
HOUSE BILL 2672

State of Washington

65th Legislature

2018 Regular Session

By Representatives Schmick and Chandler

1 AN ACT Relating to providing small business tax relief; amending
2 RCW 82.32.045 and 82.04.4451; creating a new section; and providing
3 an effective date.

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

5 NEW SECTION. **Sec. 1.** (1) This section is the tax preference
6 performance statement for the tax preferences contained in sections 2
7 and 3, chapter . . ., Laws of 2018 (sections 2 and 3 of this act).
8 This performance statement is only intended to be used for subsequent
9 evaluation of the tax preferences. It is not intended to create a
10 private right of action by any party or to be used to determine
11 eligibility for preferential tax treatment.

12 (2) The legislature categorizes these tax preferences as ones
13 intended to provide tax relief for certain businesses or individuals,
14 as indicated in RCW 82.32.808(2)(e).

15 (3) It is the legislature's specific public policy objective to
16 reduce the tax burden on individuals and businesses imposed by the
17 existing business and occupation tax rates.

18 (4) If a review finds that there is an increase in businesses
19 taking advantage of the credit provided in section 3 of this act as a
20 result of the tax preferences created in this act, then the

1 legislature intends to extend the expiration date of these tax
2 preferences.

3 (5) In order to obtain the data necessary to perform the review
4 in subsection (4) of this section, the joint legislative audit and
5 review committee may refer to any data collected by the state.

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

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

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

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

22 (4) Notwithstanding subsections (1) and (2) of this section, the
23 department may relieve any person of the requirement to file returns
24 if the following conditions are met:

25 (a) The person's value of products, gross proceeds of sales, or
26 gross income of the business, from all business activities taxable
27 under chapter 82.04 RCW, is less than:

28 (i) (~~Twenty-eight~~) one hundred twenty-five thousand dollars per
29 year; or

30 (ii) (~~Forty-six thousand six hundred sixty-seven~~) One hundred
31 fifty thousand dollars per year for persons generating at least fifty
32 percent of their taxable amount from activities taxable under RCW
33 82.04.255, 82.04.290(2)(a), and 82.04.285;

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

37 (c) The person is not required to collect or pay to the
38 department of revenue any other tax or fee which the department is
39 authorized to collect.

1 **Sec. 3.** RCW 82.04.4451 and 2010 1st sp.s. c 23 s 1102 are each
2 amended to read as follows:

3 (1) In computing the tax imposed under this chapter, a credit is
4 allowed against the amount of tax otherwise due under this chapter,
5 as provided in this section. Except for taxpayers that report at
6 least fifty percent of their taxable amount under RCW 82.04.255,
7 82.04.290(2)(a), and 82.04.285, the maximum credit for a taxpayer for
8 a reporting period is (~~(thirty-five)~~) fifty dollars multiplied by the
9 number of months in the reporting period, as determined under RCW
10 82.32.045. For a taxpayer that reports at least fifty percent of its
11 taxable amount under RCW 82.04.255, 82.04.290(2)(a), and 82.04.285,
12 the maximum credit for a reporting period is (~~(seventy)~~) one hundred
13 eighty-five dollars multiplied by the number of months in the
14 reporting period, as determined under RCW 82.32.045.

15 (2) When the amount of tax otherwise due under this chapter is
16 equal to or less than the maximum credit, a credit is allowed equal
17 to the amount of tax otherwise due under this chapter.

18 (3) When the amount of tax otherwise due under this chapter
19 exceeds the maximum credit, a reduced credit is allowed equal to
20 twice the maximum credit, minus the tax otherwise due under this
21 chapter, but not less than zero.

22 (4) The department may prepare a tax credit table consisting of
23 tax ranges using increments of no more than five dollars and a
24 corresponding tax credit to be applied to those tax ranges. The table
25 shall be prepared in such a manner that no taxpayer will owe a
26 greater amount of tax by using the table than would be owed by
27 performing the calculation under subsections (1) through (3) of this
28 section. A table prepared by the department under this subsection
29 must be used by all taxpayers in taking the credit provided in this
30 section.

31 NEW SECTION. **Sec. 4.** This act takes effect January 1, 2019.

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