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DEPARTMENT OF REVENUE
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December 18, 2019

TO: Brad Hendrickson, Secretary
Washington State Senate

Bernard Dean, Chief Clerk
Washington State House of Representatives

FROM: Vikki Smith, Director 
Washington State Department of Revenue

SUBJECT: 2020 Local Business Licensing Progress Report

The Department of Revenue is submitting this report to the Legislature as required by RCW 35.90.020(8).

Chapter 35.90 RCW requires Washington cities and towns with general business licenses to join a combined licensing system, either FileLocal or the Department's Business Licensing Service. RCW 35.90.020(8) requires the Department to submit an annual progress report to the Legislature beginning January 1, 2019, through January 1, 2028. The report provides information about the progress of the Department's efforts to partner with all cities that impose a general business licensing requirement, other than those cities and towns that participate in FileLocal.

If you have any questions or need the report in an alternate format, please contact David Duvall, Legislative and External Affairs Liaison, Executive Division, at (360) 534-1545 or DavidD@dor.wa.gov.

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Local Business Licensing Progress Report

*Report prepared under RCW 35.90.020
January 1, 2020*

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SUMMARY

The Department of Revenue prepared this January 1, 2020, Business Licensing Progress Report in compliance with [RCW 35.90.020](#)(8).

In 2017, the Legislature enacted [Engrossed House Bill \(EHB\) 2005](#) to simplify the administration of local business licensing. Most of this bill is codified at [chapter 35.90 RCW](#). Under [RCW 35.90.020](#):

- Washington cities and towns that have general business licenses are required to join a combined licensing system, either FileLocal or the department's Business Licensing Service (BLS).
- The department's BLS program must partner with all cities and towns requiring a general business license between July 1, 2017, and December 31, 2022, other than those cities and towns participating in FileLocal as of July 1, 2020.
- The department must submit a two-year onboarding plan to the Governor, Legislature, and other specified stakeholders by the first day of each even numbered year, beginning January 1, 2018.
- The department must submit an annual progress report to the Legislature, beginning January 1, 2019, through January 1, 2028.

Throughout the remainder of this report, cities and towns are collectively referred to as "cities."

This report is required to provide information about the progress of the department's efforts to partner with all cities that impose a general business license requirement, including:

- a list of cities that have partnered with the department as required by law
- 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

There are 281 incorporated cities in Washington State, but only 230 cities issue local business licenses. Of those 230 cities:

- A total of 115 cities currently partner with BLS.
- A total of 8 cities participate with the FileLocal portal for local business and occupation tax reporting and business licensing.
- The remaining 107 cities are left to participate with either FileLocal by July 1, 2020, or BLS by December 31, 2022.

BLS Partnered Cities

BLS is partnered with 115 cities as of January 1, 2020, 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 January 2019 Local Business Licensing Partnership Plan, BLS was scheduled to partner with 33 cities in Calendar Year 2019. This was the first year of accelerated city onboarding. BLS effectively met the planned goal, which required the onboarding of 8 to 9 cities per quarter.

BLS Non-partnered Cities

See Appendix B for a list of cities that are not partnered with BLS as of January 1, 2020.

BLS Scheduled Cities

BLS more than tripled its onboarding capacity from Calendar Year 2018 to 2019 due to the staffing expansion resulting from funding appropriated by the 2018 Legislature. Accordingly, BLS is scheduled to partner with 38 cities during Calendar Year 2020, an increase of 5 cities from Calendar Year 2019 and an increase of 29 cities from Calendar Year 2018.

Calendar Year 2020 Cities Scheduled to Join BLS

Quarter 1 (Jan.-March, 2020)	Quarter 2 (April-June, 2020)	Quarter 3 (July-Sept., 2020)	Quarter 4 (Oct.-Dec., 2020)
<ul style="list-style-type: none"> • Everson • Roy • Steilacoom • La Center • Clarkston • Ritzville • Cle Elum • Soap Lake • Republic • Brewster 	<ul style="list-style-type: none"> • Yakima • Kalama • South Bend • Mill Creek • Raymond • Concrete • Union Gap • George • Waterville • Burien • Yacolt • Ferndale 	<ul style="list-style-type: none"> • Entiat • Omak • Chelan • Grand Coulee • Lyman • Hamilton • Lynden • Coulee Dam 	<ul style="list-style-type: none"> • South Cle Elum • Tieton • Brier • Colville • Stevenson • White Salmon • Naches • Harrah

Cities Declined to Partner

Nine cities have declined to partner with BLS.

