

SENATE BILL REPORT

SB 6461

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 5, 1992

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

SPONSORS: Senators Snyder, Newhouse, Sellar and von Reichbauer; by request of Department of Licensing

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6461 be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Amondson, Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, M. Kreidler, Metcalf, Murray, Newhouse, Niemi, Owen, Rinehart, L. Smith, Talmadge, West, and Williams.

Staff: Martin Chaw (786-7715)

Hearing Dates: March 5, 1992

BACKGROUND:

Historically, state agencies responsible for monitoring and distributing business licenses were also in charge of dispensing such licenses. In the 1970s, the master licensing program was created within the Department of Licensing to provide business owners with a convenient, one-stop system of obtaining business licenses.

Currently, applicants for an original master business license pay \$12. A fee of \$5 is assessed for a trade name registration, and a delinquency fee is assessed to businesses failing to renew their master business license by the expiration date. These fees, which are deposited into the state general fund, generate approximately \$1.7 million annually, and help support the annual general fund program cost of approximately \$3.3 million.

In the 1991-93 omnibus operating budget, the Legislature reduced the general fund appropriation for the master licensing system and directed the Department of Licensing to collect an equal amount of funding from nine state agencies based upon the relative number of licenses issued by each agency through the master licensing system. The Governor vetoed this proviso, stating that a policy decision would need to be made regarding the long-term funding of this program.

SUMMARY:

A master license fund is created to collect fees from business license applicants and to account for administrative costs for the master license program. The fee for a master original business license application is raised to \$15. A new \$9 fee for license renewals is imposed; a new \$5 fee is imposed for a business license information package; and a new \$2 fee is imposed for a trade name search. No changes to the trade name registration or delinquency fees are proposed.

These revised fees will generate an additional \$1.7 million in FY93, raising the annual program revenues to \$3.5 million.

EFFECT OF PROPOSED SUBSTITUTE:

Most of the proposed fee changes will take effect July 1, 1992 instead of June 1, 1992. Business license information packet fee revenues will be deposited into the state general fund instead of the master license fund and the current \$10 annual corporate report fee administered by the Secretary of State will be eliminated.

Appropriation: none

Revenue: yes

Fiscal Note: available

Effective Date: June 1, 1992

TESTIMONY FOR:

Both the business community and the Department of Licensing support this bill.

TESTIMONY AGAINST: None

TESTIFIED: Mary Riveland, Director, Department of Licensing (pro)