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**HOUSE BILL 1894**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Representatives Walen, Street, Reed, and Reeves; by request of Department of Revenue

AN ACT Relating to nontax statutes administered by the department of revenue modifying provisions of the business licensing service program concerning fee change notice requirements, the administration of the business license account balance, and the handling fee exemption for the local government nonresident business license endorsement; and amending RCW 19.02.075 and 35.90.070.

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

**Sec.**  RCW 19.02.075 and 2020 c 164 s 1 are each amended to read as follows:

(1)(a) Except as provided in (b) of this subsection, the department must collect a handling fee on each business license application and each renewal application filing. The department must set the amount of the handling fees by rule, as authorized by RCW 19.02.030. The handling fees may not exceed ((~~ninety dollars~~)) $90 for each business license application filed by any person to open or reopen a business, ((~~ten dollars~~)) $10 for each business license renewal application filing, and ((~~nineteen dollars~~)) $19 for each business license application filed for any other purpose. Handling fees collected under this section must be deposited in the business license account created under RCW 19.02.210.

(b) No handling fee is collected on a business license application filed by an existing business for the following purposes:

(i) To open an additional location; or

(ii) To obtain a local government's nonresident ((~~city~~)) business license endorsement.

(2) The department may increase all handling fees within the limits provided in this section for the purposes of defraying the department's costs associated with the administration of this chapter, including making improvements in the business licensing service program, such as improvements in technology and customer services, expanded access, and infrastructure.

(3) Annually, by the last day of September, beginning September 30, ((~~2023~~)) 2024, the department must review the business license account balance ((~~at the end of the previous fiscal year~~)). If the balance in the account ((~~exceeds one million dollars~~)) at the end of the previous fiscal year exceeds an amount equal to the average of three months of monthly expenditures from the business license account during the previous fiscal year, or the department projects that the balance in the business license account at the end of the current fiscal year will exceed ((~~one million dollars at the end of the current fiscal year~~)) an amount equal to the average of three months of monthly expenditures from the business license account during the previous fiscal year, the department must reduce one or more of the handling fees authorized in subsection (1) of this section. Handling fees must be reduced under this subsection (3) to the extent the department determines necessary to result in a balance in the business license account at the end of the fiscal year following the current fiscal year, as projected by the department, of no more than ((~~one million dollars at the end of the next fiscal year as projected by the department~~)) an amount equal to the average of three months of monthly expenditures from the business license account during the previous fiscal year. This subsection (3) does not require the department to reduce handling fees more than once in any fiscal year.

(4) In increasing or decreasing any fee under this section, the department may round the adjusted fee to the nearest whole dollar that does not exceed the dollar limits in subsection (1) of this section.

**Sec.**  RCW 35.90.070 and 2017 c 209 s 7 are each amended to read as follows:

((~~A~~)) (1) Except as provided in subsection (2) of this section, a general business license change enacted by a city whose general business license is issued through the business licensing system takes effect no sooner than ((~~seventy-five~~)) 75 days after the department receives notice of the change if the change affects in any way who must obtain a license, who is exempt from obtaining a license, or the ((~~amount or~~)) method of determining any fee for the issuance or renewal of a license.

(2) If a general business license change enacted by a city whose general business license is issued through the business licensing system only affects the amount of the fee for the issuance or renewal of the license, the change takes effect no sooner than 10 business days after the department receives notice of the change.

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