

HOUSE BILL REPORT

E2SSB 5680

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to promoting economic development by providing information to businesses.

Brief Description: Promoting economic development by providing information to businesses.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Chase, King, Litzow, Dammeier, Rivers, Schlicher, Smith, Braun, Parlette, Hewitt and Tom).

Brief History:

Committee Activity:

Technology & Economic Development: 3/19/13, 4/2/13 [DP].

Brief Summary of Engrossed Second Substitute Bill

- Modifies the list of agencies that must fully participate in the Business Licensing Service.
- Specifies the information that the agencies must provide in order to fully participate.
- Requires annual compliance reporting.
- Specifies that agreement is needed between the Department of Revenue and the agency with authority to issue a license to incorporate a license into the master licensing system.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 16 members: Representatives Morris, Chair; Habib, Vice Chair; Smith, Ranking Minority Member; Crouse, Assistant Ranking Minority Member; Dahlquist, Hudgins, Kochmar, Magendanz, Maxwell, Morrell, Stonier, Tarleton, Vick, Walsh, Wylie and Zeiger.

Staff: Jennifer Thornton (786-7147).

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.

Business Licensing Service.

The Business Licensing Service (BLS) is the state's primary business licensing portal. Created in the 1970s as the Master License Service at the Department of Licensing, it was renamed in 2011 when legislation was enacted that transferred it to the Department of Revenue. The BLS has a statutory goal to provide a convenient, accessible, and timely one-stop system for the business community to acquire and maintain the necessary licenses to conduct business. The BLS registers businesses, renews licenses, and provides related services for approximately 40,000 businesses monthly, and has more than 115 state licenses available through its website.

Performance Audit on Regulatory Reform.

The State Auditor's Office (SAO) conducts state government audits, local government audits, and performance audits. On September 6, 2012, the SAO released the performance audit Regulatory Reform: Communicating Regulatory Information and Streamlining Business Rules. Within the audit, the SAO reported that 23 of 26 state regulatory agencies issue business licenses, and that state law requires full participation by 13 state agencies. The performance audit found that:

- only the Department of Revenue provides all of its licenses through the BLS website;
- only 16 percent of all the state's business licenses are available through the BLS website; and
- only two of the 10 most-requested licenses are available through the BLS website.

The audit recommended that: (1) the Legislature revise the statute to accurately reflect the specific agencies that issue business licenses; and (2) the Legislature clarify that "full participation" by agencies requires them to provide information and applications for all of their business licenses on the BLS website.

Summary of Bill:

Two agencies are removed, and 13 agencies are added to the existing list of agencies that must fully participate in the Business Licensing Service. To fully participate, each agency must provide the Department of Revenue (Department) with the following information: a designated agency contact; every business license issued by the agency with the applicable license requirements; and links to the licensing information, application, and instructions on the agency's website.

An agency that issues licenses in accordance with national or federal mandates, requirements, or standards, or educational standards and an examination, may alternatively fully participate by providing a link to its licensing website, summary information about the licensing requirements, and a designated agency contact.

Each agency must annually certify its full participation to the Department. If an agency has not submitted all the required information, it must instead submit a progress report and explanation to the Department. The Department must compile the information it receives and submit an aggregate report to the Legislature and Governor.

A license will be incorporated into the master licensing system only if the Department and the agency with the legal authority to issue the license both agree to have it incorporated.

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 is a companion to a bill sponsored by Representative Smith, who has done a lot of work on regulatory streamlining. The bill removes two agencies that do not have licensing responsibilities and adds 13 with licensing responsibilities. It requires those agencies to report back to the Legislature, which will enable the Legislature to monitor progress and promote economic development. This bill seeks to make it a little easier for businesses to navigate the 26 state regulatory agencies and their websites to find which ones might be the right ones for them to access for the licenses, permits, and inspections they need to legally operate. This bill will help employers meet their compliance obligations. It increases transparency and accountability. Too few agencies participate in the Business Licensing Service, which this bill will rectify. It will give hope for small businesses to see a one-stop portal developed.

(Opposed) None.

Persons Testifying: Senator Brown, prime sponsor; Patrick Connor, National Federation of Independent Businesses; and Amber Carter, Washington Association of Washington Businesses.

Persons Signed In To Testify But Not Testifying: None.