

SENATE BILL REPORT

SHB 2017

As Reported by Senate Committee On:
Ways & Means, April 13, 2011

Title: An act relating to the master license service program.

Brief Description: Concerning the master license service program.

Sponsors: House Committee on Ways & Means (originally sponsored by Representative Hunter).

Brief History: Passed House: 4/07/11, 87-5.

Committee Activity: Ways & Means: 4/13/11 [DP, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Brown, Conway, Fraser, Hatfield, Hewitt, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Regala, Rockefeller, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senator Holmquist Newbry.

Staff: Devon Nichols (786-7716)

Background: The Department of Licensing (DOL) performs several functions including providing information to law enforcement, licensing and regulating drivers, registering vehicles and vessels, licensing and regulating 30 different professions, and issuing business licenses through the Master License Service (MLS). The Department of Revenue (DOR) is the state's primary tax collection agency. DOR oversees approximately 60 different taxes.

The MLS program was established in 1977 to serve as a one-stop state and local government business-licensing service. Through the consolidation of one application or renewal transaction and combined fee payment, MLS simplifies business licensing for the public. A master license refers to the single document designed for public display issued by DOL and approved by individual regulatory agencies.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

DOL administers the MLS program and issues over 100 state licenses. In addition, the MLS program may be used to apply for over 200 state endorsements and over 70 city licenses. DOL collects a \$15 handling fee for each new master license issued and a \$9 license-renewal fee. All receipts must be deposited into the appropriated Master License Account (Account). Expenditures from the Account may be used only to administer the MLS program. The MLS provisions do not apply to certain regulated business and professional activities including those regulated under the Consumer Loan Act, credit unions, banks and trust companies, mutual savings banks, savings and loan associations, and those regulated under the insurance statutes.

Summary of Bill: The MLS program is transferred from DOL to DOR. All powers, duties, and functions of DOL pertaining to the administration of the MLS program are transferred to DOR. All funds, credits, or other assets held in connection with the MLS are assigned to DOR. Any appropriations made to DOL for carrying out the MLS program are transferred and credited to DOR.

All employees of DOL primarily engaged in the MLS program are transferred to the jurisdiction of DOR. All employees classified under the state civil service law are assigned to DOR to perform their usual duties upon the same terms as formerly, without any loss of rights, subject to any action in accordance with the laws and rules governing state civil service. All classified employees of DOL assigned to DOR whose positions are within an existing bargaining unit description at DOR become a part of the existing bargaining unit at DOR and are considered an appropriate inclusion or modification of the existing bargaining unit.

All rules and all pending business before DOL pertaining to the MLS program are continued and acted upon by DOR. All existing contracts and obligations remain in full force and must be performed by DOR.

To ensure a seamless transfer of the MLS program and to prevent any disruption of service, DOR is authorized to contract with DOL for support. Any contract entered into must be for a duration no longer than necessary to fully and effectively transfer the MLS program from DOL to DOR.

DOR must set the amount of the MLS handling fees by rule. The MLS handling fees may not exceed \$19 for each master application, and \$11 dollars for each renewal application filing. DOR must use handling and renewal fee increases to make improvements in the MLS program, including technology and customer services, expanded access, and infrastructure.

In addition to the other specified licenses, limousine carrier licenses, whitewater river outfitters' licenses, and commercial telephone solicitor licenses are not processed through the MLS program.

References to DOL in statute are changed to refer to the DOR.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on April 6, 2011.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2011.

Staff Summary of Public Testimony on Companion SB 5911: PRO: The main goal of the MLS program is to provide a convenient, accessible, timely option for obtaining state licenses and to conduct business in the most efficient manner possible. DOL has achieved many of the goals stated in the initiating legislation. There are strategic advantages to transferring the MLS program from DOL to DOR. Stakeholders have voiced their support of this transfer. DOR would like to implement recommendations put forth by the State Auditor, such as expanding access, achieving expenditure savings in fiscal year 2013, and increasing the use of technology. Any fee increase would go towards these enhancements.

OTHER: Over 40 cities currently take advantage of the MLS program. However, 200 cities have some type of licensing system and could potentially start using the program. We would like to see any fee increase be used for improved infrastructure and the local grant program to continue so that more cities can participate in the program.

In order to better protect our members, our suggested language makes it so that all of the 50 to 60 employees moving to DOR stay in their same union and maintain their bargaining rights for both supervisors and non-supervisors.

Persons Testifying: PRO: Drew Shirk, DOR; BG Sandahl, DOL.

OTHER: Brandon Anderson, WFSE; Victoria Lincoln, AWC; Amber Carter, AWB.