

Finance Committee

HB 2109

Brief Description: *Authorizing local licensing fees.*

Sponsors: *Representatives Cairnes and Morris.*

Brief Summary of Bill

- *Limits city business license fees to no more than \$100 per year and to businesses which exceed minimum activity levels.*

Hearing Date: *3/1/01*

Staff: *Rick Peterson (786-7150).*

Background:

Cities may license businesses for the purposes of revenue and regulation. According to the Association of Washington Cities, 170 cities require a local business license to do business within their jurisdictions. A business operating in more than one city may need multiple business licenses. Business license fees vary from flat fees to rates based on the type of business, number of persons employed, or square footage occupied by the business. Flat fees range from \$0 to \$120. The average flat fee is \$35. City business and occupation (B&O) taxes are imposed on the gross receipts of certain business activities conducted within cities without any deduction for the costs of doing business. Thirty-seven cities impose B&O taxes.

Summary of Bill:

Cities business license fees must be uniform for all types of businesses and cannot exceed \$100 per year. Cities may require license fees from business which engage in more than 100 hours per year in activities within the city, maintain a physical presence in the city, or are subject to the city's gross receipt tax.

Cities are allowed to license businesses for regulatory or nonrevenue generating purposes.

Appropriation: None.

Fiscal Note: Requested on February 21, 2001.

Effective Date: Ninety days after adjournment of session in which bill is passed.