

**B&O and Licensing Task Force  
Meeting Minutes  
Wednesday, August 10, 2016  
Department of Revenue – Olympia Headquarters**

**Attendees**

- Marcus Glasper, Chair, Department of Revenue (Department)
  - Andy Cherullo, City of Tacoma
  - Mark Johnson, Washington Retail Association (WRA)
  - Peter King, Association of Washington Cities (AWC)
  - Patrick Connor, National Federation of Independent Businesses (NFIB)
  - Glen Lee, FileLocal
  - Ron Bueing, Association of Washington Business (AWB)
  - Kim Krause, City of Burien
  - Eric Lohnes, Association of Washington Business (AWB)
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- Patti Wilson, Department of Revenue (staff)
  - JoAnne Gordon, Department of Revenue (staff)

**Welcome/agenda overview**

Marcus welcomed everyone to the fourth task force meeting and recapped the events from the last meeting.

**Follow-up to July 19 meeting**

Patti and Marcus responded to questions from the July 19<sup>th</sup> meeting:

- **Are the data requirements collected by BLS in a useable format, such as a spreadsheet to sort similar requirements, and can that information be made available?**

*Answer:* There was a miscommunication with BLS. No survey of data elements/licensing requirements is available. A temporary student is reviewing city websites and compiling the results. The information will be made available when the review is complete.

- **Have other states successfully implemented a Biz Hub portal?**

*Answer:* December 30, 2011, Kentucky published a report explaining the vision, principles, and proposed implementation strategy for establishing the Kentucky Business One Stop (KyBOS) Portal as required by Senate Bill 8 during the 2011 General Assembly. The report included a listing of one stop licensing portals. At that time, Kentucky determined that 12 states operated one stop licensing portals.

The Department reviewed the portals for those 12 states and determined that while most provide varying degrees of local information and links, none provide the ability to apply for local business licenses as part of portal services.

There was a request that the table (handout) be provided electronically.

## **ATLAS Overview**

Ashley Miller (BLS) and Jonathan Polonsky (Project Manager for FAST Enterprises – the Department’s vendor) provided an overview of the licensing functions of the Automated Tax and Licensing Administration System (ATLAS), from both the business and partner perspective.

A question was asked as to how ATLAS works when the applicant is a foreign corporation that does not need to register with the Secretary of State (SOS). The example was that of a foreign corporation that must register with the Department for state excise tax purposes because it has economic presence but does not have a physical presence. ATLAS allows the applicant to bypass registration with the SOS when the applicant indicates it is incorporated in a state other than Washington.

Eric Jones (Partnership Services) provided overview of the on-boarding process.

## **ATLAS Q&A**

Q: Does the Department have enough resources to bring on multiple new partners? Does DOR know where the breaking point is for requesting an increase in BLS fees?

A: Partnership Services explained that no new partners have been on-boarded since the June 6<sup>th</sup> roll out of ATLAS. To allow for the stabilization and optimization periods, it will be early 2017 before BLS on-boards a new city partner. To identify process improvements and potential programming changes, Partnership Services plans to on-board one city before on-boarding others. Approximately 15 cities are in the queue and another 15 cities have expressed interest.

Q: How long does it take BLS to process an application?

A: The Department’s performance standard is 10 days, but processing typically takes a day or two. Partner-required information is then sent electronically to partners for the approval of endorsements.

Q: How long does it take partners to approve endorsements?

A: Approval times vary by city, depending on a city’s internal process and staff resources. ATLAS allows partners and BLS to identify where a hold up may be.

Q: Are there metrics to determine turn-around times?

A: ATLAS includes the data in various partner reports; however, that data only began being collected as of June 6<sup>th</sup>. There is no data from the prior system.

Q: What happens if a key partner does not approve an endorsement, for example, a liquor endorsement?

A: The state would issue a UBI regardless so that a business may continue to work with the Liquor and Cannabis Board for liquor endorsement approval. Partners would be able to see in the ATLAS system the status of the liquor endorsement.

## **Licensing Discussion**

There was much discussion about governance, priorities, and resources associated with ATLAS.

Peter and Glen asked how priorities/upgrades are governed. For example, if a software change is required, who's affected must be determined, who has to change requirement and/or business processes must be determined. Glen noted that some upgrades affect functionality.

Peter asked if, as the number of partners increase over time, and those partners have new competing requirements for what ATLAS provides, will the Department have the resources to accommodate the needs.

Marcus responded that ATLAS is an integrated licensing and tax system. There will be scheduled upgrades. There should not be any impact on cities from these upgrades because the cities access DOR's system and ATLAS is not connected to any city systems. DOR plans to enter into a maintenance contract/agreement with FAST Enterprises for scheduled upgrades. Under the maintenance contract, FAST Enterprises will manage upgrades on the back end. The front end is configurable and mostly managed by the Department. The fees businesses pay to BLS funds the service. The cities do not pay to be a partner. There are upfront agreements with each city to define how the relationship and expectations work.

Peter and Marcus talked about whether it would be possible for a city to pay the cost of the Department's vendor to program a change if the priority of their change will make the city wait too long.

