



## New DC License Requirement Imposes Short Deadlines and Hefty Fines

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On December 31, 2008, the District of Columbia instituted a new requirement that all businesses—including nonprofits—operating in the District with a DC tax identification number must obtain a valid District of Columbia Basic Business License ("BBL"). Although the new requirement does not appear to have been widely publicized, its impact is broad, the deadlines imposed are short, and the penalties for noncompliance are costly.

The DC Business Licensing Processing Adjustment Act of 2008 created a new type of BBL called the General Business License. In the past, only organizations that conducted certain types of regulated activities were required to obtain some type of BBL. For example, nonprofits receiving any or all of their funds from fundraising efforts within the District of Columbia are required to have a valid Charitable Solicitation License.

The new requirement operates as a catch-all by requiring all organizations operating in the District, which have a DC tax identification number and do not already have some type of Basic Business License, to obtain the new General Business License. It is estimated that 10,000 previously unlicensed businesses will be required to obtain the new General Business License.

The deadlines imposed for obtaining the new General Business License vary by an organization's zip code within the District, and, for foreign corporations, by state. The deadlines are listed in the tables below, with the first deadline falling on December 31, 2008, and the next on January 31, 2009. There is a \$2,000 penalty associated with a missed deadline. However the DC Department of Consumer and Regulatory Affairs

("DCRA") has not yet begun enforcing this penalty for organizations that miss their designated filing deadlines.

### **NONPROFITS: GENERAL BUSINESS LICENSE OR CHARITABLE SOLICITATION LICENSE**

Under the new licensing regime, nonprofits generally must have either a valid Charitable Solicitation License or the new General Business License to operate within the District. The only exception noted by the DCRA applies to churches, which are not required to be licensed under the BBL Program unless they conduct additional activities regulated by the District (such as schools, day care centers, soup kitchens, thrift shops).

On its website, the DCRA explains that nonprofits must determine which type of BBL they are required to have based on the type of funding they receive:

- **Charitable Solicitation License:** If your nonprofit seeks or receives any or all of its funds from fundraising activities within the District (including, e.g., seeking federal, local, or private grants, or conducting bazaars, auctions, or other events open to those beyond the nonprofit's members), then it must have a valid Charitable Solicitation License. The DCRA's stated position that application for grants, particularly government grants, constitutes fundraising is quite broad. However, a DCRA representative has stated (unofficially) that a nonprofit located outside of the District and having no other contacts in the District beyond application for federal grants would not be required to obtain a Charitable Solicitation License.
- **General Business License:** If your nonprofit's funding comes from any source other than fundraising, then it must obtain the new General Business License. Note, however, that if your nonprofit already has an updated DC Charitable Solicitation registration on file, then it will not

be required to apply for the General Business License. The nonprofit will, however, need to submit an Exemption Request Certificate to the DCRA (see link below).

### GENERAL BBL APPLICATION PROCESS

To obtain the new General Business license, applicants must meet the following criteria and/or take the following steps:

- Possess a valid federal EIN;
- If not incorporated in the District of Columbia, then be properly registered, *i.e.*, “qualified to do business” in the District;
- Maintain “good standing” with the District of Columbia;
- Have no more than \$100 in outstanding debt (fees, taxes, etc.) to DC;
- File Combined Business Tax Registration application (applicants that have already applied for and been granted sales & use, franchise, and/or personal property tax exemption in the District of Columbia may skip this step, as they will have a Combined Business Tax Registration on file);
- Obtain a Certificate of Occupancy;
- File General BBL EZ Form with required attachments;
- Pay \$295 initial fee; and
- Renew license every two years with \$200 fee.

### GENERAL BUSINESS LICENSE DEADLINES

#### For organizations incorporated in DC:

DC Zip Code	Application Deadline*
20001	April 30, 2009
20002	May 31, 2009
20003	June 30, 2009
20004	January 31, 2009
20005	December 31, 2008
20006	July 31, 2009
20007	February 28, 2009
20008	April 30, 2009
20009	August 31, 2009
20010	March 31, 2009
20011	January 31, 2009
20012	December 31, 2008
20013	May 31, 2009
20015	December 31, 2008

20016	January 31, 2009
20017	July 31, 2009
20018	January 31, 2009
20019	December 31, 2008
20020	May 31, 2009
20024	December 31, 2009
20032	July 31, 2009
20036	March 31, 2009
20037	February 28, 2009

#### For organizations incorporated outside of DC:

State	Application Deadline*
AK	December 31, 2008
AL	December 31, 2008
AR	December 31, 2008
AZ	December 31, 2008
CA	December 31, 2008
CO	December 31, 2008
CT	January 31, 2009
DE	January 31, 2009
FL	January 31, 2009
GA	January 31, 2009
HI	January 31, 2009
IA	January 31, 2009
ID	January 31, 2009
IL	January 31, 2009
IN	February 28, 2009
KS	February 28, 2009
KY	February 28, 2009
LA	February 28, 2009
MA	March 31, 2009
MD	February 28, 2009
ME	March 31, 2009
MI	March 31, 2009
MN	April 30, 2009
MO	April 30, 2009
MS	April 30, 2009
MT	April 30, 2009
NC	April 30, 2009
ND	April 30, 2009
NH	April 30, 2009
NJ	April 30, 2009
NM	April 30, 2009
NV	April 30, 2009

NY	July 31, 2009
OH	May 31, 2009
OK	June 30, 2009
OR	June 30, 2009
PA	June 30, 2009
PR	June 30, 2009
RI	August 31, 2009
SC	August 31, 2009
SD	August 31, 2009
TN	August 31, 2009
TX	July 31, 2009
UT	August 31, 2009
VA	July 31, 2009
VT	August 31, 2009
WA	August 31, 2009
WI	August 31, 2009
WV	August 31, 2009
WY	August 31, 2009

[http://otr.cfo.dc.gov/otr/frames.asp?doc=/otr/lib/otr/tax/forms/tax\\_forms/pdf/fr-500.pdf&group=1679&open=!33280!33288!](http://otr.cfo.dc.gov/otr/frames.asp?doc=/otr/lib/otr/tax/forms/tax_forms/pdf/fr-500.pdf&group=1679&open=!33280!33288!)

**BBL EZ-Form:** This can be used to apply for the new General Business License.

[http://dcra.dc.gov/dcra/frames.asp?doc=/dcra/lib/dcra/1bbl\\_ez\\_final.pdf](http://dcra.dc.gov/dcra/frames.asp?doc=/dcra/lib/dcra/1bbl_ez_final.pdf)

**Charitable Solicitation License:** More information about the Charitable Solicitation License, including a link to the license application, can be found at

<http://dcra.dc.gov/dcra/cwp/view,A,1411,Q,642526.asp>

**General Business License Exemption Request Certificate:**

[http://dcra.dc.gov/dcra/frames.asp?doc=/dcra/lib/dcra/1bbl\\_exemption\\_certificate\\_final.pdf](http://dcra.dc.gov/dcra/frames.asp?doc=/dcra/lib/dcra/1bbl_exemption_certificate_final.pdf)

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*This article is not intended to provide legal advice or opinion and should not be relied on as such. Legal advice can only be provided in response to specific fact situations.*

**Helpful Links:**

**DC Combined Business and Tax Registration Application:**

