing. If after a full hearing it appears that the society should be so enjoined or liquidated or a receiver appointed, the court shall enter the necessary order. No society so enjoined shall have the authority to do business until the:

- (1) Commissioner finds that the violation complained of has been corrected;
- (2) Costs of such action shall have been paid by the society if the court finds that the society was in default as charged;
- (3) Court has dissolved its injunction; and
- (4) Commissioner has reinstated the certificate of authority.

(d) If the court orders the society liquidated, it shall be enjoined from carrying on any further business, whereupon the receiver of the society shall proceed immediately to take possession of the books, papers, money, and other assets of the society and, under the direction of the court, proceed forthwith to close the affairs of the society and to distribute its funds to those entitled thereto.

(e) No action under this section shall be recognized in any court of the District unless brought by the Corporation Counsel upon request of the Commissioner. Whenever a receiver is to be appointed for a domestic society, the court shall appoint the Commissioner as such receiver.

(f) The provisions of this section relating to hearing by the Commissioner, action by the Corporation Counsel at the request of the Commissioner, hearing by the court, injunction and receivership shall be applicable to a society which voluntarily determines to discontinue business.

New Section
35-1258

Sec. 1229. Suspension; revocation or refusal of license of foreign or alien society.

(a) When the Commissioner, upon investigation, finds that a foreign or alien society

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transacting or applying to transact business in the District has exceeded its powers; has failed to comply with any of the provisions of this act; is not fulfilling its contracts in good faith; or is conducting its business fraudulently or in a manner hazardous to its members, creditors, or the public, the Commissioner shall notify the society of the deficiency or deficiencies and state in writing the reasons for his or her dissatisfaction. The Commissioner shall immediately issue a written notice to the society requiring that the deficiency or deficiencies which exist are corrected. After the notice, the society shall have a 30-day period in which to comply with the Commissioner's request for correction. If the society fails to comply, the Commissioner shall notify the society of the findings of noncompliance and require the society to show cause on a date named why its license should not be suspended, revoked, or refused.

(b) If on such date the society does not present good and sufficient reason why its authority to do business in the District should not be suspended, revoked, or refused, the Commissioner may suspend or refuse the license of the society to do business in the District until satisfactory evidence is furnished to the Commissioner that such suspension or refusal should be withdrawn or the Commissioner may revoke the authority of the society to do business in the District.

(c) Nothing contained in this section shall be taken or construed as preventing any such society from continuing in good faith all contracts made in the District during the time such society was legally authorized to transact business herein.

**New Section
35-1259**

Sec. 1230. Injunction.

No application or petition for injunction against any domestic, foreign or alien society, or lodge thereof, shall be recognized in any court of the District unless made by the Corporation Counsel upon request of the Commissioner.

**New Section
35-1260**

Sec. 1231. Licensing of agents.

(a) Agents of societies shall be licensed in accordance with the provisions of the laws regulating the licensing, revocation, suspension, or termination of license of resident and nonresident agents. No written or other examination shall be required of a person who is certified by a society as having been its full-time agent prior to the effective date of this act.

(b) No examination or license shall be required of any regular salaried officer, employee, or member of a licensed society who devotes substantially all of his or her services to activities other than the solicitation of fraternal insurance contracts from the public, and who receives for the solicitation of such contracts no commission or other compensation directly dependent upon the amount of business obtained.

(c) Any agent, representative, or member of a society who devotes, or intends to devote, less than 50% of such person's time to the solicitation and procurement of insurance contracts for such society shall be exempt from the requirements of subsection (a) of this section. Any person who, in the preceding calendar year, has received or will receive a commission or other compensation for soliciting and procuring the type of contracts listed in paragraphs (1) through

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(5) of this subsection on behalf of an individual society, shall be presumed to be devoting, or intending to devote, 50% of the person's time to the solicitation or procurement of insurance contracts for such society:

(1) Life insurance contracts that, in the aggregate, exceed \$200,000 of coverage for all lives insured for the preceding calendar year;

(2) A permanent life insurance contract offering more than \$10,000 of coverage on an individual life;

(3) A term life insurance contract offering more than \$50,000 of coverage on an individual life;

(4) Any insurance contracts other than life that the fraternal benefit society may write that insure the individual lives of more than 23 individuals; or

(5) Any variable life insurance or variable annuity contract.