State agencies are the most complex for changes because regulatory changes require reconfiguration and working with agency partners.

Glen wondered if mandating cities to partner with BLS would place a new set of requirements/limitations when city councils make decisions. There was concern about ATLAS being the Department's system versus a system that is governed by the partners.

Patrick asked about governance of FileLocal and whether the FileLocal board increases as additional cities join. Glen responded that FileLocal currently has four cities, but that at some time there will be a need to limit the board.

Patrick asked if the cities are more concerned about the Department's ability to ramp up or the cities' ability to weigh in as part of the governance of ATLAS. Peter answered that both are of concern, but that the Department's capacity to ramp up is the greater concern.

Ron noted that after having seen the demonstration, the incentive for cities to voluntarily partner with BLS is that it is a robust system that people want to use. He commented that adding a governance structure will slow everything to a crawl. A robust system will attract cities because it's robust and it's free and cities will be more willing to conform.

Andy is concerned about the Department establishing priorities and that the lowest priorities will remain low forever. A governance committee won't ensure that low priorities move up in priority. A low priority will remain a low priority because it's too complex, too far out, or does not provide enough value to a majority of people. Andy noted that there needs to be a process for

a partner to explain that their change is important and to ensure that their change are not overlooked because legislative changes take priority.

Marcus explained that this hasn't previously been an issue because the Department has accomplished changes as needed. The volume of requests has never made it so there was an issue of requests not being completed in a timely manner.

Patrick asked if there is a process for a partner to talk with DOR to discuss where they're at in priority. Is there a way to track how long it takes a request to be filled?

Marcus asked the group what are the incentives that will make cities want to partner with BLS: What do incentives look like that more cities will join FileLocal or BLS? Ron replied that maybe it's legislative funding to build more capacity faster.

Patrick asked if the Department can complete a fiscal note to estimate the resources required to bring on 30 cities per year over five years. Marcus indicated that he believed the Department could do a rough estimate.

**Homework for next meeting and Wrap-up**

The meeting concluded.

**Questions**

<b>Question</b>	<b>Answer</b>	<b>Assigned To</b>
How does ATLAS works when the applicant is a foreign corporation that does not need to register with the Secretary of State (SOS). For example a foreign corporation must register with the Department for state excise tax purposes because it has economic presence, but does not have a physical presence. ATLAS allows the applicant to by-pass registration with the SOS when the applicant indicates it is incorporated in a state other than Washington?	ATLAS allows the applicant to by-pass registration with the SOS when the applicant indicates it is incorporated in a state other than Washington.	Department answered during meeting.
Does the Department have enough resources to bring on multiple new partners?		Marcus
Does DOR know where the breaking point is for requesting an increase in the new business and renewal licensing fee?		Marcus
How long does BLS take to process an application?	The Department's performance standard is 10	Department answered during meeting.

	days, but processing typically takes a day or two. Partner-required information is then sent electronically to partners for the approval of licenses and endorsements.	
How long do the partners take to process their portions of an application?	Approval times vary by city, depending on a city's internal process and staff resources.	Department answered during meeting.
Are there metrics to determine turnaround times?	ATLAS includes the data in various partner reports.	Department answered during meeting.
What happens if a key partner does not approve a license or endorsement, for example, a liquor license?	The state would issues a UBI regardless that a business may continue to work with the Liquor and Cannabis Board for liquor license approval.	Department answered during meeting.
As the number of partners increase over time, and those partners have new competing requirements for what ATLAS provides, will the Department have the resources to accommodate the needs?	ATLAS is an integrated licensing and tax system. There will be upgrades. DOR has maintenance contract with FAST Enterprises for upgrades every three years. Under the maintenance contract, FAST Enterprises will manage upgrades on the back end. The front end is flexible and managed by DOR. The administrative fees charged to businesses funds the services. The cities do not pay to be a partner. There are upfront agreements with each city to define how the relationship and expectations work.	Department answered during meeting.
Can a city pay the cost for the Department's vendor to program a change if the priority of their change will make the city wait too long?		Marcus
Does the FileLocal governance board increase as new cities join?	FileLocal currently has four cities, but that at some time there will be a need to limit the board.	Glen answered during the meeting.
Are cities more concerned about the Department's ability to ramp up or the cities' ability to weight in as part of the	Both are of concern, but that the Department's capacity to ramp up is the greater concern.	Peter answered during the meeting.

governance of ATLAS?		
Is there a process for a partner to talk to BLS to discuss where they're at in the priority or to elevate a priority?		Patti
Is there a way to track how long it takes to complete a request?		Patti
Can the Department complete a fiscal note to estimate the resources required to bring on 30 cities per year over five years?		Patti

