

# SENATE BILL REPORT

## SB 6138

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As of January 30, 2006

**Title:** An act relating to limiting the power of cities and towns to license businesses.

**Brief Description:** Limiting the power of cities and towns to license businesses.

**Sponsors:** Senator Stevens.

**Brief History:**

**Committee Activity:** Government Operations & Elections: 1/30/06.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Staff:** Cindy Fazio (786-7405)

**Background:** Cities and towns have many powers, including: providing for general and special elections, providing for the levying and collecting of taxes, controlling the finances of the city or town, establishing and maintaining roadways, acquiring and providing lands for public parks, repairing and regulating the use of bridges and tunnels, and granting and revoking licenses for businesses.

**Summary of Bill:** Cities and towns are prohibited from requiring a license from businesses doing business in the city or town if the businesses are not physically located in the city or town.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** When a small business has customers over a wide area, including different towns and cities, it is very burdensome for them to have to pay business license fees in each of the towns and cities. This is in addition to the license fee they pay in the city where their business is located. If every city and town strictly enforced their license requirements, we might be paying fees in over twenty cities and towns. I know of some small businesses that turn away customers outside their own city's limits because of the additional license fees they might be required to pay.

**Testimony Against:** Approximately 188 cities and towns impose business license fees ranging from five dollars to one hundred fifty dollars. The average is approximately thirty dollars. Cities impose licenses to collect the business and occupation tax, and also for public safety and permit enforcement reasons. A quick survey of 14 cities and towns, including the two biggest, finds that about forty-five percent of the business license fees they collect is from businesses not located in the city.

**Who Testified:** PRO: Senator Val Stevens, Prime Sponsor; Leslie Hutchinson, Snohomish, Washington.

CON: Jim Justin, Association of Washington Cities.