

HOUSE BILL REPORT

HB 2989

As Reported by House Committee On: Appropriations

Title: An act relating to funding the business license account created in RCW 19.02.210 through a charge imposed by the secretary of state on annual report filings by certain legal entities.

Brief Description: Funding the business license account created in RCW 19.02.210 through a charge imposed by the secretary of state on annual report filings by certain legal entities.

Sponsors: Representatives Lytton and Nealey.

Brief History:

Committee Activity:

Appropriations: 2/24/18, 2/26/18 [DP].

Brief Summary of Bill

- Requires the Office of the Secretary of State (SOS) to collect \$11 from various foreign or domestic legal entities when filing an annual report.
- Requires the SOS to deposit the amounts collected from the annual report filings into the Business License Account administered by the Department of Revenue.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 18 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Bergquist, Cody, Fitzgibbon, Hansen, Hudgins, Jinkins, Kagi, Lytton, Pettigrew, Pollet, Sawyer, Senn, Springer, Stanford, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 15 members: Representatives Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Buys, Caldier, Condotta, Graves, Haler, Harris, Manweller, Schmick, Taylor, Vick, Volz and Wilcox.

Staff: Jordan Clarke (786-7123).

Background:

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.

The Secretary of State (SOS) registers and maintains entities conducting business in Washington, including domestic and foreign (out-of-state) limited liability companies, corporations, and limited partnerships. The legal entities are required to file an annual report with the SOS that includes the following information:

- the name of the entity and its jurisdiction of formation;
- the name, street, and mailing addresses of the entity's registered agent in this state;
- the street and mailing addresses of the entity's principal office;
- the names of the entity's governors;
- a brief description of the nature of the entity's business; and
- the entity's unified business identifier number.

Prior to January 1, 2018, the SOS designated the Department of Revenue (DOR) as the agent for issuing all or a portion of the legal entity renewals within the jurisdiction of the SOS. Legal entities were required to file the annual report using the DOR's Business Licensing Service (BLS). The cost to file the annual report using the BLS is \$71.

Beginning January 1, 2018, legal entities have the option to file annual reports directly with the SOS, Corporations and Charities Division using their Corporations and Charities Filing System (CCFS). The cost to file the annual report using the CCFS is \$60.

Summary of Bill:

The SOS must collect \$11 from each of the following foreign or domestic legal entities when the legal entities file an annual report:

- for-profit corporations;
- professional service corporations;
- limited liability companies;
- professional limited liability companies;
- public service corporations;
- Massachusetts trusts; and
- for-profit cooperatives.

All amounts collected from the annual report filings must be deposited into the Business License Account administered by the DOR.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The Association of Washington Businesses (AWB) is happy with the work done by the Legislature to improve the business licensing service to make it more convenient for businesses to renew licenses each year in one place. The AWB believes that by not funding this bill it would put the business licensing service at peril and would put a lot of the work done to improve the system in jeopardy. How the system is funded is not as important as making sure that the system is funded.

(Opposed) None.

Persons Testifying: Clay Hill, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.