

FINAL BILL REPORT

SSB 6632

C 164 L 20
Synopsis as Enacted

Brief Description: Providing additional funding for the business licensing service program administered by the department of revenue.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Takko; by request of Department of Revenue).

Senate Committee on Ways & Means
House Committee on Finance

Background: Business Licensing Service. The Business Licensing Service (BLS) is the state's business licensing system for business license registration, renewals, and other related services. The program is operated by the Department of Revenue (DOR) and facilitates issuing business licenses on behalf of nine state agencies and 115 cities and towns. The number of cities and towns is set to increase to 217 by December 31, 2020, due to legislation enacted in 2017 requiring all cities with a general business license requirement to partner with DOR to have such licenses issued and renewed through the BLS.

Business License Handling Fees. State law sets a statutory maximum fee for each business license application and renewal application. Handling fees are collected by DOR. All revenues from BLS handling fees are deposited into the BLS account for the sole purpose of maintaining and operating the BLS program.

Current handling fee rates are:

- \$19 for all business license applications other than renewal applications; and
- \$11 for renewal applications.

The application and renewal application handling fees were last increased in 2013.

Summary: The statutory maximum rate for business license handling fees are changed to the following:

- license applications to open or reopen a business are increased from \$19 to \$90; and
- license renewal applications are decreased from \$11 to \$10.

No handling fee is collected on a business license application by an existing business to open an additional location or obtain a nonresident city endorsement. All other business license applications maintain a statutory maximum rate of \$19.

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.

Beginning September 30, 2023, and each year thereafter, DOR must review the BLS account balance and, if the balance in the account exceeds or is projected to exceed \$1 million by the end of the current fiscal year, then DOR must reduce one or more of the handling fees. Handling fees must be reduced to the extent necessary to maintain a business license account balance of no more than \$1 million at the end of the next fiscal year, as projected by DOR.

DOR is not required to reduce handling fees more than once in any fiscal year. DOR may round adjusted fees to the nearest whole dollar so long as they do not exceed the statutory maximum rates.

Votes on Final Passage:

Senate	27	21
House	80	17

Effective: July 1, 2020