

HOUSE BILL REPORT

HB 1394

As Reported by House Committee On:

Commerce & Labor

Appropriations

Title: An act relating to the department of licensing.

Brief Description: Creating the business and professions account.

Sponsors: Representatives Conway, Wood, Condotta and Kenney; by request of Department of Licensing.

Brief History:

Committee Activity:

Commerce & Labor: 2/7/05, 2/21/05 [DPS];

Appropriations: 3/2/05, 3/3/05 [DPS(CL)].

Brief Summary of Substitute Bill

- Creates a dedicated account for fees used to pay for regulating certain professions.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Sump, Assistant Ranking Minority Member; Crouse, Hudgins and McCoy.

Staff: Rebekah Ward (786-7106).

Background:

The Department of Licensing, Business and Professions Division (Department) oversees the conduct of many businesses and professions, nearly all of which are required to pay fees sufficient to cover the cost of their regulation. For some businesses and professions, regulatory fees are deposited into dedicated accounts. For others, regulatory fees are deposited into the general fund. Appropriation authority for the general fund lapses at the end of each fiscal year, while dedicated funds are typically appropriated for an entire biennium.

Under Initiative 601 (I-601), fees may not increase by a percentage greater than the fiscal growth factor for that year without prior legislative approval. In the last two biennia, the Department has received exemptions from this provision of I-601 for fees from businesses and professions whose regulation is required to be self-supporting.

Summary of Substitute Bill:

The Business and Professions Account (Account) is created in the State Treasury. Fees for licenses, examinations, and penalties associated with regulating the following businesses and professions are deposited into this account:

- auctioneers;
- landscape architects;
- private investigators;
- bail bond agents;
- employment agencies;
- sellers of travel;
- timeshares;
- cosmetologists, barbers, and manicurists;
- court reporters;
- security guards;
- collection agencies;
- camping resorts; and
- notaries public.

Funds in the Account:

- are to be spent only for the purpose of regulating the businesses and professions from which the fees derive;
- accumulate rather than revert to the general fund at the end of the biennium; and
- must be appropriated before they can be spent.

Any legal or administrative costs incurred against an individual for action taken under various business and professions licensing statutes shall be reimbursed to the business and professions account, instead of the State General Fund.

Substitute Bill Compared to Original Bill:

The bill creates a dedicated account for fees used to pay for regulating certain professions. The original bill contained an effective date of July 1, 2005, but no emergency clause. The substitute bill contains an emergency clause.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect July 1, 2005.

Testimony For: This bill was previously before the committee, but the major difference was that the previous bill specified that the interest earned on the dedicated accounts was to remain

in the dedicated accounts whereas the current bill has the interest going to the general fund. The advantage of creating a combined account for these thirteen professions is that the funds are easier to manage, and provides for more fee stability on a long term horizon because license fees will not fluctuate from year to year. This is also an extra convenience for the license holder. All the professions within this account are self supporting in terms of their fee structure.

Testimony Against: None.

Persons Testifying: John Swannack, Department of Licensing; and Bob Mitchell, Washington Association of Realtors.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Commerce & Labor be substituted therefor and the substitute bill do pass. Signed by 29 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Clements, Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hinkle, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia, Pearson, Priest, Schual-Berke, Talcott and Walsh.

Staff: Nona Snell (786-7153).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Commerce & Labor:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect July 1, 2005.

Testimony For: The 13 professions that would have dedicated accounts would be more efficiently administered. It would promote feasibility. The health professions account was created in 1989. It was a dedicated account for multiple professions was transferred to Department of Licensing (DOL). The DOL has 25 self supporting professions, 12 of which are dedicated accounts. Licensees benefit directly by stability of fees paid into program with assurance that if expenses are less than revenue, the funds will stay in the account and licensees will benefit from them. It's a matter of equity and fairness.

Testimony Against: None.

Persons Testifying: Bob Mitchell, Washington Association of Realtors; and John Swannack, Department of Licensing.

Persons Signed In To Testify But Not Testifying: None.