



STATE OF WASHINGTON  
**DEPARTMENT OF REVENUE**  
OFFICE OF THE DIRECTOR

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December 22, 2020

**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: 2021 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 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 Michael Bailey, Legislative and External Affairs Liaison, Executive Division, at [MichaelBa@dor.wa.gov](mailto:MichaelBa@dor.wa.gov) or (360) 534-1545.

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# Local Business Licensing Progress Report

*Report prepared under RCW 35.90.020  
January 2021*

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## SUMMARY

In 2017, the Legislature enacted [Engrossed House Bill 2005](#) to simplify the administration of local business licensing. Most of this bill is codified at [chapter 35.90 RCW](#). The Washington State Department of Revenue (department) prepared this Business Licensing Progress Report in compliance with [RCW 35.90.020\(8\)](#).

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

- A list of cities and towns that have partnered with the department as required in RCW 35.90.020(1).
- A list of cities and towns that have not partnered with the department.
- A list of cities and towns that are scheduled to partner with the department during the upcoming calendar year.
- A list of cities and towns 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 department's issuance and renewal of general business licenses.
- 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:

- 153 currently 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.
- 1 city is scheduled to participate with the FileLocal portal by July 1, 2021, for local B&O tax reporting and business licensing.
- 61 cities and towns are left to partner with BLS by December 31, 2022.

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

## BLS Partnered Cities

BLS is partnered with 153 cities as of December 31, 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 2020 Local Business Licensing Partnership Plan, BLS was scheduled to partner with 38 cities in Calendar Year 2020. This was the second year of accelerated city onboarding. BLS met the planned goal, which required us to onboard 8 to 12 cities per quarter.

## 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, 2021. See Appendix C for a list of cities that do not issue a general business license as of January 1, 2021.

## BLS Scheduled Cities

BLS is scheduled to partner with 38 cities during 2021.

## Calendar Year 2021 Cities Scheduled to Join BLS

<b>Quarter 1</b> (Jan.-March, 2021)	<b>Quarter 2</b> (April-June, 2021)	<b>Quarter 3</b> (July-Sept., 2021)	<b>Quarter 4</b> (Oct.-Dec., 2021)
<ul style="list-style-type: none"><li>• Bingen</li><li>• Elma</li><li>• Goldendale</li><li>• Hoquiam</li><li>• Mabton</li><li>• Mattawa</li><li>• Ocean Shores</li><li>• Rainer</li><li>• Redmond</li><li>• Wilkeson</li><li>• Zillah</li></ul>	<ul style="list-style-type: none"><li>• Aberdeen</li><li>• Cathlamet</li><li>• Cosmopolis</li><li>• Montesano</li><li>• Pe Ell</li><li>• Toledo</li><li>• Vader</li><li>• Waitsburg</li><li>• Westport</li><li>• Winlock</li></ul>	<ul style="list-style-type: none"><li>• Arlington</li><li>• Bremerton</li><li>• Moxee</li><li>• North Bonneville</li><li>• Pomeroy</li><li>• Roslyn</li><li>• Royal City</li><li>• South Prairie</li><li>• Wilson Creek</li></ul>	<ul style="list-style-type: none"><li>• Algona</li><li>• Bucoda</li><li>• Electric City</li><li>• Kittitas</li><li>• Pacific</li><li>• Rock Island</li><li>• Warden</li><li>• Wilbur</li></ul>

## Cities Declined to Partner

As of January 1, 2021, five cities that had a licensing requirement in their municipal code no longer enforce a general business license requirement and have declined to partner with BLS: Albion, Hartline, Metaline Falls, Spangle, and Tekoa.

As of January 1, 2021, 10 cities participate in the FileLocal portal: Bellevue, Bremerton, Des Moines, Everett, Lake Forest Park, Renton, Seattle, Shoreline, Snoqualmie and Tacoma.

The City of Kent committed to participate with FileLocal by July 1, 2021.

## Lessons Learned and Process Efficiencies

Over the past year, we developed process efficiencies to enhance the partnership between BLS and cities. The improvements include:

- Providing trainings to existing partners on a quarterly basis. Quarterly trainings include refresher material based on frequently asked questions, and current information regarding system enhancements.
- Creating a contact reference sheet, which includes pertinent contacts and forms that our partners frequently need. The contact reference sheet is housed inside the Partner Portal for easy access by our partners.
- Updating training videos on searching and navigating our system and website in response to Voice of the Customer survey responses. These videos allow city staff to access on-demand training on how to search and navigate our system and website. On-demand training helps educate cities' newly-hired staff and expand existing staff's knowledge of our system. This reduces confusion and the cities' license approval time, which would otherwise take longer due to system knowledge gaps.
- Increasing the number of department employees responding to partner requests. Due to the extensive growth in city partners, we increased, within existing resources, the number of employees responding to partner requests. This helps support partner needs and respond to their requests in a timely manner.

