



STATE OF WASHINGTON

DEPARTMENT OF REVENUE

OFFICE OF THE DIRECTOR

P.O. Box 47454 • Olympia, Washington 98504-7454 • (360) 534-1600 • FAX (360) 534-1606

December 1, 2022

TO: Sarah Bannister
Secretary of the Senate
Washington State Senate

Bernard Dean
Chief Clerk
Washington State House of Representatives

FROM: John Ryser, Acting Director
Department of Revenue

SUBJECT: LOCAL BUSINESS LICENSING PROGRESS REPORT

The Department of Revenue prepared the attached report in compliance with [RCW 35.90.020\(8\)](#), which requires the department to report on the progress of our efforts to partner with all cities that impose a general business license. [Chapter 35.90 RCW](#) requires Washington cities and towns with general business licenses to join a combined licensing system, either the department's Business Licensing Service or the local online tax and licensing portal known as "FileLocal."

The Department is required to submit an annual progress report to the Legislature, beginning January 1, 2019, through January 1, 2028. The report must include:

- A list of cities that have partnered with the department as required in [RCW 35.90.020\(1\)](#).
- A list of cities that have not partnered with the department.
- A list of cities that are scheduled to partner with the department during the upcoming calendar year.
- A list of cities that have declined to partner with the department.
- An explanation of lessons learned and any process efficiencies incorporated by the Department.
- Any recommendations to further simplify the issuance and renewal of general business licenses by the department.
- Any other information the department considers relevant.

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If you have any questions or need the report in an alternate format, please contact Steve Ewing, Legislative and External Affairs Liaison, Executive Division, at (360) 534-1545.

cc: Nick Streuli, Executive Director, Policy & Outreach, Office of the Governor
Drew Shirk, Executive Director, Legislative Affairs, Office of the Governor
David Schumacher, Director, Office of Financial Management
Roselyn Marcus, Assistant Director, Office of Financial Management
Rachel Knutson, Senior Budget Assistant, Office of Financial Management

Local Business Licensing Progress Report for CY 2022

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SUMMARY

The Calendar Year 2022 Local Business Licensing Progress Report was prepared by the Department of Revenue (department) to comply with [RCW 35.90.020\(8\)](#). The law requires:

- A list of cities that have partnered with the department as required in [RCW 35.90.020\(1\)](#).
- A list of cities that have not partnered with the department.
- A list of cities that have declined to partner with the department.
- An explanation of lessons learned and any process efficiencies incorporated by the department.
- Any recommendations to further simplify the issuance and renewal of general business licenses by the department.
- Any other information the department considers relevant.

There are 281 incorporated cities and towns in Washington, but only 225 issue local business licenses. Of those:

- Two hundred fifteen cities partner with the department's Business Licensing Service (BLS).
- Ten cities participate with the [FileLocal](#) portal for local business and occupation tax reporting and business licensing.

BLS Partnered Cities

BLS has partnered with 215 cities, reducing the license renewal workload for these cities and saving businesses time with a one-stop registration solution. (See Appendix A for a complete list of BLS partnered cities.)

In the FY 2022 – 2023 Local Business Licensing Partnership Plan, BLS was scheduled to partner with 25 cities in Calendar Year 2022. This was the final year for city onboarding. During Calendar year 2022, BLS successfully partnered with 24 cities. The 25th city scheduled to partner, Colfax, withdrew from the Partnership Plan in March 2022, after the city council decided to not adopt a general business license requirement.

BLS Non-partnered Cities

See Appendix B for a list of cities that issue a general business license and are not partnered with BLS. See Appendix C for a list of cities that do not currently issue a general business license.

BLS Scheduled Cities

BLS has met the legislative deadline to partner with all cities requiring a general business license, as set forth in [RCW 35.90.020\(1\)\(a\)\(iii\)](#).

Cities Declined to Partner

Currently, 10 cities that issue general business licenses declined to partner with BLS, choosing instead to participate in the FileLocal portal: Bellevue, Des Moines, Everett, Kent, Lake Forest Park, Renton, Seattle, Shoreline, Snoqualmie, and Tacoma.

Lessons Learned and Process Efficiencies

Process efficiencies were developed over the past year to enhance the partnership between BLS and local municipalities. These improvements include:

- Training sessions continued to be offered to existing partners on both a quarterly and ad-hoc basis. Quarterly trainings include refresher material based on frequently asked questions and include the most up-to-date information regarding system enhancements. Ad hoc trainings are conducted throughout the year and provide detailed guidance on the requested training subject.
- Enhanced search parameters on a city report to include the ability to search by North American Industry Classification System (NAICS) code. City staff are now able to retrieve primary NAICS code, secondary NAICS code, the legal entity type, and Department of Revenue tax reporting frequency. The report aids in the city's regulatory and compliance work.
- A quarterly newsletter was created to inform partners of upcoming training sessions, system changes, and quick reference reminders on how to navigate the system and system functionality.
- Connected with existing city partners and offered licensing types and fee structures that were not available to them when they originally partnered. As a result, BLS added additional license types for five partners.
- Based on partner feedback for the need to provide better context to on-demand reporting, a guide was added to the department's Automated Tax & Licensing System Help Manager. The new Reports Help Guide lists all data fields included in each of the over 30 partner reports.

Recommendations

To further simplify the issuance and renewal of general business licenses, the department intends to:

- Continue adding new licensing types and fee structures to expand BLS's suite of services offered.

