

**GOVERNMENT OF THE DISTRICT OF
COLUMBIA**



**DEPARTMENT OF LICENSING AND CONSUMER
PROTECTION**

**Fiscal Year 2022-2023
Performance Oversight Hearing**

**Testimony of
Shirley Kwan-Hui
Interim Director**

**Before the Committee on Public Works and Operations
The Honorable Brianne Nadeau, Chairperson
Council of the District of Columbia
1350 Pennsylvania Ave., N.W.
Washington, D.C. 20004**

**Wednesday, February 22, 2023
2:00 p.m.**

Via Zoom

Introduction

Good afternoon, Madame Chair Nadeau, members of the Committee on Public Works and Operations (Committee), and staff. I am Shirley Kwan-Hui, Interim Director of the Department of Licensing and Consumer Protection (DLCP), previously known as the Department of Consumer and Regulatory Affairs (DCRA). I am honored to testify here today on behalf of Mayor Bowser to give a high-level overview of DLCP, DCRA's fiscal year 2022 (FY22) accomplishments that specifically pertain to DLCP functions, the newly established DLCP's accomplishments in fiscal year 2023 (FY23) to date, and the agency's FY23 top priorities for the remainder of the fiscal year.

I would like to start by thanking Mayor Bowser for her leadership throughout the years and entrusting me with establishing and leading this new agency. As challenging as the pandemic has been for all of us, Mayor Bowser has shown what strong and dedicated leadership means by supporting District residents through new and improved opportunities for everyone to thrive. I also appreciate the Council's support in our agency's work in assisting District residents to thrive. Lastly, I want to take a moment to publicly thank the entire DLCP team for their support, trust, hard work, and dedication to getting this brand-new agency up and running and providing service to District residents without any interruptions.

We at DLCP are very excited to work with your newly established Committee and the Council in a collaborative effort to support the residents, businesses and the visitors of the District.

Overview of DLCP

DLCP is one of the District's newest agencies. It began operating on October 1, 2022; the beginning of fiscal year 2023 DLCP's mission is to protect the economic interests of

residents, businesses, and visitors of the District of Columbia by licensing, regulating businesses, and investigating and enforcing the Consumer Protection Procedures Act. The agency's services include issuing business licenses, occupational and professional licenses, registering corporations, inspecting weight and measuring devices used for monetary profit, issuing special events permits, protecting consumers with education, investigation and enforcement activities, and regulating business activities to ensure compliance.

DLCP's agency structure consists of three main divisions: Office of the Director, Business and Professional Licensing Administration (BPLA), and the Office of Enforcement.

The Office of the Director is led by me and is mainly responsible for internal agency operations, communications, and customer service.

The Business and Professional Licensing Administration (BPLA) is responsible for assisting customers using digital online services and providing training and counseling services to existing and aspiring business owners who seek to start, register, and license a business in the District of Columbia. The BPLA is led by the BPLA Administrator who oversees the Business Service Center, Business Licensing, Occupational and Professional Licensing, Corporation Division and Weights and Measures. The Business Service Center includes our Small Business Resource Center, which is an innovative resource center where aspiring and existing business owners can become equipped with the step-by-step process of navigating the District's regulatory process, receive support from DLCP's experienced team, and learn about how to succeed in today's business environment. It offers free one-on-one sessions and business educational group workshops, where staff provide a "Concierge" like service and connect them with resources they may need such as grants or free legal advice from sister agencies, non-profit organizations, and/or other entities. The Business Service Center also offers digital service

assistance to customers who may need extra help in navigating the agency's online services or those customers who prefer to come in-person to conduct their business transactions. Our Business Service Center is located on the second floor of our office building at 1100 4th Street, S.W. and is open to the public for walk in, phone, and virtual assistance. The public can reach us at our office, online at www.dlcp.dc.gov or by phone at 202-671-4500.

The Business Licensing Unit is responsible for processing new and license renewal applications for businesses. This includes licensing for special events and vending from public space to ensure regulatory compliance. The Occupational and Professional Licensing Unit Division supports the District's non-health related occupational and professional boards, commissions, and programs. This unit enforces regulations and offers licenses in more than 125 occupational and professional categories. The Corporation Division is responsible for registering all entities including trade name registration of corporations, limited liability companies, and partnerships conducting affairs within the District of Columbia. Lastly, the Weights and Measures Unit is responsible for inspecting commercially used weighing and measuring devices such as devices located at the gas station, farmer's market and grocery stores in the District of Columbia to ensure accuracy of business transactions and protect consumers.

Finally, the Office of Enforcement which is led by the Chief Enforcement Officer and oversees the enforcement unit, special events and vending enforcement, and consumer protection. The Office of Enforcement is responsible for the investigation and enforcement of non-compliant business activities, including licensing, vending, weights and measures, and special events. This division is also responsible for educating the public about the District's business regulatory and consumer protection laws, including how to file a complaint with DLCP. The enforcement unit processes all civil infractions against businesses who violate District's laws,

rules, and regulations under the authority of DLCP with the Office of Administrative Hearings. The enforcement unit also collects fines and takes other appropriate actions.

