

# SENATE BILL REPORT

## SHB 1568

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As Reported by Senate Committee On:  
Ways & Means, April 8, 2013

**Title:** An act relating to the business licensing service program administered by the department of revenue.

**Brief Description:** Concerning the business licensing service program administered by the department of revenue.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Carlyle, Nealey and Ryu; by request of Department of Revenue).

**Brief History:** Passed House: 3/09/13, 97-0.

**Committee Activity:** Ways & Means: 3/19/13, 3/27/13, 4/08/13 [DPA, DNP, w/oRec].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Bailey, Becker, Braun, Dammeier, Padden, Parlette, Rivers, Schoesler and Tom.

**Minority Report:** Do not pass.

Signed by Senators Nelson, Assistant Ranking Member; Hasegawa, Keiser, Kohl-Welles, Murray and Ranker.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Hatfield.

**Staff:** Dean Carlson (786-7305)

**Background:** In 2011 the responsibility for administration of the Master License Service (MLS) program was transferred from the Department of Licensing (DOL) to the Department of Revenue (DOR). The transfer included funding, staff, and tangible property associated with MLS.

The responsibilities transferred to DOR included the following:

- administering MLS, which includes nearly 300 state and local business licenses;

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- establishing handling fees for master applications and renewals by rule, subject to new statutory maximums. The current fees are \$15 for master applications and \$9 for renewal applications. The fees could be increased to \$19 for master applications and \$11 for renewal applications;
- administering a performance-based grant program, subject to appropriations from the master license account. The grants provide funding assistance to counties and cities that issue business licenses and would like to join MLS. The total amount of grants may not exceed \$750,000 in a fiscal year; and
- providing information regarding the regulatory programs associated with each license obtainable under MLS.

DOR renamed MLS as the Business License Service (BLS) after the transfer in 2011.

Trade Names. DOR can specify forms and set fees for trade name registration and renewal by rule. Fees cannot exceed the actual costs to administer the registration and renewal of trade names through BLS and must be deposited into the master license fund. State law does not provide an explicit process in statute for trade name renewal or cancellation.

**Summary of Bill (Recommended Amendments):** Many technical changes are made to business licensing and trade name laws. In addition, more specificity is provided in state law regarding the renewal and cancellation of trade names. Trade name renewal cannot occur more often than annually. DOR can cancel the trade name of any person whose business license account becomes inactive in BLS at the request of the person to whom the trade name is registered. DOR must make reasonable effort to provide notice to a person prior to cancellation of a trade name unless it is the person requesting the cancellation of a trade name.

The definition of person is expanded to ensure confidential licensing information is not disclosed by DOR.

References of MLS in statute are changed to BLS.

Obsolete provisions of the law are eliminated.

All cities that impose a business and occupation tax must have their general business licenses issued and renewed, if renewal is applicable, through the state's BLS or a city-developed portal by July 1, 2016. Cities that do not impose a business and occupation tax must have their general business licenses issued and renewed, if renewal is applicable, through the state's BLS or a city-developed portal by January 1, 2019.

DOR may delay or phase in the implementation dates if: (1) funding or other resources are insufficient to enable DOR to meet the required deadlines; (2) additional time is required for a city's efficient transition to BLS; or (3) additional time is required to ensure BLS can effectively process all general business licenses.

DOR is authorized to work in collaboration with cities to establish a schedule for assuming the issuance and renewal of general business licenses. Cities may continue to issue and renew their general business licenses until such licenses are incorporated into BLS.

A city-developed portal is defined as a single portal with at least five participating cities that allows for the issuance or renewal of general business licenses for all participating cities.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments):** All cities that impose a business and occupation tax must have their general business licenses issued and renewed, if renewal is applicable, through the state's BLS or a city-developed portal by July 1, 2016. Cities that do not impose a business and occupation tax must have their general business licenses issued and renewed, if renewal is applicable, through the state's BLS or a city-developed portal by January 1, 2019.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Substitute House Bill:** PRO: This bill came as a result of the transfer of MLS from DOL to DOR. The bill is primarily technical in nature. However, it does have a part that allows DOR to waive a license fee for good cause. Business information about the business is available through the Secretary of State, but tax information is not available. There is no fiscal impact.

**Persons Testifying:** PRO: Drew Shirk, DOR.