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**DEPARTMENT OF REVENUE**  
OFFICE OF THE DIRECTOR

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December 28, 2021

**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: LOCAL BUSINESS LICENSING PROGRESS REPORT**

The Department of Revenue (Department) 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.

Local Business Licensing Progress Report

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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 [SteveE2@dor.wa.gov](mailto:SteveE2@dor.wa.gov) or (360) 534-1545.

cc: Members, Senate Ways & Means Committee  
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# Local Business Licensing Progress Report

*Report prepared under RCW 35.90.020  
January 1, 2022*

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## SUMMARY

The January 1, 2022, 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 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; and
- Any other information the Department considers relevant.

There are 281 incorporated cities and towns in Washington, but only 226 issue local business licenses. Of those:

- As of December 31, 2021, 191 cities partner with the Department's Business Licensing Service (BLS);
- 10 cities participate with the FileLocal portal for local business and occupation (B&O) tax reporting and business licensing; and
- 25 cities are left to partner with BLS by December 31, 2022.

### BLS Partnered Cities

BLS is partnered with 191 cities as of December 31, 2021, 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 2021 Local Business Licensing Partnership Plan, BLS was scheduled to partner with 38 cities in calendar year 2021. This was the third year of accelerated city onboarding. BLS met the planned goal, which required 8 to 12 cities per quarter to be onboarded.

### BLS Non-partnered Cities

See Appendix B for a list of cities that issue a general business license and are not partnered with BLS as of January 1, 2022. See Appendix C for a list of cities that do not issue a general business license as of January 1, 2022.

## BLS Scheduled Cities

BLS is scheduled to partner with 25 cities during the 2022 calendar year.

## Calendar Year 2022 Cities Scheduled to Join BLS

Quarter 1 (Jan.-March 22)	Quarter 2 (April-June 22)	Quarter 3 (July-Sept. 22)	Quarter 4 (Oct.-Dec. 22)
<ul style="list-style-type: none"><li>• Sumas</li><li>• Langley</li><li>• Winthrop</li><li>• Benton City</li><li>• Woodland</li><li>• Oak Harbor</li><li>• Nooksack</li><li>• La Conner</li><li>• Twisp</li></ul>	<ul style="list-style-type: none"><li>• Sprague</li><li>• Mesa</li><li>• Bothell</li><li>• Northport</li><li>• Kettle Falls</li><li>• Colfax</li></ul>	<ul style="list-style-type: none"><li>• Elmer City</li><li>• Mossyrock</li><li>• Auburn</li><li>• Nespelem</li><li>• Pateros</li></ul>	<ul style="list-style-type: none"><li>• Morton</li><li>• Wapato</li><li>• Asotin</li><li>• Selah</li><li>• Albion</li></ul>

## Cities Declined to Partner

As of January 1, 2022, ten cities that issue general business licenses 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. The improvements include:

- Trainings, which are offered to existing partners on a quarterly basis and on an 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.
- Revised webpages, which now include accordion dropdowns for each city's endorsement type. This display is more user friendly and visually appealing for customers, especially those using mobile or tablet devices.
- Enhanced city report capabilities to identify active businesses inside their city's limits that do not have a city license. 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.

## Recommendations

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

- We continue to onboard 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 add interactive 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.

## Relevant Information

- The Department updated its core software in calendar year 2021. While this did not impact the progress of onboarding, the Department offered existing partners training sessions regarding the updates. Overall, 90% of attendees found this training both informative and useful.
- Enhancements made last calendar year to streamline and improve the process of partner training requests have proven effective, efficient and consistent in providing just in time training to partners.

## NEXT STEPS

### *Partnering Plan*

The January 2022 Partnering Plan is the last required plan as all cities currently imposing a general business license will have partnered with the Department (or FileLocal) by December 31, 2022. A Plan is required “until the department has partnered with all cities that currently impose a general business license requirement” (RCW 35.90.020(4)(b)).

### *Annual Progress Report*

By January 1, 2023, the Department will submit the annual progress report to the Legislature as required by [RCW 35.90.020\(8\)](#).