Madam Chair, now that I have introduced the committee to DLCP, I am excited to share the agency's accomplishments thus far in FY23 including those that were accomplished in FY22 under DCRA that pertains specifically to DLCP's functions, and my ongoing commitment to strengthening the agency's performance, internal controls and operations in the future, especially as we support Mayor Bowser's DC Comeback Plan.

FY22 Accomplishments

I will start off with the FY22 accomplishments made by the DLCP functions under DCRA and the efforts that DLCP will continue in FY23. The accomplishments are as follow:

- **Successful roll out of short-term rental licensing and enforcement** – With the growth of alternative accommodations, many homeowners have opened their dwellings to short-term renters without appropriate and necessary safeguards to ensure the safety of homeowners and their guests. As such, the agency developed a regulatory mechanism for licensing and enforcement of short-term rentals. The agency issued 1,739 short-term rental licenses, 580 vacation rental licenses, and 130 notice of infractions in FY22. In FY23, DLCP issued 225 short-term rental licenses, 106 vacation rental licenses, and 50 number notice of infractions as of February 21, 2023.
- **Successful implementation of the Fast-Tracking Licensing, Permitting and Inspection Project** – To assist the District's economic recovery and growth, the agency fast-tracked licensing, permitting and inspection. The agency exceeded the year-end targets for all relevant Key Performance Indicators (KPIs) and metrics. Specifically, the agency achieved

95.4% for business renewal within one business day in FY22, which is 2% higher than in FY21's.

- **Launched a New Consumer Protection Case Management System** - The agency also launched a new case management system for consumer protection to speed up investigatory timeline and reach faster resolution for our customers. In FY23, DLCP will continue to enhance this system for operational needs and create greater efficiency.
- **Establishment of New Six-Month License and Reduced Business License Fees** - In an effort to improve racial equity and provide greater small business support, the agency reduced some business license fees to help District's small businesses and developed a new six-month license category, which is a more flexible and cost-efficient model. By creating a six-month business license, DLCP will be able to accommodate the needs of seasonal and temporary businesses. In FY23, DLCP will implement the six-month license after promulgating a new fee schedule.
- **Implementation of the Establishment of the Department of Buildings Act of 2021** – During the implementation of the Establishment of the Department of Buildings Act of 2021, customers were able to conduct business activities without service interruptions while DCRA transitioned into the new agencies, the Department of Buildings and DLCP. Both agencies successfully launched new websites and performance dashboards and rebranded over 20 internal applications and 400 customer-facing forms and guides.

In addition to the above accomplishments, the agency also met all 6 KPIs of the DLCP functions.

DLCP's FY23 to Date Accomplishments

Now let me speak of DLCP's key accomplishments since its establishment on October 1, 2022. The agency completed the office re-design project due to the agency split without

jeopardizing customer service. DLCP continued to deliver quality service and expanded our outreach and education efforts about our new agency. The agency has been actively promoting its mission and services to customers and stakeholders. In fact, DLCP hosted an open house last Thursday, February 16 where two hundred and fifty people attended. They were able to tour our new office space, meet the agency leadership and staff, participated panel discussion, receive in-person assistance, and learn more about DLCP's programs and initiatives.

- **The Launch of DC Business Licensing Portal** - In support Mayor Bowser's DC Comeback Plan, DLCP continues to improve the ease of doing business in the District of the Columbia. I am excited to share with the Council and the public about last week's launch of the DC Business Licensing Portal. In partnership with the Office of the Chief Technology Officer (OCTO), DLCP collaborated with seven other sister agencies for nine months to make this happen. The DC Business Licensing Portal is a single place to start or maintain the customer's business with checklists, estimated time of processing, estimated costs, and personal dashboard to track progress and keep things organized. Therefore, customers do not need to navigate multiple agencies' websites to find out licensing and compliance requirements, estimated costs and processing timeline. We want to help residents to start or manage their existing businesses better, faster, and easier, so DC's Comeback is stronger and better than before the pandemic. The seven business types currently available on the portal represent 80% of all licenses issued in the District. As wonderful as this accomplishment is, we are just getting started. The next phase of this project is targeted for later this spring, which will include more license categories, more integrations with other agencies, and more user-friendly functionalities. Our goal is to be the first place to start, maintain and grow a business in the District of Columbia.