As of January 1, 2020, 8 cities participate in the FileLocal portal: Bellevue, Bremerton, Everett, Lake Forest Park, Renton, Seattle, Shoreline, and Tacoma.

The City of Kent, who previously agreed to partner with BLS, was removed from the Fiscal Year 18-19 Local Business Licensing Partnership Plan due to its commitment to participate with FileLocal.

Lessons Learned and Process Efficiencies

BLS developed the following process efficiencies over the past year to enhance the partnership between BLS and local municipalities:

- We enhanced our license fee structure. On March 28, 2019, BLS added a separate fee calculation for part-time and full-time employees, a common request by cities. This fee calculation was added when partnering with the City of Tukwila. This improvement was also used by the City of Lynnwood, who partnered with BLS on November 14, 2019.
- BLS now sends a welcome letter to business owners of license accounts that were converted from the city's system into the department's system. The letter informs business owners of the partnership between the department and the city and how they can access their account through the department's online filing system, My DOR.
- BLS created a voice of the customer survey to obtain feedback from cities regarding the onboarding process. This feedback allows BLS to make adjustments quickly to address concerns and make ongoing improvements to the onboarding process.
- We created training videos on searching and navigating in response to voice of the customer survey responses. These videos allow city staff to access training on-demand on how to search and navigate the department's system. On-demand training helps educate cities' newly-hired staff and expand existing staff's knowledge of the department's system. This reduces confusion and the cities' license approval time, which would otherwise take longer due to system knowledge gaps.
- We created help guides that correlate with the searching and navigating training videos. These help guides are accessible through the partner portal's help manager within the department's online system. These guides offer our partners an alternative mode of obtaining answers to frequently asked searching and navigating questions.
- BLS redesigned the online renewal process to enhance the flow of the renewal for customers, which reduced the number of pop-up input boxes customers must navigate through if they need to renew multiple city licenses.
- We merged the BLS website with our agency's public website. This alignment allows the customer to navigate one website instead of two. In addition, the website has a search function, which the stand-alone BLS website did not.

- We rolled out a new project planning system in May 2019 to BLS staff, aiding in simplifying and streamlining the internal tasks that must be completed to onboard a city. It describes each area of focus in a more user-friendly way, reducing confusion.

Recommendations

To further simplify the issuance and renewal of general business licenses, the department recommends the following:

- We continue onboarding new partners by geographical location. The department has been taking a geographical approach in building the city-partner schedule. The approach helps businesses, especially contractors, who engage in business in multiple nearby jurisdictions throughout the year. Onboarding neighboring cities will reduce confusion for business owners and aid in ensuring they are obtaining the necessary city licenses through a consolidated licensing process.
- We continue to add new licensing types and fee structures to expand BLS's suite of services offered.
- We continue to add training video modules for city staff, beyond the existing searching and navigating videos. Video content will include approving or denying a city license and generating reports, which are common questions fielded by BLS staff.
- We enhance reporting to identify if a city has active businesses inside its boundaries that do not have a current general business license from the city. This will provide accurate information on-demand and aid in reducing the compliance efforts of searching for non-compliant businesses within the city's limits.

Relevant Information

- We will be updating our core software version in Calendar Year 2020. This will not impact the onboarding schedule, and we will offer training sessions regarding the updates.
- The rapid increase of city partners required the department to streamline and enhance the process of partner change requests. To track and communicate change requests in a consistent manner, BLS established an intake process to handle partners' system configuration changes or fee increases.

NEXT STEPS

Partnering Plan

By January 1, 2022, we will submit an updated partnering plan to the Legislature as required by [RCW 35.90.020\(4\)\(b\)](#). The two-year plan will include a list of cities that have agreed in writing to partner with BLS for the issuance and renewal of their general business licenses.

