

# SENATE BILL REPORT

## SB 6354

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As Reported By Senate Committee On:  
Ways & Means, February 3, 2004

**Title:** An act relating to the department of licensing.

**Brief Description:** Creating the business and professions account.

**Sponsors:** Senators Mulliken and Keiser; by request of Department of Licensing.

**Brief History:**

**Committee Activity:** Ways & Means: 2/2/04, 2/3/04 [DPS].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6354 be substituted therefor, and the substitute bill do pass.

Signed by Senators Zarelli, Chair; Hewitt, Vice Chair; Parlette, Vice Chair; Carlson, Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Pflug, Prentice, Rasmussen, Regala, Roach, Sheahan, B. Sheldon and Winsley.

**Staff:** Kirstan Arestad (786-7708)

**Background:** Under current law, the Department of Licensing (DOL), Business and Professions Division regulates 13 fee-supported, nonhealth related business professions to protect the public interest and to promote economic development through employment. The programs include:

Auctioneers    Timeshares    Landscape Architects  
Court Reports    Private Investigators    Security Guards  
Bail Bond Agents    Collection Agencies    Employment Agencies  
Camping Resorts    Sellers of Travel    Notaries Public  
Cosmetologists/Barbers/Manicurists

DOL is required to establish fees so that the fees for each program are sufficient to cover the cost of administering that program. All fees are collected and are deposited into the state general fund. I-601 limits annual fee increases to the fiscal growth factor calculated by the Office of Financial Management. However, the 2003-05 budget bill allows the department to increase fees in excess of the fiscal growth factor if the increases are necessary to fully fund the costs of the licensing programs.

The current revenue and expenditure limitations affects the administration of the licensing programs in the following ways:

- General Fund appropriations under I-601 are required to be appropriated by fiscal year, limiting the licensing programs' flexibility to manage expenditures over the biennium.

- Licensing programs are impacted by across-the-board budget reductions directed at general fund programs. Since the 13 programs are required to be self-supporting, reduced expenditure authority means the fees must be reduced.
- The licensing programs do not retain any interest earned from potential fund balances.
- Unexpended appropriations revert to the general fund and are not retained by the licensing programs.

**Summary of Substitute Bill:** Effective July 1, 2005, the business and professions account is created to provide a repository for revenues generated by the 13 self-sustaining businesses and professions regulated by DOL. All fees collected and expenditures incurred by the programs are deposited and expended from this new account.

Fees collected from the 13 programs are removed from the general fund and placed into a single separate dedicated account. DOL will create sub-accounts under the new account for each program administered by the department to ensure that each program's revenues and expenditures are credited appropriately. Expenses incurred by the regulatory activity for these programs are paid from this new account as appropriated by the Legislature.

**Substitute Bill Compared to Original Bill:** The substitute bill deletes the provision that exempts Initiative 601 limitations on fee increases; and deletes the provision allowing interest earnings be retained by the department.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 2005.

**Testimony For:** Provides agency more flexibility in administering programs and allows the agency to maintain and build fund balances in the new account.

**Testimony Against:** None.

**Testified:** Myke Gable, Department of Licensing (pro).