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**HOUSE BILL 2100**

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**State of Washington                      66th Legislature                      2019 Regular Session**

**By** Representatives Dufault, Reeves, Gildon, Ybarra, and Eslick

Read first time 02/20/19. Referred to Committee on Finance.

1            AN ACT Relating to small city business licensing; and amending  
2            RCW 35.90.020.

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

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

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

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

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

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

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

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

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

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

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

26 (a) Insufficient funds are appropriated for this specific  
27 purpose;

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

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

34 (d) The department receives a written notice from a city within  
35 sixty days of the date that the city appears on the department's  
36 biennial partnership plan, which includes an explanation of the  
37 fiscal or technical challenges causing the city to delay joining the  
38 system. A delay under this subsection (3)(d) may be for no more than  
39 three years.

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

9 (b) By January 1, 2018, and January 1st of each even-numbered  
10 year thereafter, the department must submit the partnering plan  
11 required in (a) of this subsection (4) to the governor; legislative  
12 fiscal committees; house local government committee; senate  
13 agriculture, water, trade and economic development committee; senate  
14 local government committee; affected cities; association of  
15 Washington cities; association of Washington business; national  
16 federation of independent business; and Washington retail  
17 association.

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

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

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

30 (7) A city may decline to partner with the department for the  
31 issuance and renewal of a general business license as provided in  
32 subsection (1) of this section if the city participates in the online  
33 local business license and tax filing portal known as "FileLocal" as  
34 of July 1, 2020. For the purposes of this subsection (7), a city is  
35 considered to be a FileLocal participant as of the date that a  
36 business may access FileLocal for purposes of applying for or  
37 renewing that city's general business license and reporting and  
38 paying that city's local business and occupation taxes. A city that  
39 ceases participation in FileLocal after July 1, 2020, must partner

1 with the department for the issuance and renewal of its general  
2 business license as provided in subsection (1) of this section.

3 (8) A city may decline to partner with the department for the  
4 issuance and renewal of a general business license as provided in  
5 subsection (1) of this section if the city has a population of less  
6 than twenty-five thousand as determined by the office of financial  
7 management.

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

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

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

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

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

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

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

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

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