

HOUSE BILL REPORT

HB 1568

As Reported by House Committee On: Finance

Title: An act relating to the business licensing service program administered by the department of revenue.

Brief Description: Concerning the business licensing service program administered by the department of revenue.

Sponsors: Representatives Carlyle, Nealey and Ryu; by request of Department of Revenue.

Brief History:

Committee Activity:

Finance: 2/4/13, 2/15/13, 2/19/13 [DPS].

Brief Summary of Substitute Bill

- Makes technical changes to business licensing and trade name laws.
- Expands the definition of "person" to ensure confidential licensing information cannot be disclosed.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Carlyle, Chair; Tharinger, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta, Fitzgibbon, Hansen, Lytton, Pollet, Reykdal, Springer, Vick and Wilcox.

Staff: Dominique Meyers (786-7150).

Background:

In 2011 the responsibility for administration of the Master License Service (MLS) program was transferred from the Department of Licensing to the Department of Revenue (DOR). The transfer included funding, staff, and tangible property associated with the MLS.

The responsibilities transferred to the DOR included:

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- administering the MLS. This includes nearly 300 state and local business licenses;
- establishing handling fees for master applications and renewals by rule, subject to new statutory maximums. The current fees are \$15 for master applications and \$9 for renewal applications. The fees could be increased to \$19 for master applications and \$11 for renewal applications;
- administering a performance-based grant program, subject to appropriations from the master license account. The grants provide funding assistance to counties and cities that issue business licenses and would like to join the MLS. The total amount of grants may not exceed \$750,000 in a fiscal year; and
- providing information regarding the regulatory programs associated with each license obtainable under the MLS.

The DOR renamed the MLS to the Business License Service (BLS) after the transfer in 2011.

Trade Names.

The DOR can specify forms and set fees for trade name registration and renewal by rule. Fees cannot exceed the actual costs to administer the registration and renewal of trade names through the BLS and must be deposited into the master license fund. State law does not provide an explicit process in statute for trade name renewal or cancellation.

Summary of Substitute Bill:

Many technical changes are made to business licensing and trade name laws. In addition, more specificity is provided in state law regarding the renewal and cancellation of trade names. Trade name renewal cannot occur more often than annually. The Department of Revenue (DOR) can cancel the trade name of any person whose business license account becomes inactive in the DOR business license system or at the request of the person, to whom the trade name is registered. The DOR is required to make reasonable effort to provide notice to a person prior to cancellation of a trade name unless it is the person requesting the cancellation of a trade name.

The definition of "person" is expanded to ensure confidential licensing information is not disclosed by the DOR.

References of the master license service in statute are changed to the business license service.

Obsolete provisions of the law are eliminated.

Substitute Bill Compared to Original Bill:

The substitute bill changes the definition of "person" in the licensing confidentiality statute only. The current definition is limited to any person that is required to obtain a license with the state or a local government. The new definition would prohibit the disclosure of confidential licensing information to any person, regardless if they have a license with the state or a local government.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2 relating to defining terms, which takes effect July 1, 2014.

Staff Summary of Public Testimony:

(In support) This bill is primarily a technical corrections bill, streamlining definitions and changing the name from the Master License Service (MLS) to the Business License Service (BLS). This bill allows the Department of Revenue (DOR) to establish a trade name renewal process. It provides the DOR authority to waive the BLS fees for good cause. The bill also provides consumers protection from the disclosure of lists of businesses and names, allowing the DOR to deny disclosure of business names for commercial use.

(Opposed) None.

Persons Testifying: Drew Shirk, Department of Revenue.

Persons Signed In To Testify But Not Testifying: None.