

SENATE BILL REPORT

E2SSB 5680

As Passed Senate, March 11, 2013

Title: An act relating to promoting economic development by providing information to businesses.

Brief Description: Promoting economic development by providing information to businesses.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Chase, King, Litzow, Dammeier, Rivers, Schlicher, Smith, Braun, Parlette, Hewitt and Tom).

Brief History:

Committee Activity: Trade & Economic Development: 2/19/13 [DPS-WM].

Ways & Means: 2/26/13, 3/01/13 [DP2S].

Passed Senate: 3/11/13, 47-0.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5680 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Braun, Chair; Chase, Ranking Member; Holmquist Newbry, Schlicher, Shin and Smith.

Staff: Jeff Olsen (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5680 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Nelson, Assistant Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Bailey, Becker, Braun, Conway, Dammeier, Fraser, Hatfield, Hewitt, Kohl-Welles, Padden, Parlette, Rivers, Schoesler and Tom.

Staff: Dean Carlson (786-7305)

Background: The Business Licensing Service (BLS) is the state's primary business licensing portal. It was created in the 1970s as the Master License Service at the Department

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.

of Licensing. In 2011, it was transferred to the Department of Revenue (Department). BLS has a statutory goal to provide a convenient, accessible, and timely one-stop system for the business community to acquire and maintain the necessary licenses to conduct business. BLS registers businesses, renews licenses, and provides related services for approximately 40,000 businesses monthly, and has more than 115 state licenses available through its website.

The State Auditor's Office (SAO) conducts state government audits, local government audits, and performance audits. On September 6, 2012, SAO released the performance audit Regulatory Reform: Communicating Regulatory Information and Streamlining Business Rules. Within the audit, SAO reported that 23 of 26 state regulatory agencies issue business licenses, and that state law requires full participation by 13 state agencies. The performance audit found that:

- only the Department provides all of its licenses through the BLS website;
- only 16 percent of all the state's business licenses are available through the BLS website; and
- only two of the ten most-requested licenses are available through the BLS website.

The audit recommended that: the Legislature revise the statute to accurately reflect the specific agencies that issue business licenses; and the Legislature clarify that full participation by agencies requires them to provide information and applications for all of their business licenses on the BLS website.

Summary of Engrossed Second Substitute Bill: Two agencies are removed, and 13 agencies are added to the existing list of agencies that must fully participate in BLS. Fully participating is described as providing the Department with the application and information necessary to complete the application for every business license issued by an agency.

Each agency must annually provide information on its level of participation to the Department. The Department must compile the information and submit an aggregate report to the Legislature and Governor.

A license will be issued through the master license system only if the agency issuing the license and the Department so agree.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill (Trade & Economic Development):
PRO: It is difficult for businesses to comply with regulatory requirements. This seeks to add 13 agencies to BLS. An entrepreneur would have trouble sorting through the mess – there are too many portals now. The early effort to streamline was an important step but there are

many shortcomings. This bill will help start-ups when time and resources are so important to them. This is a critical effort.

Persons Testifying (Trade & Economic Development): PRO: Senator Brown, prime sponsor; Patrick Conner National Federation of Independent Businesses; Bob Mitchell, WA Realtors; Amber Carter, Assn. of WA Business.

Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means) : PRO: This bill has bipartisan support and we worked with the Department and the Office of the Insurance Commissioner to address concerns.

CON: Certified Public Accountants (CPAs) would like the Board of Accountancy removed. It is a regulatory and licensing agency. We question if the regulatory oversight would remain under this provision. To have a CPA licensed in this state you have to ensure they have a CPA license. How would Department work with this. When a CPA firm is licensed they may pay for the individual CPAs and we are not sure how that would happen.

OTHER: The Board of Accountancy is not the best fit for the business license center. We recommend removing them so the bill could move forward.

Persons Testifying (Ways & Means): PRO: Senator Brown, prime sponsor.

CON: Lisa Thatcher, WA Society of CPAs.

OTHER: Gary Smith, Independent Business Assn.