- Add interactive training video modules for city staff, in addition to the existing searching and navigating videos. Video content will include approving or denying a city license and generating reports, both of which are common questions fielded by BLS staff.

Other Relevant Information

- The partner change request process, implemented in 2018, has proven helpful for cities updating their fees or license types. It is a streamlined process that allows cities to seamlessly submit their requests to ensure changes are updated by the effective date of their adopted ordinance.
- The training request process allows the department to provide value added and on-demand training pertinent to the partners' needs. The partner can easily request and submit training topics with the training request form at any time. Depending on the content and volume of requests, the department either consolidates the requests into a quarterly training offered to all partners, or conducts an ad hoc training with that specific city.

NEXT STEPS

Partnering Plan

The Fiscal Year 2022 – 2023 Local Business Licensing Partnership Plan was the final partnership plan, as all cities that currently impose a general business license are partnered with the department or FileLocal.

Annual Progress Report

By January 1, 2024, the department will submit the annual Local Business Licensing Progress Report to the Legislature as required by [RCW 35.90.020\(8\)](#).

Appendix A

List of cities that are partnered with BLS

* Partnered with BLS January to December 2022		
Aberdeen	Granger	Puyallup
Airway Heights	Granite Falls	Quincy
Albion*	Hamilton	Rainier
Algona	Harrah	Raymond
Anacortes	Hoquiam	Redmond
Arlington	Ilwaco	Republic
Asotin*	Issaquah	Richland
Auburn*	Kalama	Ridgefield
Bainbridge Island	Kelso	Ritzville
Battle Ground	Kenmore	Rock Island
Bellingham	Kennewick	Rockford
Benton City*	Kettle Falls*	Roslyn
Bingen	Kirkland	Roy
Black Diamond	Kittitas	Royal City
Blaine	La Center	Ruston
Bonney Lake	La Conner*	Sammamish
Bothell*	Lacey	SeaTac
Bremerton	Lake Stevens	Sedro-Woolley
Brewster	Lakewood	Selah*
Bridgeport	Langley*	Sequim
Brier	Leavenworth	Shelton
Buckley	Liberty Lake	Skykomish
Bucoda	Long Beach	Snohomish
Burien	Longview	Soap Lake
Burlington	Lyman	South Bend
Camas	Lynden	South Cle Elum
Carbonado	Lynnwood	South Prairie
Carnation	Mabton	Spokane
Cashmere	Maple Valley	Spokane Valley
Castle Rock	Marysville	Sprague*
Cathlamet	Mattawa	Springdale
Centralia	Medical Lake	Stanwood
Chehalis	Mercer Island	Steilacoom
Chelan	Mesa*	Stevenson
Cheney	Mill Creek	Sultan
Clarkston	Millwood	Sumas*
Cle Elum	Milton	Sumner
Clyde Hill	Monroe	Sunnyside

* Partnered with BLS January to December 2022		
College Place	Montesano	Tenino
Colville	Morton*	Tieton
Concrete	Moses Lake	Toledo
Connell	Mossyrock*	Toppenish
Cosmopolis	Mount Vernon	Tukwila
Coulee Dam	Mountlake Terrace	Tumwater
Covington	Moxee	Twisp*
Darrington	Mukilteo	Union Gap
Deer Park	Naches	University Place
DuPont	Napavine	Vader
Duvall	Nespelem*	Vancouver
East Wenatchee	Newcastle	Waitsburg
Eatonville	Nooksack*	Walla Walla
Edgewood	Normandy Park	Wapato*
Edmonds	North Bend	Warden
Electric City	North Bonneville	Washougal
Ellensburg	Northport*	Waterville
Elma	Oak Harbor*	Wenatchee
Elmer City*	Oakville	West Richland
Entiat	Ocean Shores	Westport
Enumclaw	Olympia	White Salmon
Ephrata	Omak	Wilbur
Everson	Orting	Wilkeson
Federal Way	Othello	Wilson Creek
Ferndale	Pacific	Winlock
Fife	Pasco	Winthrop*
Fircrest	Pateros*	Woodinville
Friday Harbor	Pe Ell	Woodland*
George	Pomeroy	Woodway
Gig Harbor	Port Orchard	Yacolt
Gold Bar	Port Townsend	Yakima
Goldendale	Poulsbo	Yelm
Grand Coulee	Prosser	Zillah
Grandview	Pullman	

Appendix B

Cities that issue a general business license and are not partnered with BLS

Cities that are active participants in FileLocal as of January 1, 2022		
Bellevue	Kent	Snoqualmie
Des Moines	Renton	Tacoma
Everett	Seattle	
Lake Forest Park	Shoreline	

Appendix C

Cities that do not issue a general business license		
Almira	Hatton	Odessa
Beaux Art Village	Hunts Point	Okanogan
Chewelah	Index	Oroville
Colfax	Ione	Palouse
Colton	Kahlotus	Port Angeles
Conconully	Krupp	Prescott
Coulee City	LaCrosse	Rearдан
Coupeville	Lamont	Riverside
Creston	Latah	Rosalia
Cusick	Lind	Spangle
Davenport	Malden	St. John
Dayton	Mansfield	Starbuck
Endicott	Marcus	Tekoa
Fairfield	McCleary	Tonasket
Farmington	Medina	Uniontown
Forks	Metaline	Washtucna
Garfield	Metaline Falls	Waverly
Harrington	Newport	Yarrow Point
Hartline	Oakesdale	