

# HB 2324

## Bill Analysis

January 20, 1998

**Brief Description:** Establishing a legal presumption in favor of persons disputing tax obligations.

**Bill Sponsors:** Representatives B. Thomas, Lambert and Dyer.

**Staff:** Bob Longman, 786-7139

**Background:** Taxpayers have certain rights and responsibilities set forth in statute, state agency rules, and case law. For example, by statute taxpayers have the right to be treated equitably, and with dignity and respect; to rely on written advice from the Department of Revenue; to receive clear and current tax instructions, forms, etc.; to receive notice of assessments; to receive due process in reviews and appeals; to receive relief and redress when tax laws are found unconstitutional; and to receive protection from public inquiry regarding financial and business information. Taxpayer responsibilities include keeping accurate records, filing accurate returns, paying taxes on time, and responding to communications from the department in a timely manner.

The courts have developed several principles for interpretation of statutes in general and tax statutes in general. For example, courts do not construe or interpret a statute when its language is plain. Statutory words are given their ordinary meaning, unless a particular definition is provided in statute. A statute must be construed to avoid strained results or absurd consequences. Tax exemptions are construed narrowly, and the burden of establishing an exemption falls on the taxpayer.

**Summary of Bill:** General rules are provided for the interpretation and application of taxes. Persons and activities are not subject to tax unless a tax has been clearly and expressly imposed by law. Laws imposing taxes must be strictly construed. A governmental entity claiming that a tax obligation has the burden of proving that obligation. A tax must not be enlarged by construction or interpretation.

A governmental entity seeking to collect a disputed tax obligation must make available to the taxpayer upon request all records, documents, and facts necessary to determine the historical background, intent, interpretation, or implementation of the law imposing the tax.

House of Representatives  
Office of Program Research  
Finance Committee

P.O. Box 40600  
Olympia WA 98504-0600  
Phone 360-786-7100

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A person disputing a tax obligation has a similar duty to provide property, documents, and facts necessary for determination of taxable status.

**Appropriation:** None.

**Fiscal Note:** Requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.