
**Consumer Protection & Business
Committee**

HB 2430

Brief Description: Waiving business licensing handling and delinquency fees for eligible businesses.

Sponsors: Representatives Springer, Wilcox, Jacobsen, Chambers, Caldier, Reeves, Chapman, Berg, Orcutt, Walen, Schmick, Barkis, Rule, Leavitt, Gregerson, Wylie, Barnard and Farivar.

Brief Summary of Bill

- Permits the Department of Revenue to only collect one handling fee on an application for a business license renewal when a business fails to renew on time due to a state or federally-declared emergency or a combination of theft, fire, or flood.

Hearing Date: 1/26/24

Staff: Megan Mulvihill (786-7304).

Background:

State Business Registration.

All businesses in the state are required to register with the Department of Revenue (DOR) and obtain a registration certificate, unless otherwise exempt. A taxpayer is exempt from the registration requirement if:

1. their gross receipts subject to the business and occupation tax or the public utility tax is less than \$12,000 per year;
2. they do not owe other taxes or fees to the DOR; and
3. they are not otherwise required to obtain a business license.

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

Business Licensing System and Handling Fees.

The DOR maintains a portal to the state's business licensing program, referred to as the Business Licensing Service (BLS). The BLS is the state clearinghouse for business licensing. The system allows a business customer to file a business license application, file an annual renewal, check on the status of a business account, view and pay any outstanding fees, and update account information.

The DOR is required to collect a handling fee on each business license application and renewal application. The handling fees are used to administer the BLS. The DOR is authorized to set the rate of any handling fees associated with the BLS by rule, but handling fees may not exceed the following statutory maximums:

- \$90 for each business license application;
- \$10 for each renewal; or
- \$19 for a business license application filed for another purpose.

Handling fees are not collected when an existing business submits an application to open an additional location or obtain a nonresidential city endorsement.

Summary of Bill:

The DOR may only collect one handling fee on a business license renewal application that is filed by an existing business who fails to renew by the business license expiration date, if the business is unable to operate due to:

- a state or federally-declared emergency or disaster in the area in which the business operates, and the license is renewed no more than 36 months after the declared emergency or disaster; or
- experiencing any combination of theft, fire, or flood, and the business renews its license no more than 36 months after such event.

To qualify for the one handling fee, the business must not have engaged in business without an active license and must notify the DOR in writing that it is unable to operate due to such circumstances. The DOR may require the business to provide documentation verifying eligibility for the one handling fee.

Appropriation: None.

Fiscal Note: Requested on January 24, 2024.

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