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**HOUSE BILL 2749**

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**State of Washington****66th Legislature****2020 Regular Session****By** Representatives Orwall, Gregerson, Entenman, and Sullivan

Read first time 01/20/20. Referred to Committee on Finance.

1       AN ACT Relating to authorizing an extension of time for certain  
2 cities to decline to partner with the department of revenue for the  
3 issuance or renewal of general business licenses; and amending RCW  
4 35.90.020.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6       **Sec. 1.** RCW 35.90.020 and 2017 c 209 s 2 are each amended to  
7 read as follows:

8           (1) Except as otherwise provided in subsection (7) of this  
9 section, a city that requires a general business license of any  
10 person that engages in business activities within that city must  
11 partner with the department to have such license issued, and renewed  
12 if the city requires renewal, through the business licensing service  
13 in accordance with chapter 19.02 RCW.

14           (a) Except as otherwise provided in subsection (3) of this  
15 section, the department must phase in the issuance and renewal of  
16 general business licenses of cities that required a general business  
17 license as of July 1, 2017, and are not already partnering with the  
18 department, as follows:

19           (i) Between January 1, 2018, and December 31, 2021, the  
20 department must partner with at least six cities per year;

1       (ii) Between January 1, 2022, and December 31, 2027, the  
2 department must partner with the remaining cities; or

3       (iii) Between July 1, 2017 and December 31, 2022, the department  
4 must partner with all cities requiring a general business license if  
5 specific funding for the purposes of this subsection ~~((1)(a))~~  
6 (1)(a)(iii) is appropriated in the omnibus appropriations act.

7       (b) A city that imposes a general business license requirement  
8 and does not partner with the department as of January 1, 2018, may  
9 continue to issue and renew its general business licenses until the  
10 city partners with the department as provided in subsection (4) of  
11 this section.

12      (2)(a) A city that did not require a general business license as  
13 of July 1, 2017, but imposes a new general business license  
14 requirement after that date must advise the department in writing of  
15 its intent to do so at least ninety days before the requirement takes  
16 effect.

17      (b) If a city subject to (a) of this subsection (2) imposes a new  
18 general business license requirement after July 1, 2017, the  
19 department, in its sole discretion, may adjust resources to partner  
20 with the imposing city as of the date that the new general business  
21 licensing requirement takes effect. If the department cannot  
22 reallocate resources, the city may issue and renew its general  
23 business license until the department is able to partner with the  
24 city.

25      (3) The department may delay assuming the duties of issuing and  
26 renewing general business licenses beyond the dates provided in  
27 subsection (1)(a) of this section if:

28       (a) Insufficient funds are appropriated for this specific  
29 purpose;

30       (b) The department cannot ensure the business licensing system is  
31 adequately prepared to handle all general business licenses due to  
32 unforeseen circumstances;

33       (c) The department determines that a delay is necessary to ensure  
34 that the transition to mandatory department issuance and renewal of  
35 general business licenses is as seamless as possible; or

36       (d) The department receives a written notice from a city within  
37 sixty days of the date that the city appears on the department's  
38 biennial partnership plan, which includes an explanation of the  
39 fiscal or technical challenges causing the city to delay joining the

1 system. A delay under this subsection (3) (d) may be for no more than  
2 three years.

3 (4) (a) In consultation with affected cities and in accordance  
4 with the priorities established in subsection (5) of this section,  
5 the department must establish a biennial plan for partnering with  
6 cities to assume the issuance and renewal of general business  
7 licenses as required by this section. The plan must identify the  
8 cities that the department will partner with and the dates targeted  
9 for the department to assume the duties of issuing and renewing  
10 general business licenses.

11 (b) By January 1, 2018, and January 1st of each even-numbered  
12 year thereafter until the department has partnered with all cities  
13 that currently impose a general business license requirement and that  
14 have not declined to partner with the department under subsection (7)  
15 of this section, the department must submit the partnering plan  
16 required in (a) of this subsection (4) to the governor; legislative  
17 fiscal committees; house local government committee; senate  
18 ((agriculture, water, trade and)) financial institutions, economic  
19 development and trade committee; senate local government committee;  
20 affected cities; association of Washington cities; association of  
21 Washington business; national federation of independent business; and  
22 Washington retail association.

23 (c) The department may, in its sole discretion, alter the plan  
24 required in (a) of this subsection (4) with a minimum notice of  
25 thirty days to affected cities.

26 (5) When determining the plan to partner with cities for the  
27 issuance and renewal of general business licenses as required in  
28 subsection (4) of this section, cities that notified the department  
29 of their wish to partner with the department before January 1, 2017,  
30 must be allowed to partner before other cities.

31 (6) A city that partners with the department for the issuance and  
32 renewal of general business licenses through the business licensing  
33 service in accordance with chapter 19.02 RCW may not issue and renew  
34 those licenses.

35 (7) ((A)) (a) Except at provided in (b) of this subsection, a  
36 city may decline to partner with the department for the issuance and  
37 renewal of a general business license as provided in subsection (1)  
38 of this section if the city participates in the online local business  
39 license and tax filing portal known as "FileLocal" as of July 1,  
40 2020.

1       (b) A city that receives at least one million nine hundred fifty  
2 thousand dollars in fiscal year 2020 for temporary streamlined sales  
3 tax mitigation under the 2019 omnibus appropriations act, section  
4 722, chapter 415, Laws of 2019, may decline to partner with the  
5 department for the issuance and renewal of a general business license  
6 as provided in subsection (1) of this section if the city  
7 participates in FileLocal as of July 1, 2021.

8       (c) For the purposes of this subsection (7), a city is considered  
9 to be a FileLocal participant as of the date that a business may  
10 access FileLocal for purposes of applying for or renewing that city's  
11 general business license and reporting and paying that city's local  
12 business and occupation taxes. A city that ceases participation in  
13 FileLocal after July 1, 2020, or July 1, 2021, in the case of a city  
14 eligible for the extension under (b) of this subsection, must partner  
15 with the department for the issuance and renewal of its general  
16 business license as provided in subsection (1) of this section.

17       (8) By January 1, 2019, and each January 1st thereafter through  
18 January 1, 2028, the department must submit a progress report to the  
19 legislature. The report required by this subsection must provide  
20 information about the progress of the department's efforts to partner  
21 with all cities that impose a general business license requirement  
22 and include:

23           (a) A list of cities that have partnered with the department as  
24 required in subsection (1) of this section;

25           (b) A list of cities that have not partnered with the department;

26           (c) A list of cities that are scheduled to partner with the  
27 department during the upcoming calendar year;

28           (d) A list of cities that have declined to partner with the  
29 department as provided in subsection (7) of this section;

30           (e) An explanation of lessons learned and any process  
31 efficiencies incorporated by the department;

32           (f) Any recommendations to further simplify the issuance and  
33 renewal of general business licenses by the department; and

34           (g) Any other information the department considers relevant.

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