Options	Advantages/Opportunities	Challenges	Strategies to Address Challenges
<p><b>Require cities that have licensing requirements to join FileLocal or BLS</b></p> <p><i>6/30 discussion</i></p>	<ul style="list-style-type: none"> <li>• Everyone participates in an electronic system that communicates for business license</li> <li>• Greater compliance by businesses</li> <li>• More revenue for cities because of increased licensing compliance by business</li> <li>• Simpler for business compared to current process</li> <li>• Easier to get necessary info to businesses upfront – ability to direct businesses where they need to go</li> <li>• Reduces cities’ liability for public records request because BLS holds the information rather than the individual cities.</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel - bandwidth</li> <li>• Lack of direct customer service, particularly for smaller cities</li> <li>• FileLocal participation may require infrastructure investment (BLS requires no back-end system unless city wants to load info into their system)</li> <li>• Delays in responding to requests for list of businesses in certain jurisdictions because it’s DOR’s data</li> <li>• Understanding the different business process models used by cities that don’t participate in FileLocal or BLS</li> <li>• “People” bandwidth to switch to new system</li> <li>• Timing</li> </ul>	<ul style="list-style-type: none"> <li>• Computer in lobby with availability of assistance from staff of small city</li> <li>• Increase BLS license fee to help local jurisdictions with infrastructure investment (no internet service or dial-up service)</li> <li>• Process engineering/mapping for cities or gather current city requirements</li> <li>• Survey of cities for constraints/objections/barriers</li> <li>• Leave alone and create safe harbors</li> <li>• Explore incentives for cities to join versus mandate, such as “strike team” assistance.</li> </ul>
<p><b>Require all cities with licensing requirements to license through BLS</b></p>	<ul style="list-style-type: none"> <li>• One place for businesses (portal)</li> <li>• Greater compliance by businesses</li> <li>• More revenue for cities because of increased licensing compliance by business</li> <li>• Simpler for business compared to current process</li> <li>• Easier to get necessary info to businesses upfront – ability to direct businesses where they need to go</li> <li>• Reduces cities’ liability for public records request because BLS holds the information rather than the individual cities.</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel – bandwidth</li> <li>• Lack of direct customer service, particularly for smaller cities</li> <li>• Potential lack of Internet access for small cities</li> <li>• Delays in responding to requests for list of businesses in certain jurisdictions because it’s DOR’s data</li> <li>• Understanding the different business process models used by cities that don’t participate in FileLocal or BLS</li> <li>• Cities may not want to yield autonomy to the state</li> <li>• Timing</li> <li>• All in one place if system crashes</li> </ul>	<ul style="list-style-type: none"> <li>• Increase general capacity (management training, software, etc.)</li> <li>• Survey of cities for constraints/objections/barriers</li> <li>• Find/explore incentives for cities to join versus mandate, such as “strike team” assistance</li> <li>• Strong support system and ensuring the state has the capacity to handle the needs (maybe setting up a separate entity – figuring out a cost model)</li> <li>• Governance structure</li> <li>• Disaster recovery</li> </ul>

<p><i>7/19 discussion</i></p>	<ul style="list-style-type: none"> <li>• Costs easier to track</li> <li>• Fully integrated place for licensing</li> <li>• Maintenance upgrades potentially easier</li> <li>• Cities do not have to have a back end system because they work within the BLS environment</li> </ul>		
<p><b>Provide a robust information site</b></p>	<ul style="list-style-type: none"> <li>• 24-7 access for business owners</li> <li>• Channel for cities and state to communicate changes</li> <li>• Helps businesses on the path to avoiding errors by omission</li> <li>• Increased compliance</li> <li>• Avoidance of penalties for not doing the right thing or enough</li> </ul> <p><i>5/27 discussion</i></p>	<ul style="list-style-type: none"> <li>• Ownership</li> <li>• Responsible party</li> <li>• Content decisions?</li> <li>• Depth of robustness</li> <li>• Maintenance/updates</li> <li>• Resources</li> <li>• Cities provide information vs. organizers that research</li> </ul> <p><i>5/27 discussion</i></p> <ul style="list-style-type: none"> <li>• Only provides info for businesses to wade through (job half done)</li> </ul>	<ul style="list-style-type: none"> <li>• Legislation requiring cities to provide licensing info to centralize location</li> <li>• Monetizing businesses through business orgs (e.g. AWB/NFIB)</li> <li>• AWC contract with state (fund) for maintenance</li> <li>• Build a city page in BizHub</li> </ul> <p><i>7/19 discussion</i></p>
<p><b>One-Stop Shop for licensing (BizHub portal)</b></p> <p><b>BLS and FileLocal included as links &amp; info site</b></p> <p><i>7/19 discussion</i></p>	<ul style="list-style-type: none"> <li>• Easy to find starting point</li> <li>• Greater compliance by businesses</li> <li>• More revenue for cities because of increased licensing compliance by business</li> <li>• Simpler for business compared to current process</li> <li>• Easier to get necessary info to businesses upfront – ability to direct businesses where they need to go</li> <li>• Maintains local control</li> </ul>	<ul style="list-style-type: none"> <li>• Another governing structure</li> <li>• Lack of resources/funding</li> <li>• More costs</li> <li>• Timing</li> </ul>	<ul style="list-style-type: none"> <li>• More resources/money (funding package)</li> </ul>