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SENATE BILL 5840

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State of Washington

65th Legislature

2017 Regular Session

By Senator Palumbo

1 AN ACT Relating to simplifying business and occupation tax  
2 administration; amending RCW 82.32.045; adding new sections to  
3 chapter 82.04 RCW; creating new sections; repealing RCW 82.04.4451;  
4 and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** (1) Washington's economy is dependent on a  
7 thriving middle class, and the prosperity of the middle class depends  
8 on our children's access to, and ability to benefit from, high  
9 quality education at all levels. The state must provide funding for  
10 education and it must also ensure that students receive the best  
11 possible education to ensure their personal and economic success.

12 (2) Therefore, this act reforms the state's business and  
13 occupation tax to provide a stable, ongoing source of funding to  
14 support educational programs, while simultaneously easing the tax  
15 burden on the state's smallest businesses. This revenue will have a  
16 direct and positive impact on the social and economic success of the  
17 state by supporting a more effective educational system, one that  
18 engages students in the advanced fields and industries critical to  
19 the modern economy.

1       **Sec. 2.** RCW 82.32.045 and 2010 1st sp.s. c 23 s 1103 are each  
2 amended to read as follows:

3       (1) Except as otherwise provided in this chapter, payments of the  
4 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16  
5 RCW, along with reports and returns on forms prescribed by the  
6 department, are due monthly within twenty-five days after the end of  
7 the month in which the taxable activities occur.

8       (2) The department of revenue may relieve any taxpayer or class  
9 of taxpayers from the obligation of remitting monthly and may require  
10 the return to cover other longer reporting periods, but in no event  
11 may returns be filed for a period greater than one year. For these  
12 taxpayers, tax payments are due on or before the last day of the  
13 month next succeeding the end of the period covered by the return.

14       (3) The department of revenue may also require verified annual  
15 returns from any taxpayer, setting forth such additional information  
16 as it may deem necessary to correctly determine tax liability.

17       (4) Notwithstanding subsections (1) and (2) of this section, the  
18 department may relieve any person of the requirement to file returns  
19 and pay any taxes otherwise due under chapters 82.04 and 82.16 RCW if  
20 the following conditions are met:

21       (a) The person's value of products, gross proceeds of sales, or  
22 gross income of the business, from all business activities taxable  
23 under chapter 82.04 RCW, is less than((+)

24       ~~(i) Twenty eight thousand dollars per year; or~~

25       ~~(ii) Forty six thousand six hundred sixty seven dollars per year~~  
26 ~~for persons generating at least fifty percent of their taxable amount~~  
27 ~~from activities taxable under RCW 82.04.255, 82.04.290(2)(a), and~~  
28 ~~82.04.285)) two hundred thousand dollars per year;~~

29       (b) The person's gross income of the business from all activities  
30 taxable under chapter 82.16 RCW is less than twenty-four thousand  
31 dollars per year; and

32       (c) The person is not required to collect or pay to the  
33 department of revenue any other tax or fee which the department is  
34 authorized to collect.

35       NEW SECTION.   **Sec. 3.** A new section is added to chapter 82.04  
36 RCW to read as follows:

37       (1) Beginning January 1, 2018, upon every person engaging within  
38 the state in business activities that are subject to tax under any  
39 other section of this chapter; as to such persons, an additional tax

1 is imposed. The amount of the additional tax imposed under this  
2 section with respect to such business is equal to the tax payable  
3 under all other sections of this chapter multiplied by 14.7 percent.

4 (2) The additional tax under this section is due in the form and  
5 manner determined by the department.

6 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04  
7 RCW to read as follows:

8 (1) In computing the tax imposed under this chapter, there may be  
9 deducted from the measure of tax the maximum sum of sixteen thousand  
10 six hundred sixty-seven dollars multiplied by the number of months in  
11 the reporting period, as determined under RCW 82.32.045.

12 (2) When the measure of tax is equal to or less than the  
13 deduction allowed under subsection (1) of this section, no tax is  
14 due. The deduction cannot be carried forward or backward to  
15 subsequent or prior reporting periods. No refunds are allowed for the  
16 deduction under this section.

17 (3) For taxpayers subject to taxes imposed under multiple  
18 provisions of this chapter, this deduction must be applied to the  
19 measure of tax in order of the business activities taxed at the  
20 highest to lowest rates.

21 (4) This deduction is in addition to any other applicable  
22 deductions or exemptions allowed for the taxes due under this chapter  
23 and must be claimed after all other deductions are claimed.

24 NEW SECTION. **Sec. 5.** RCW 82.04.4451 (Credit against tax due—  
25 Maximum credit—Table) and 2010 1st sp.s. c 23 s 1102, 1997 c 238 s 2,  
26 & 1994 sp.s. c 2 s 1 are each repealed.

27 NEW SECTION. **Sec. 6.** The provisions of RCW 82.32.805 and  
28 82.32.808 do not apply to this act.

29 NEW SECTION. **Sec. 7.** This act takes effect January 1, 2018.

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