H-2663.1

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**HOUSE BILL 2430**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

**By** Representatives Springer, Wilcox, Jacobsen, Chambers, Caldier, Reeves, Chapman, Berg, Orcutt, Walen, Schmick, Barkis, Rule, Leavitt, Gregerson, Wylie, Barnard, and Farivar

AN ACT Relating to waiving business licensing handling and delinquency fees for eligible businesses; amending RCW 19.02.075 and 19.02.085; and creating a new section.

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) and (c) 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.

(c)(i) Only one handling fee is collected on a business license renewal application filed by an existing business who fails to renew by the business license expiration date, if the following apply:

(A) The business is unable to operate due to a state, any of its subdivisions, or the federal government declaring an emergency or disaster in the area in which the business is licensed to operate and the business renews its business license no more than 36 months after the declaration of such emergency or disaster; or

(B) The business is unable to operate due to experiencing any combination of theft, fire, or flood, and the business renews its business license no more than 36 months after the date of such event.

(ii) To qualify under this subsection (1)(c), the business must:

(A) Not have engaged in business as described in RCW 82.32.030 without an active business license; and

(B) Notify the department in writing that it is unable to operate due to circumstances described in (c)(i)(A) or (B) of this subsection.

(iii) The department may require any such business subject to only one handling fee under this subsection (1)(c) to provide documentation verifying eligibility such as agency correspondence, proclamation, public notice, or other similar documentation that the closure and lapse in licensing resulted from circumstances described in (c)(i)(A) or (B) of this subsection.

(iv) For purposes of this subsection, "emergency or disaster" has the same meaning as in RCW 42.14.010.

(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, 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~~)) $1,000,000 or the department projects that the balance in the business license account will exceed ((~~one million dollars~~)) $1,000,000 at the end of the current 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 of no more than ((~~one million dollars~~)) $1,000,000 at the end of the next fiscal year as projected by the department. 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 19.02.085 and 2023 c 258 s 1 are each amended to read as follows:

(1) To encourage timely renewal by applicants, a business license delinquency fee is imposed on licensees who fail to renew by the business license expiration date. The business license delinquency fee must be the lesser of $150 or 50 percent of a base comprised of the licensee's renewal fee minus corporate licensing taxes, corporation annual report fee, and any interest fees or penalties charged for late taxes or corporate renewals. The business license delinquency fee must be added to the renewal fee and paid by the licensee before a business license is renewed. The delinquency fee must be deposited in the business license account.

(2)(a) The department must waive or cancel the business license delinquency fee imposed in subsection (1) of this section only if:

((~~(a)~~)) (i) The department determines that the licensee failed to renew a license by the business license expiration date due to an undisputable error or failure by the department; ((~~or~~

~~(b)~~)) (ii) The licensee requests the waiver and has timely renewed all business licenses and paid the applicable business license fees for a period of 24 months immediately preceding the period covered by the renewal application for which the waiver is being requested; or

(iii) The business is subject to only one handling fee on its delinquent business license renewal as a result of the provisions in RCW 19.02.075(1)(c).

((~~(c)~~)) (b) For purposes of this subsection, an error or failure is undisputable if the department is satisfied, beyond any doubt, that the error or failure occurred.

NEW SECTION. **Sec.**  This act applies prospectively only and not retroactively. It applies only to business licenses renewed after the effective date of this section.

**--- END ---**