**New Section
35-1261**

Sec. 1232. Unfair methods of competition; unfair and deceptive acts and practices.

Every society authorized to do business in the District and its agents shall be subject to the provisions of law applicable to life, accident, and health insurers relating to unfair and deceptive practices; provided, however, that nothing in such provisions shall be construed as applying to or affecting the right of any society to determine its eligibility requirements for membership, or be construed as applying to or affecting the offering of benefits exclusively to members or persons eligible for membership in the society by a subsidiary corporation or affiliated organization of the society.

**New Section
35-1262**

Sec. 1233. Penalties.

(a) Any person who makes a false or fraudulent statement in or relating to an application for membership or for the purpose of obtaining money from a benefit in any society shall, upon conviction, be fined not less than \$100 nor more than \$5,000 or be subject to imprisonment not less than 30 days nor more than 1 year, or both.

(b) Any person who solicits membership for, or in any manner assists in procuring membership in, any society not licensed to do business in the District shall, upon conviction thereof, be punished by a fine of not less than \$50 nor more than \$200, or by imprisonment for not less than 30 days nor more than 1 year, or both, in the discretion of the court.

(c) Any person convicted of a willful violation of, or neglect or refusal to comply with, any provision of this act for which a penalty is not otherwise prescribed shall, upon conviction, be punished by a fine not exceeding \$5,000.

(d) Any person who willfully makes a false or fraudulent statement in any verified report or declaration under oath required or authorized by this act, or of any material fact or thing contained in a sworn statement concerning the death or disability of an insured for the purpose of procuring payment of a benefit named in the certificate, shall be guilty of perjury and shall be subject to the penalties prescribed by law.

**New Section
35-1263**

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Sec. 1234. Exemption of certain societies.

(a) Nothing contained in this act shall be construed as to affect or apply to:

(1) Grand or subordinate lodges of societies, orders, or associations now doing business in the District which provide benefits exclusively through local or subordinate lodges;

(2) Orders, societies, or associations which admit to membership only persons engaged in one or more crafts or hazardous occupations, in the same or similar lines of business, insuring only their own members and their families, and the ladies' societies or ladies' auxiliaries to such orders, societies, or associations;

(3) Domestic societies which limit their membership to employees of a particular city or town, designated firm, business house or corporation which provide for a death benefit of not more than \$700 or disability benefits of not more than \$650 to any person in any 1 year, or both;

(4) Domestic societies or associations of a purely religious, charitable or benevolent description, which provide for a death benefit of not more than \$400 or for disability benefits of not more than \$350 to any one person in any 1 year, or both; or

(5) Grand or subordinate lodges of the Independent Order of Odd Fellows, nor any grand or subordinate lodge, or other body of Free and Accepted Masons, the National Council or any subordinate council of the Junior Order United American Mechanics, the National Council or any subordinate council of the Daughters of America, the Supreme Council of the Knights of Columbus or any subordinate council thereof, or similar orders, associations, or societies that do not have as their principal object the issuance of benefit certificates of membership in case of death or the payment of sick, funeral, or death benefits exceeding in amount \$100.

(b) Any such society or association described in subsection (a)(3) or (4) of this section which provides for death or disability benefits for which benefit certificates are issued, and any such society or association included in subsection (a)(4) of this section which has more than 1000 members, shall not be exempted from the provisions of this act but shall comply with all requirements thereof.

(c) No society which is exempt from the requirements of this act, except any society described in subsection (a)(2) of this section, shall give or allow, or promise to give or allow, to any person any compensation for procuring new members.

(d) Every society which provides for benefits in case of death or disability resulting solely from accident, and which does not obligate itself to pay natural death or sick benefits shall have all of the privileges and be subject to all the applicable provisions and regulations of this act except that the provisions thereof relating to medical examination, valuations of benefit certificates, and incontestability, shall not apply to such society.

(e) The Commissioner may require from any society or association, by examination or otherwise, such information as will enable the Commissioner to determine whether the society or association is exempt from the provisions of this act.

(f) Societies, exempted under the provisions of this section, shall also be exempt from all

New Section
35-1264

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other provisions of the insurance laws of the District.

Sec. 1235. Review.

All decisions and findings of the Commissioner made under the provisions of this act shall be subject to review as provided by the District of Columbia Administrative Procedure Act.

