
Finance Committee

HB 2749

Brief Description: Authorizing an extension of time for certain cities to decline to partner with the department of revenue for the issuance or renewal of general business licenses.

Sponsors: Representatives Orwall, Gregerson, Entenman and Sullivan.

Brief Summary of Bill

- Extends the deadline to decline partnership with the Department of Revenue and Business Licensing Service by participation in FileLocal to July 1, 2021 for certain cities.

Hearing Date: 1/30/20

Staff: Nick Tucker (786-7383).

Background:

City Business Licensing.

Approximately 230 of Washington's 281 cities require a business license for any business conducting business activities within the city. Fees associated with business licenses vary from flat rate charges to fees based on factors including employee count, square footage occupied, or business type.

FileLocal.

In 2014 the cities of Seattle, Tacoma, Bellevue, and Everett signed an interlocal agreement to establish a system for tax payment and business license application filing called FileLocal. The system provides for the administration of tax collection and business licensing functions, and allows businesses operating in multiple cities to use a single system for tax payment or local business license application filing. The project became operational in 2016.

Business Licensing System.

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 Business Licensing Service (BLS) within the Department of Revenue (Department) is the state clearinghouse for business licensing. Through the BLS, the Department facilitates the issuance of local business licenses on behalf of 118 cities. Municipalities retain full regulatory control over their registration and compliance requirements.

All cities that require a general business license must, by December 31, 2022, partner with the Department to have such licenses issued and renewed through the BLS. A city may decline to partner with the Department and the BLS if the city participates in FileLocal as of July 1, 2020.

By January 1 of every even-numbered year, the Department is required to submit a biennial plan for partnering with cities for the issuance and renewal of general business licenses to the governor, relevant legislative committees, and certain associations and federations.

Summary of Bill:

The deadline to decline partnership with the Department and the BLS by participation in FileLocal is extended to July 1, 2021 for a city that receives at least \$1,950,000 in fiscal year 2020 for temporary Streamlined Sales Tax mitigation in the 2019-21 operating budget (Chapter 415, Laws of 2019).

The requirement for the Department to prepare and submit a biennial partnership plan is active only until the Department has partnered with all cities that impose a general business license and have not otherwise declined to partner with the Department.

Appropriation: None.

Fiscal Note: Requested on January 21, 2020.

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