- **Street and Sidewalk Vending Series** - DLCP is also committed to helping more people get licensed for street and sidewalk vending. This includes new vendors as well as existing vendors that need to come into compliance. DLCP has launched the Street and Sidewalk Vending Series in partnership with the Mayor's Office of Community Affairs agencies to deliver targeted and tailored workshops to the various communities who are interested in obtaining vending licenses, such as the Latino, African, Asian and Pacific Islander, Caribbean, and African American Communities. Besides DLCP's licensing requirements, we included information from DC Health and Department of Transportation at the workshop so the audience will get all the necessary information at once. Together with our agency partners, we have conducted a successful workshop last December, with another one for February 28th with the Office of the Latino Affairs. More workshops are currently being scheduled for different neighborhoods for the remaining fiscal year.
- **Flavored Tobacco Product Prohibition Amendment Act of 2021 Implementation** – I would now like to now turn to DLCP's hard work on implementing the Flavored Tobacco Product Prohibition Amendment Act of 2021 (Law 24-25) (Act), which became effective on October 1, 2022. To ensure swift implementation of the new law, which bans the sale of flavored tobacco in the District and the sale of electronic smoking devices within a quarter mile of a middle or high school, DLCP has been conducting on-site compliance checks of licensed cigarette retail businesses. Since FY23 to date, DLCP has visited approximately 800 businesses. The agency also sent notifications to affected businesses, published the necessary information on its agency's website and newsletters for the public including resources on how to report suspected violations to DLCP. The agency created an E-Cigarette Enforcement Map showing the geolocation of the businesses that are located within a quarter

mile of a middle or high school and are prohibited from selling electronic smoking devices and flavored tobacco. Additionally, DLCP's Administrative Issuance was published in the *D.C. Register* on Friday, February 17, 2023, which set forth fine structure and penalties.

- **Updating Consumer Protection Procedures Act** - In addition to all of the exciting progress that DLCP is making, I also want to share that since the hearing on Bill 24-658 on November 3, 2022, we have established a working group that includes the Office of the Attorney General, the Department of Insurance Securities and Banking, other sister agencies, and stakeholders to modernize the Consumer Protection Procedures Act ("CPPA"). This Act was adopted in 1976 and since then, the way we do business, engage with merchants, and the overall consumer market today have changed. So the working group is tasked to develop a list of proposed changes to the CPPA by the end of FY23 to align with modern business practices to protect consumers. The agency has held four working group meetings so far, which have been very substantive and collaborative, and we will continue to hold more meetings in the future.
- **Internal Control and Compliance Program** - The agency has implemented a new Internal Control and Compliance Program. This program establishes and maintains a culture of commitment to continuous improvement by providing objective and independent assurance and effective risk management of the agency's various processes and systems to strengthen internal controls.
- **Georgetown University Award** - In addition, DLCP was recognized by Georgetown University in December for its continued partnership to ensure safe off-campus housing in the Georgetown area through licensing of housing providers.

I'm also pleased to share that we have exceed all 8 KPIs and is on target towards meeting the year-end goals.

Besides meeting the KPIs, the agency will prioritize the following:

Support the Mayor's DC Comeback Plan and by helping to expand the middle-class:

DLCP continues to support the Mayor's Comeback Plan by making it easier and faster to do business in the District; streamlining occupational and professional licenses; increasing education and outreach activities on licensing, regulatory compliance and consumer protection to all eight wards especially minority populations; piloting a mobile food vending program; and replacing or enhancing core systems. The agency continues to help expand the middle-class by providing new and existing entrepreneurs with small business resource connections, navigating licensing requirements, removing barriers in obtaining vending and professional licenses, hosting workshops, and offering one-on-one assistance sessions.

Strengthening Internal Control and Compliance

With my decade of financial industry and 16 years of government experiences, I fully understand the importance of having and maintaining integrity in order to gain public trust. . Therefore, strengthening internal controls and compliance is one of our top priorities. DLCP will identify the program areas to prioritize in FY23 for compliance review to ensure adherence to policies and standard operating procedures, address operational deficiencies, and determine compliance with the statutory and regulatory requirements. DLCP will also review all agency-wide business processes to develop or update Standard Operating Procedures (SOPs) and train its staff accordingly. Finally, to improve efficiency and effectiveness, the agency will make the necessary systems updates to align the systems with the SOPs.

Expanding outreach and education activities to all customers:

To ensure equity across all eight wards, DLCP will continue to expand outreach and educational opportunities to all customers especially those populations who may require a different language or special accommodation.

Attracting and retaining talent to provide excellent customer service and increase customer satisfaction rating.

To attract and retain the agency's talent, DLCP will continue to boost its recruitment efforts to fill vacant positions to meet customer demand. The agency will implement a Training Academy with a new platform that will serve as the central training repository for all agency-specific training to create content and provide more cross-functional training to staff for quality service. To increase staff retention, DLCP will continue to encourage staff feedback to further improve workplace culture, communications, and career growth opportunities.

Closing

Madame Chair, as you can see, DLCP has been very busy since its inception less than five months ago. I am pleased with what we have achieved thus far, but am cognizant that there is more work to do. Rest assured that I, along with the rest of the DLCP team, are up to the challenge and are excited about what lies ahead.

I am looking forward to collaborating with the Committee and the public to move the agency forward. Thank you for the opportunity to testify on behalf of the agency and I look forward to answering any questions you may have.