

HOUSE BILL REPORT

HB 2809

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, Crouse and Sullivan; by request of Department of Licensing.

Brief History:

Committee Activity:

Commerce & Labor: 2/3/04, 2/5/04 [DPA];

Appropriations: 2/9/04 [DPA(CL)].

Brief Summary of Amended Bill

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

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 9 members: Representatives Conway, Chair; Wood, Vice Chair; McMorris, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Crouse, Holmquist, Hudgins, Kenney and McCoy.

Staff: Susan Kavanaugh (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 Amended 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.

The Account keeps its own interest. 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.

Technical changes are made to update certain references to the General Fund, changing them to refer to the Account, consistent with the shift in where regulatory fees and penalties are deposited.

Amended Bill Compared to Original Bill:

The Business and Professions Account is not exempted from the Initiative 601 requirement that fees not increase by a percentage greater than the fiscal growth factor without prior legislative approval.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This bill enhances Department of Licensing fiscal accountability. It is good public policy. Realtors enjoy the predictability and accountability that comes with having a

dedicated account for the fees used to regulate the profession. They know where their fees go, and that the fees will be used for them. Equity requires giving this same arrangement to other professions.

Testimony Against: None.

Persons Testifying: Myke Gable, 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: Do pass as amended by Committee on Commerce & Labor. Signed by 27 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Anderson, Boldt, Buck, Chandler, Clements, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

Staff: Holly Lynde (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: Not requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: We believe this legislation enhances our fiscal accountability and our budget management. It also better aligns our programs with the self-sufficiency requirements of the laws that regulate the business and professions program.

Testimony Against: None.

Persons Testifying: Myke Gable, Department of Licensing.

Persons Signed In To Testify But Not Testifying: None.