## Appendix A

*List of cities that are partnered with BLS as of December 31, 2021*

* Partnered with BLS January to December 2021		
Aberdeen*	Grand Coulee	Quincy
Airway Heights	Grandview	Rainier*
Algona*	Granger	Raymond
Anacortes	Granite Falls	Redmond*
Arlington*	Hamilton	Republic
Bainbridge Island	Harrah	Richland
Battle Ground	Hoquiam*	Ridgefield
Bellingham	Ilwaco	Ritzville
Bingen*	Issaquah	Rock Island*
Black Diamond	Kalama	Rockford
Blaine	Kelso	Roslyn*
Bonney Lake	Kenmore	Roy
Bremerton*	Kennewick	Royal City*
Brewster	Kirkland	Ruston
Bridgeport	Kittitas*	Sammamish
Brier	La Center	Sea Tac
Buckley	Lacey	Sedro-Woolley
Bucoda*	Lake Stevens	Sequim
Burien	Lakewood	Shelton
Burlington	Leavenworth	Skykomish
Camas	Liberty Lake	Snohomish
Carbonado	Long Beach	Soap Lake
Carnation	Longview	South Bend
Cashmere	Lyman	South Cle Elum
Castle Rock	Lynden	South Prairie*
Cathlamet*	Lynnwood	Spokane
Centralia	Mabton*	Spokane Valley
Chehalis	Maple Valley	Springdale
Chelan	Marysville	Stanwood
Cheney	Mattawa*	Steilacoom
Clarkston	Medical Lake	Stevenson
Cle Elum	Mercer Island	Sultan
Clyde Hill	Mill Creek	Sumner
College Place	Millwood	Sunnyside
Colville	Milton	Tenino
Concrete	Monroe	Tieton
Connell	Montesano*	Toledo*

* Partnered with BLS January to December 2021		
Cosmopolis*	Moses Lake	Toppenish
Coulee Dam	Mount Vernon	Tukwila
Covington	Mountlake Terrace	Tumwater
Darrington	Moxee*	Union Gap
Deer Park	Mukilteo	University Place
DuPont	Naches	Vader*
Duvall	Napavine	Vancouver
East Wenatchee	Newcastle	Waitsburg*
Eatonville	Normandy Park	Walla Walla
Edgewood	North Bend	Warden*
Edmonds	North Bonneville*	Washougal
Electric City*	Oakville	Waterville
Ellensburg	Ocean Shores*	Wenatchee
Elma*	Olympia	West Richland
Entiat	Omak	Westport*
Enumclaw	Orting	White Salmon
Ephrata	Othello	Wilbur*
Everson	Pacific*	Wilkeson*
Federal Way	Pasco	Wilson Creek*
Ferndale	Pe Ell*	Winlock*
Fife	Pomeroy*	Woodinville
Fircrest	Port Orchard	Woodway
Friday Harbor	Port Townsend	Yacolt
George	Poulsbo	Yakima
Gig Harbor	Prosser	Yelm
Gold Bar	Pullman	Zillah*
Goldendale*	Puyallup	

## Appendix B

*Cities that issue a general business license and are not partnered with BLS as of January 1, 2022*

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	

Other cities with a general business license that are not partnered with BLS		
<i>All are scheduled to partner with BLS during the 2022 calendar year</i>		
Albion	Langley	Selah
Asotin	Mesa	Sprague
Auburn	Morton	Sumas
Benton City	Mossyrock	Twisp
Bothell	Nespelem	Wapato
Colfax	Nooksack	Winthrop
Elmer City	Northport	Woodland
Kettle Falls	Oak Harbor	
La Conner	Pateros	

## Appendix C

Cities that do not issue a general business license		
Almira	Hunts Point	Okanogan
Beaux Art Village	Index	Oroville
Chewelah	Ione	Palouse
Colton	Kahlotus	Port Angeles
Conconully	Krupp	Prescott
Coulee City	LaCrosse	Reardan
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	
Hatton	Odessa	