

HOUSE BILL REPORT

HB 2618

*As Reported By House Committee on:
Commerce & Labor*

Title: An act relating to business licenses.

Brief Description: Providing for self-support for the master license system.

Sponsor(s): Representatives Heavey, R. King and G. Cole; by request of Department of Licensing.

Brief History:

Reported by House Committee on:
Commerce & Labor, January 31, 1992, DPS.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 7 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Franklin; Jones; R. King; O'Brien; and Prentice.

Minority Report: *Do not pass.* Signed by 4 members: Representatives Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Vance; and Wilson.

Staff: Jim Kelley (786-7166).

Background: The Department of Licensing (DOL) administers the master licensing program for state businesses, which was established in the mid-1970s to serve as a one-stop licensing service for state businesses. This program issues 72 types of licenses for 11 different state agencies, and provides general information to the public about licensing requirements and costs of licenses. DOL processed over 400,000 new licenses and renewals as part of the master licensing program during the 1989-1991 biennium, and collects a \$12 handling fee for each new master license issued. In addition, a fee that is the lesser of \$150 or 50 percent of the sum of various license fees is imposed on those who fail to renew by the license expiration date. Master license handling and delinquency fees are deposited in the general fund. Costs of the master licensing program are covered by receipts from the \$12 fee and an appropriation from the general fund.

A provision in the 1991-93 biennial budget passed in 1991 directed DOL to obtain \$1 million in funding from state agencies using the master licensing program rather than from the general fund. However, the governor vetoed this provision, stating that the Legislature should resolve master licensing program funding issues in the 1992 session.

Summary of Substitute Bill: The handling fee for a new master license application is increased from \$12 to \$15, a renewal fee of \$9 is established, and a \$5 handling fee is established for each license information package requested. "License information packet" is defined as a collection of information about licensing requirements and application procedures custom-assembled for each request. These fees, along with fees for delinquent renewals, are deposited in a newly created master licensing fund instead of the general fund. Expenditures from the account may be used only for costs associated with the master licensing program.

Substitute Bill Compared to Original Bill: The substitute bill reduces the master application fee from \$17 to \$15 and reduces the renewal fee from \$10 to \$9. A \$5 handling fee is established for each license information packet. "License information packet" is defined.

Fiscal Note: Available.

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

Testimony For: (original bill): The master license system provides convenience to business and government agencies. As with other Department of Licensing programs, the master license system would be supported by fees. The system handles 20,000 inquiries per month.

Testimony Against: (original bill): This program could be funded without imposing a new fee, by using some of the money collected for corporate renewals. If business is required to pay fees, they should receive direct benefits from every dollar they spend and they should not be required to subsidize their competitors.

Witnesses: Mary Riveland, Director, Department of Licensing (in favor); Graeme Sackrison, Employment Security Department (in favor); Don Whiting, Office of Secretary of State; and Jan Gee, Washington Retail Association (in favor with specific concerns).