

FINAL BILL REPORT

SHB 2017

C 298 L 11
Synopsis as Enacted

Brief Description: Concerning the master license service program.

Sponsors: House Committee on Ways & Means (originally sponsored by Representative Hunter).

House Committee on Ways & Means
Senate Committee on Ways & Means

Background:

The Department of Licensing (DOL) performs several functions, including providing information to law enforcement, licensing and regulating drivers, registering vehicles and vessels, licensing and regulating 30 different professions, and issuing business licenses through the Master License Service (MLS). The Department of Revenue (DOR) is the state's primary tax collection agency. The DOR oversees approximately 60 different taxes.

The MLS program was established in the mid-1970s to serve as a one-stop licensing service for businesses. A "master license" refers to the single document designed for public display issued by a licensing center and certified by the DOL. The master license application may be used to:

- open or reopen a business;
- change ownership of a business;
- open a new business location;
- change business locations;
- register or change a trade name;
- hire employees;
- obtain a Minor Work Permit;
- add licenses to an existing business location;
- obtain optional insurance coverage for the business owner;
- hire people to work in or around your home; or
- apply for a Washington State Unified Business Identifier number or tax registration number.

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.

The DOL administers the MLS program and issues over 100 state licenses. In addition, the MLS program may be used to apply for over 200 state endorsements and over 70 city licenses.

The DOL collects a \$15 handling fee for each new master license issued and a \$9 license renewal fee. All receipts must be deposited into the appropriated Master License Account (Account). Expenditures from the Account may be used only to administer the MLS program.

The MLS provisions do not apply to certain regulated business and professional activities, including those regulated under the Consumer Loan Act, credit unions, banks and trust companies, mutual savings banks, savings and loan associations, and those regulated under the insurance statutes.

Summary:

The Master License Service (MLS) program is transferred from the Department of Licensing (DOL) to the Department of Revenue (DOR). All powers, duties, and functions of the DOL pertaining to the administration of the MLS program are transferred and references in statute to the DOL are replaced with the DOR. All funds, credits, or other assets held in connection with the MLS program are assigned to the DOR. Any appropriations made to the DOL for carrying out the MLS program are transferred and credited to the DOR.

All employees of the DOL primarily engaged in the MLS program are transferred to the jurisdiction of the DOR. All employees classified under the state civil service law are assigned to the DOR to perform their usual duties upon the same terms as formerly, without any loss of rights, subject to any action in accordance with the laws and rules governing state civil service. All classified employees of the DOL assigned to the DOR whose positions are within an existing bargaining unit description at the DOR become a part of the existing bargaining unit at the DOR and are considered an appropriate inclusion or modification of the existing bargaining unit.

All rules and all pending business before the DOL pertaining to the MLS program must be continued and acted upon by the DOR. All existing contracts and obligations remain in full force and must be performed by the DOR.

To ensure a seamless transfer of the MLS program and to prevent any disruption of service, the DOR is authorized to contract with the DOL for support. Any contract entered into must be for a duration no longer than necessary to fully and effectively transfer the MLS program from the DOL to the DOR.

The DOR must set the amount of the MLS handling fees by rule. The MLS handling fees may not exceed \$19 for each master application and \$11 for each renewal application filing. The rule-making process for setting master application and trade name registration fees is the same as the process for any rule setting fees pursuant to legislative standards. The DOR is authorized to increase handling and renewal fees for the purposes of making improvements in the MLS program. Improvements are identified as including technology and customer service, expanded access, and infrastructure.

Definitions for purposes of the Business License Center Act are modified to include references to local government and "participating local government." The DOR is authorized to issue and renew licenses and registrations for local governments participating in the MLS program.

A single set of rules governing the confidentiality and disclosure of licensing information, similar to the standards applied by the DOR for excise tax information, is provided along with the conditions in which the DOR is not prohibited from disclosing such information. A misdemeanor offense is established for the disclosure of certain confidential licensing information. If the violator is a current state employee or officer, future employment with the state is prohibited for two years.

The criterion for which the DOR may not issue or renew a master license to a person is expanded.

Expenses incurred by the DOL in carrying out licensing and regulatory activities associated with for-hire vehicles and limousines are supported through the Highway Safety Account. In addition, commercial telephone solicitation, whitewater river outfitters, and body art, body piercing, and tattooing are added to the list of programs covered by the Business and Professions Account.

The DOR and the Secretary of State may enter into agreements designating the DOR as the Secretary of State's agent for issuing legal entity renewals.

The DOR is provided the authority to issue a warrant, the amount of which may become a lien upon the title to real and personal property, and compute interest for any unpaid registration assessments and delinquency fees related to manufactured or mobile home communities. This acts to replace the DOL's authority to send delinquent accounts to a collection agency and to sue landlords deemed noncompliant.

Any person feeling aggrieved by actions taken against him or her by the DOR is allowed the opportunity to request a review of the DOR's action held as a brief adjudicative proceeding.

Votes on Final Passage:

House	87	5
Senate	38	10

Effective: July 1, 2011