

Multiple Agency Fiscal Note Summary

Bill Number: 1894 HB	Title: Business licensing service
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.0	0	0	3,800	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	3,800	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Amy Hatfield, OFM	Phone: (360) 280-7584	Date Published: Final 1/ 9/2024
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Department of Revenue Fiscal Note

Bill Number: 1894 HB	Title: Business licensing service	Agency: 140-Department of Revenue
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.1	0.0		
Account					
Business License Account-State 03N-1		3,800	3,800		
Total \$		3,800	3,800		

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: (360) 786-7152	Date: 01/02/2024
Agency Preparation: Erikka Ferrara	Phone: (360) 534-1517	Date: 01/08/2024
Agency Approval: Marianne McIntosh	Phone: (360) 534-1505	Date: 01/08/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/08/2024

Request # 1894-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

CURRENT LAW:

The business license services (BLS) application handling fee for new or re-opened businesses is \$50, and the BLS application handling fee for renewals is \$5. The fee for each business license application filed for any other purpose is \$10. The Department of Revenue (department) does not collect a handling fee for non-resident city endorsements.

The department must annually review the business license account balance and decrease the business license handling fees if the balance exceeds one million dollars.

Cities whose general business licenses are issued through the department are statutorily required to provide 75-day notice to BLS when changing the amount of the city license fee.

PROPOSAL:

The BLS handling fee exemption is modified to apply to all local government non-resident endorsements, not just cities.

Beginning September 30, 2024, the department must annually review and adjust business license handling fees if either of these conditions exist:

- The balance of the business license account at the end of the previous fiscal year exceeds an amount equal to the average of three months of expenditures from the previous fiscal year.
- The department projects the balance at the end of the current fiscal year will exceed an amount equal to the average of three months of expenditures during the previous fiscal year.

If a local government whose general business license is issued through the department is making a change that only affects the amount of the fee for the issuance or renewal of the license, the change takes effect no sooner than 10 business days after the department receives notice of the change.

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS

The department will adjust the handling fees, as needed, to maintain the required account balance.

DATA SOURCES

Department of Revenue, Business license fee data

REVENUE ESTIMATES

This legislation results in no revenue impact to taxes and fees administered by the department.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

FIRST YEAR COSTS:

The department will not incur costs in fiscal year 2024.

SECOND YEAR COSTS:

The department will incur total costs of \$3,800 in fiscal year 2025. These costs include:

- Labor Costs – Time and effort equate to 0.07 FTE.
- Amend one expedited rule.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.1	0.0		
A-Salaries and Wages		2,500	2,500		
B-Employee Benefits		800	800		
E-Goods and Other Services		300	300		
J-Capital Outlays		200	200		
Total \$		\$3,800	\$3,800		

III. B - Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EMS BAND 4	131,684		0.0	0.0		
MGMT ANALYST4	76,188		0.0	0.0		
TAX POLICY SP 2	78,120		0.0	0.0		
TAX POLICY SP 3	88,416		0.0	0.0		
TAX POLICY SP 4	95,184		0.0	0.0		
WMS BAND 3	111,992		0.0	0.0		
Total FTEs			0.1	0.1		

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the department will use the expedited process to amend WAC 458-02-200, titled: "Business licensing service - Applications, licenses, renewals - Fees." Persons affected by this rulemaking would include business license applicants.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1894 HB	Title: Business licensing service
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☐ Counties:
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☒ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 01/09/2024
Leg. Committee Contact: Tracey Taylor	Phone: 360-786-7152	Date: 01/02/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/09/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/09/2024

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill will extend the business licensing service handling fee exemption to all local government non-resident endorsements, not just cities.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill would not impact local government expenditures. According to the Department of Revenue, the exemption for non-resident endorsements was already being extended to other local governments, this bill only updates the law to reflect the current practice.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill would not impact local government revenues.

Sources:

Department of Revenue

Department of Revenue fiscal note, HB 1894 (2024)

Washington State Association of Counties