**New Section
35-1265**

Sec. 1236. Severability.

If any provision of this act or the application of such provision to any circumstance is held invalid, the remainder of this act or the application of the provision to other circumstances, shall not be affected thereby.

**Sections
35-1201 -
35-1217,**

Sec. 1237. Repealers.

(a) Sections 749, 750, 751, 752, and 754 through 765 of the Life Insurance Act, approved March 3, 1901 (31 Stat. 1310; D.C. Code §§ 35-1201- 35-1217), are repealed.

**35-1218 -
35-1221,**

(b) The Juvenile Fraternal Act, approved May 29, 1928 (45 Stat. 953; D.C. Code §§ 35-1218 - 35-1221), is repealed.

**35-1222 -
35-1228**

(c) An Act To authorize fraternal and benevolent corporations heretofore created by special Act of Congress to divide and separate the insurance activities from the fraternal activities by an act of its supreme legislative body, subject to the approval of the Commissioner of Insurance of the District of Columbia, approved April 12, 1930 (46 Stat. 158; D.C. Code §§ 35-1222 - 35-1228), is repealed.

**Section
28-3902**

TITLE XIII. COMPLIANCE.

Sec. 1301. Title 28 of the District of Columbia Code is amended as follows:

**Section
28-3903**

(a) Section 28-3902(h) is repealed.

(b) Section 28-3903(a) is amended as follows:

(1) The lead-in language is amended by adding the phrase ", in its discretion," after the phrase "The Department".

(2) Paragraphs (1) and (2) are amended to read as follows:

"(1) receive and investigate any consumer complaint and initiate its own investigation of deceptive, unfair, or unlawful trade practices against consumers where the:

"(A) amount in controversy totals \$2,500 or more; or

"(B) case, or cases, indicates a pattern or practice of abuse on the part of a business or industry

"(2) issues summonses and subpoenas to compel the production of documents, papers, books, records, and other evidence, hold hearings, compel the attendance of witnesses, administer oaths, and take the testimony of any person under oath, concerning any trade practice;"

(3) Paragraph (15) is amended by striking the period and inserting a semicolon in its place.

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**Section
28-3905**

(4) A new paragraph (16) is added to read as follows:

"(16) appoint private attorneys from the District of Columbia bar, who shall take action in the name of the Department, and shall promulgate regulations implementing this provision, in order to assist in the enforcement of any consumer complaint."

(c) Section 28-3905 is amended as follows:

(1) The lead-in language of subsection (d) is amended to read as follows:

"(d) The Director shall determine that there are, or are not, reasonable grounds to believe that a trade practice, in violation of a law of the District of Columbia within the jurisdiction of the Department, has occurred in any part or all of the case. The Director may find that there are not such reasonable grounds for any of the following reasons:"

(2) The lead-in language of subsection (e) is amended to read as follows:

"(e) The Director may attempt to settle, in accordance with subsection (h) of this section, each case for which reasonable grounds are found in accordance with subsection (d-1) of this section. After the Director's determination as to whether the complaint is within the Department's jurisdiction, in accordance with subsection (d-1) of this section, the Director shall:"

(3) Subsection (k)(1)(A), (B), (C), and (D) is amended to read as follows:

"(A) a civil fine, payable to the Department, not to exceed \$500 per violation;

"(B) treble damages, or \$1,500 per violation, whichever is greater, payable to the consumer;

"(C) reasonable attorneys' fees;

"(D) punitive damages; and"

(B) A new subparagraph (E) is added to read as follows:

"(E) any other relief which the court deems proper."

(4) Subsection (n) is amended to read as follows:

"(n) There shall be established a Consumer Protection Education Fund ("Fund"). All monies awarded to or paid to the Department by operation of this section, including final judgements, consent decrees, or settlements reduced to final judgements, shall be paid into the Fund in order to further the purpose of this chapter as enumerated in section 28-3901."

TITLE XIV. FISCAL IMPACT STATEMENT.

Sec. 1401. The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(3)).

TITLE XV. EFFECTIVE DATE.

Sec. 1501. This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), approval by the Financial Responsibility and Management Assistance Authority as provided in section 203(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995,

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approved April 17, 1995 (109 Stat. 116; D.C. Code § 47-392.3(a)), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in the District of Columbia Register.

Chairman
Council of the District of Columbia

Mayor
District of Columbia