Annual Progress Report

By January 1, 2021, we will submit a progress report to the Legislature as required by [RCW 35.90.020](#)(8). The report will include a summary of accomplishments, a description of efforts made to engage cities not already part of the onboarding plan, and a list of cities scheduled to partner in Calendar Year 2021. It will also include a list of cities declining to pursue BLS partnership, descriptions of process improvements made, and recommendations to further simplify the process for issuing and renewing local business licenses in Washington State.

Appendix A

List of cities that are partnered with BLS as of January 1, 2020

* Partnered with BLS January 2019 through December 2019		
Airway Heights*	Gold Bar	Port Townsend
Anacortes	Grandview*	Poulsbo
Bainbridge Island	Granger*	Prosser
Battle Ground	Granite Falls	Pullman
Bellingham	Ilwaco	Puyallup
Black Diamond*	Issaquah	Quincy*
Blaine	Kelso	Richland
Bonney Lake	Kenmore	Ridgefield*
Bridgeport	Kennewick	Rockford
Buckley	Kirkland	Ruston
Burlington*	Lacey	Sammamish
Camas*	Lake Stevens	Sea Tac*
Carbonado	Lakewood	Sedro-Woolley
Carnation	Leavenworth	Sequim
Cashmere*	Liberty Lake	Shelton
Castle Rock*	Long Beach	Skykomish
Centralia	Longview	Snohomish*
Chehalis	Lynnwood*	Spokane
Cheney*	Maple Valley	Spokane Valley
Clyde Hill	Marysville	Springdale*
College Place	Medical Lake*	Stanwood
Connell	Mercer Island*	Sultan
Covington	Millwood	Sumner
Darrington*	Milton	Sunnyside
Deer Park	Monroe	Tenino*
DuPont	Moses Lake*	Toppenish*
Duvall	Mountlake Terrace*	Tukwila*
East Wenatchee	Mount Vernon	Tumwater
Eatonville	Mukilteo	University Place
Edgewood	Napavine*	Vancouver
Edmonds*	Newcastle	Walla Walla
Ellensburg	Normandy Park*	Washougal
Enumclaw	North Bend	Wenatchee*
Ephrata	Oakville*	West Richland
Federal Way*	Olympia	Woodinville
Fife	Orting*	Woodway*
Fircrest	Othello*	Yelm
Friday Harbor*	Pasco	
Gig Harbor	Port Orchard	

Appendix B

Cities that issue a general business license and are not partnered with BLS as of January 1, 2020

Cities that are active participants in FileLocal as of January 1, 2020		
Bellevue	Lake Forest Park	Shoreline
Bremerton	Renton	Tacoma
Everett	Seattle	

Other cities with a general business license that are not partnered with BLS * Scheduled to partner with BLS during Calendar Year 2020		
Aberdeen	Kalama*	Roslyn
Albion	Kent	Roy*
Algona	Kettle Falls	Royal City
Arlington	Kittitas	Selah
Asotin	La Center*	Snoqualmie
Auburn	La Conner	Soap Lake*
Benton City	Langley	South Bend*
Bingen	Lyman*	South Cle Elum*
Bothell	Lynden*	South Prairie
Brewster*	Mabton	Spangle
Brier*	Mattawa	Sprague
Bucoda	Mesa	Steilacoom*
Burien*	Metaline Falls	Stevenson*
Cathlamet	Mill Creek*	Sumas
Chelan*	Montesano	Tekoa
Clarkston*	Morton	Tieton*
Cle Elum*	Mossyrock	Toledo
Colville*	Moxee	Twisp
Concrete*	Naches*	Union Gap*
Cosmopolis	Nespelem	Vader
Coulee Dam*	Nooksack	Waitsburg
Des Moines	North Bonneville	Wapato
Electric City	Northport	Warden
Elma	Oak Harbor	Waterville*
Elmer	Ocean Shores	Westport
Entiat*	Omak*	White Salmon*
Everson*	Pacific	Wilbur
Ferndale*	Pateros	Wilkeson
George*	Pe Ell	Wilson Creek
Goldendale	Pomeroy	Winlock
Grand Coulee*	Rainier	Winthrop
Hamilton*	Raymond*	Woodland
Harrah*	Redmond	Yacolt*

Hartline	Republic*	Yakima*
Hoquiam	Ritzville*	Zillah
Index	Rock Island	

Cities that do not issue a general business license

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