

# HOUSE BILL REPORT

## HB 1165

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**As Reported by House Committee On:**  
Community Development & Housing

**Title:** An act relating to providing support for small business.

**Brief Description:** Providing support for small business.

**Sponsors:** Representatives Liias, Kenney, Stanford, Ryu, Maxwell, Goodman, Eddy, Finn, Sells, Moscoso, Miloscia, Rolfes and Appleton.

**Brief History:**

**Committee Activity:**

Community Development & Housing: 1/20/11, 2/14/11 [DPS].

**Brief Summary of Substitute Bill**

- Requires the Department of Revenue (DOR) to provide specific information to small business taxpayers.
- Gives small business taxpayers the right to rely on the information provided by the DOR.
- Requires the Department of Licensing and the DOR to include a statement on specific documents that references the online business portal maintained by the Department of Commerce.
- Repeals the sunset on the Office of Regulatory Assistance.

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### HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT & HOUSING

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Kenney, Chair; Finn, Vice Chair; Smith, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Maxwell, Ryu, Santos and Walsh.

**Staff:** Jennifer Thornton (786-7147).

**Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

### Online Business Portal.

Executive Order 06-02 directed the development of a One-Stop Business Portal, with the intent of offering a single, secure, online portal that would make licensing, permitting, regulatory approvals or filings, and tax collection easier for business. The portal can be accessed at [www.Business.wa.gov](http://www.Business.wa.gov), and contains services and resources related to doing business in Washington.

Executive Order 10-05 directed the Department of Commerce (Department), working with the Governor's Office of Regulatory Assistance and key state agencies that regulate business, to consolidate the variety of small business licensing, registration, and certification guides into one integrated online resource available across all state agencies by June 30, 2011.

### Office of Regulatory Assistance.

The Legislature created the Office of Regulatory Assistance (ORA) in 2002 to address potential conflict, overlap, and duplication in Washington's environmental permits. Under statute, the ORA is administered by the Office of the Governor but some staff are located in the Department of Ecology and the Department of Information Services. Estimated expenditures were \$2.1 million in fiscal year 2010. The ORA's functions regarding permits and licenses fall into three areas: supplying information, providing assistance and coordination, and improving regulatory processes.

In 2007 the ORA was subject to a sunset review by the Joint Legislative Audit and Review Committee (JLARC). Consistent with the JLARC's recommendation, the ORA was reauthorized and a new sunset date was established for 2011. The JLARC also recommended that the ORA improve the tracking of its activities.

In October 2010 the JLARC completed a sunset review based on the 2011 sunset date, and provided three recommendations: (1) the Legislature should continue the ORA and not set another sunset date; (2) the ORA should include in its biennial reports information on what is, and what is not, working as the ORA implements the tasks defined for it by the Legislature; and (3) the ORA should improve its reports to the Legislature so that its performance in meeting targets stated in one year can be clearly tracked over following years.

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### **Summary of Substitute Bill:**

The Legislature finds that small businesses are critical to Washington's economic recovery and strength, many small businesses are experiencing financial hardship, and small business start-up and expansion will have a favorable impact on Washington's economy. Therefore, the Legislature intends to provide support for the state's small businesses.

Washington's small business taxpayers have the right to: (1) receive industry specific tax guidance by the Department of Revenue (DOR) at the time the business is registered with the state; (2) receive a written explanation regarding any tax deficiency assessments, interest, and

penalties at the time of issue; and (3) rely on specific official written advice and written tax reporting instructions from the DOR.

The DOR must administer provisions so that stated taxpayer rights are met and must adopt rules as necessary.

Beginning October 1, 2011, the Department of Licensing (DOL) must include a statement referencing the online business portal maintained by the Department on its master and renewal business license applications. Also beginning October 1, 2011, the DOR must include a statement referencing the online business portal maintained by the Department on its excise tax return.

The sunset that terminates the ORA on June 30, 2011, is repealed.

"Small business taxpayer" is defined as a taxpayer in its first year of business operations or with 50 or fewer employees.

**Substitute Bill Compared to Original Bill:**

The small business loan guarantee program and the business and occupation tax credit for eligible businesses that directly create new qualified employment positions are removed.

The name "Small Business Taxpayer Bill of Rights" is not included. The requirement that the DOR waive or cancel interest and penalties imposed on a small business taxpayer if the failure to pay taxes was not intentional is removed.

The Department is not required to establish and continuously update an online portal to provide small businesses with information about a broad array of state, federal, and local services.

The DOL must reference the online business portal maintained by the Department on its master and renewal business license applications, and the DOR must reference the online business portal maintained by the Department on its excise tax return.

Definitions for "Small business" and "eligible business" are not provided.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 15, 2011.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) We need to ask what our small businesses can do to pull our state out of the current economic situation. This bill reflects a variety of ways to go out and help small businesses, and it is based on conversations with them. The fiscal note needs to be discussed over the long term, as our small business owners are paying a lot of money due to the challenges they are having complying with state tax laws. Costs associated with advertising the business portal are very low. Some elements of this bill are implementable now, and some provide good opportunities for long-term discussion. Small businesses are having a difficult time putting together loan packages right now. Assistance in this area would be an important addition.

(Opposed) None.

**Persons Testifying:** Representative Lias, prime sponsor; and Gary Smith, Independent Business Association.

**Persons Signed In To Testify But Not Testifying:** None.