

HOUSE BILL REPORT

HB 2430

As Reported by House Committee On:
Consumer Protection & Business

Title: An act relating to waiving business licensing handling and delinquency fees for eligible businesses.

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 History:

Committee Activity:

Consumer Protection & Business: 1/26/24, 1/31/24 [DP].

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.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass. Signed by 12 members: Representatives Walen, Chair; Reeves, Vice Chair; Robertson, Ranking Minority Member; McClintock, Assistant Ranking Minority Member; Chapman, Connors, Donaghy, Hackney, Ryu, Sandlin, Santos and Volz.

Staff: Megan Mulvihill (786-7304).

Background:

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.

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 are 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.

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 that 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, 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.

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) This legislation helps businesses deal with the hangover of the COVID-19 pandemic shutdown in addition to other future emergencies by allowing businesses to avoid late charges and penalties because they missed their license renewal date. The pandemic shut down thousands of businesses overnight and pushed people to the brink of bankruptcy. If the state experiences a health or natural disaster again, and a business is unable to open within the 120 day grace period, that business is subject to penalties and loses their unified business identifier (UBI) number. The business then has to fill out all of the different documents with a new UBI number, which is time consuming and frustrating. Once a business is able to reopen, the state should help make it as easy as possible for them. This is prospective only and does not include retroactivity or refunds, which would cause complications for the DOR and generate a large cost. This is a very small, proactive bill that is helpful and necessary.

(Opposed) None.

Persons Testifying: Representative Larry Springer, prime sponsor; Patrick Connor, National Federation of Independent Business; and Mark Johnson, Washington Retail Association.

Persons Signed In To Testify But Not Testifying: None.