## Recommendations

To further simplify the issuance and renewal of our partners' general business licenses, we recommend:

- Continuing to onboard new partners by geographical location. We have been taking a geographical approach in building the city-partner schedule. This approach helps businesses, especially contractors, that operate 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.
- Continuing to add new licensing types and fee structures to expand BLS's suite of services offered.
- Continuing to 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 staff.
- Enhancing BLS report capabilities to support the compliance efforts of partner cities. This will provide accurate, on-demand information to partner cities to make it easier for them to identify businesses that may be engaging in business within their city but do not have a current general business license for that city.

## Other Relevant Information

We updated our core software in Calendar Year 2020 and offered existing partners training sessions regarding the updates. Overall, 90% of attendees found this training both informative and useful. The software update did not impact the onboarding schedule.

Enhancements we made in 2019 to streamline and improve the partner change request process have proven effective, resulting in a more efficient process, greater consistency and fairness in prioritizing partner requests, and timelier communication with partners regarding their change requests.

## **NEXT STEPS**

### *Partnering Plan and Progress Report*

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.
- We will also 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 January 1, 2021*

* Partnered with BLS January to December 2020		
Airway Heights	Gig Harbor	Poulsbo
Anacortes	Gold Bar	Prosser
Bainbridge Island	Grand Coulee*	Pullman
Battle Ground	Grandview	Puyallup
Bellingham	Granger	Quincy
Black Diamond	Granite Falls	Raymond*
Blaine	Hamilton*	Republic*
Bonney Lake	Harrah*	Richland
Brewster*	Ilwaco	Ridgefield
Bridgeport	Issaquah	Ritzville*
Brier*	Kalama*	Rockford
Buckley	Kelso	Roy*
Burien*	Kenmore	Ruston
Burlington	Kennewick	Sammamish
Camas	Kirkland	Sea Tac
Carbonado	La Center*	Sedro-Woolley
Carnation	Lacey	Sequim
Cashmere	Lake Stevens	Shelton
Castle Rock	Lakewood	Skykomish
Centralia	Leavenworth	Snohomish
Chehalis	Liberty Lake	Soap Lake*
Chelan*	Long Beach	South Bend*
Cheney	Longview	South Cle Elum *
Clarkston*	Lyman*	Spokane
Cle Elum*	Lynden*	Spokane Valley
Clyde Hill	Lynnwood	Springdale
College Place	Maple Valley	Stanwood
Colville*	Marysville	Steilacoom*
Concrete*	Medical Lake	Stevenson*
Connell	Mercer Island	Sultan
Coulee Dam*	Mill Creek*	Sumner
Covington	Millwood	Sunnyside
Darrington	Milton	Tenino
Deer Park	Monroe	Tieton*
DuPont	Moses Lake	Toppenish
Duvall	Mount Vernon	Tukwila
East Wenatchee	Mountlake Terrace	Tumwater
Eatonville	Mukilteo	Union Gap*

* Partnered with BLS January to December 2020		
Edgewood	Naches*	University Place
Edmonds	Napavine	Vancouver
Ellensburg	Newcastle	Walla Walla
Entiat*	Normandy Park	Washougal
Enumclaw	North Bend	Waterville*
Ephrata	Oakville	Wenatchee
Everson*	Olympia	West Richland
Federal Way	Omak*	White Salmon*
Ferndale*	Orting	Woodinville
Fife	Othello	Woodway
Fircrest	Pasco	Yacolt*
Friday Harbor	Port Orchard	Yakima*
George*	Port Townsend	Yelm

## Appendix B

*Cities that issue a general business license and are not partnered with BLS as of January 1, 2021*

Cities that are active participants in FileLocal as of January 1, 2021		
<i>* Scheduled to partner with BLS during the 2021 calendar year</i>		
Bellevue	Lake Forest Park	Snoqualmie
Bremerton*	Renton	Tacoma
Des Moines	Seattle	
Everett	Shoreline	

Other cities with a general business license that are not partnered with BLS		
<i>* Scheduled to partner with BLS during the 2021 calendar year</i>		
Aberdeen*	Langley	Roslyn*
Algona*	Mabton*	Royal City*
Arlington*	Mattawa*	Selah
Asotin	Mesa	South Prairie*
Auburn	Montesano*	Sprague
Benton City	Morton	Sumas
Bingen*	Mossyrock	Toledo*
Bothell	Moxee*	Twisp
Bucoda*	Nespelem	Vader*
Cathlamet*	Nooksack	Waitsburg*
Cosmopolis*	North Bonneville*	Wapato
Electric City*	Northport	Warden*
Elma*	Oak Harbor	Westport*
Elmer	Ocean Shores*	Wilbur*
Goldendale*	Pacific*	Wilkeson*
Hoquiam*	Pateros	Wilson Creek *
Index	Pe Ell*	Winlock*
Kent	Pomeroy*	Winthrop
Kettle Falls	Rainier*	Woodland
Kittitas*	Redmond*	Zillah*
La Conner	Rock Island*	

## Appendix C

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