

HOUSE BILL REPORT

HB 2131

As Passed Legislature

Title: An act relating to the master licensing service.

Brief Description: Concerning the master licensing service.

Sponsors: By Representatives Conway and Springer; by request of Department of Licensing.

Brief History:

Committee Activity:

Commerce & Labor: 2/28/05, 2/28/05 [DP];
Appropriations: 3/5/05 [DP].

Floor Activity:

Passed House: 3/15/05, 96-0.
Passed Senate: 4/14/05, 40-1.
Passed Legislature.

Brief Summary of Bill

- Establishes a performance-based grant program funded by the Master License Service Account, to assist public agencies that issue business licenses and wish to join the Department of Licensing's Master License Service.
- Sets a limit on the overall amount that can be granted at \$750,000 in a fiscal year.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 6 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Sump, Assistant Ranking Minority Member; Hudgins and McCoy.

Staff: Rebekah Ward (786-7106).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 27 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, Miloscia, Pearson, Priest, Schual-Berke, and Walsh.

Minority Report: Without recommendation. Signed by 1 member: Representative Talcott.

Staff: Nona Snell (786-7153).

Background:

The Master License Service (MLS) is a self-supporting service bureau in the Department of Licensing that is charged with providing a consolidated "one-stop" state and local government business licensing service for Washington's citizens. Certain state agencies are required to participate in the MLS, but cities and counties are not. Currently, 10 state agencies and five cities participate in the MLS involving over 100 different licenses. Among the participating agencies are:

1. Department of Labor and Industries
2. Department of Revenue
3. Department of Agriculture
4. Liquor Control Board
5. Department of Health
6. Employment Security Department
7. Department of Ecology
8. Washington State Lottery
9. Secretary of State's Office
10. Department of Licensing

The participating cities are:

11. Richland
12. Sammamish
13. Spokane Valley
14. Tumwater
15. Bellevue

Under the MLS, each participating agency/city includes its new and renewable licenses as part of this single process. The MLS manages all paperwork between the business license applicant or license holder and the partner agency. The MLS maintains a centralized business licensing data system on behalf of the agencies; all have access to their records and information. The MLS collects funds for all licenses and transmits it electronically to the appropriate jurisdiction. Businesses are able to apply for a business license via the Internet, by mail or at any one of the MLS participating agencies/cities.

Summary of Bill:

The Department of Licensing (Department) is directed to administer a performance-based grant program to provide funds to public agencies that issue business licenses and want to join the Department's Master License System.

The Department may determine the order and amounts of the grants considering listed criteria, which include the readiness of the public agency to participate, the number of

renewable licenses, and the reduced regulatory impact to businesses subject to licensure relative to the overall investment required by the Department.

The Department must invite and encourage local jurisdictions that issue business licenses to participate in the program. There is a limit placed on the total amount of grants to a maximum of \$750,000 in any one fiscal year. The dedicated Master License Account is identified as the source of funds for the grant program.

Appropriation: None.

Fiscal Note: Available on original bill.

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

Testimony For: (Commerce & Labor) The result of this bill will be to improve the economic climate in the state. This is part of the priorities of government. There are currently 188 cities in addition to state agencies in Washington. The Master License Service was established in the 1970s.

There was a work session and workshop recently with 16 cities; out of this work session there was consensus as to their licensing procedures. Most recently the city of Tumwater has been very pleased with their electronic access and supplemental forms from the Department of Licensing. Additional developments in the Department of Licensing's Master License Service has been the updating of the computer system and Internet on-line business applications which are expected to be completed by the end of the year.

Local ordinances appear to be the administrative hurdles that this grant program would hopefully help smaller cities overcome. This appears to be a problem for smaller cities because they often lack some of the technical resources be able to utilize the Master License Service.

Testimony For: (Appropriations) The bill expands consolidation of the licensing process, making it easier for businesses to obtain licenses from several agencies or jurisdictions. The Department of Licensing has been working with 16 cities to expand the program, but only three cities have joined. Cities are interested but lack the resources to change their computer systems, even though joining would save them money. The grants will come from a dedicated account.

One hundred and ninety cities have business licenses or fees, but only five cities currently participate in the Master License Service. Tumwater joined because their computer system was approaching the end of its usefulness. Joining the Master License Service saved them \$30,000 to \$40,000. Grant funds are seed money to help cities join the service.

Testimony Against: (Commerce & Labor) None.

Testimony Against: (Appropriations) None.

Persons Testifying: (Commerce & Labor) John Swannack, Department of Licensing; and Jim Justin, Association of Washington Cities.

Persons Testifying: (Appropriations) Jim Justin, Association of Washington Cities; and John Swannack, Department of Licensing.

Persons Signed In To Testify But Not Testifying: (Commerce & Labor) None.

Persons Signed In To Testify But Not Testifying: (Appropriations) None.