
SUBSTITUTE HOUSE BILL 2324

State of Washington

55th Legislature

1998 Regular Session

By House Committee on Finance (originally sponsored by Representatives B. Thomas, Lambert and Dyer)

Read first time 02/02/98. Referred to Committee on .

1 AN ACT Relating to a legal presumption in favor of persons
2 disputing a tax obligation; and adding a new chapter to Title 7 RCW.

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

4 NEW SECTION. **Sec. 1.** (1) This section is intended to establish
5 how state and local laws, including statutes, ordinances, regulations,
6 and rules, that impose any tax, including any fee, charge, surcharge,
7 license, permit, or any other cost imposed on any of the following,
8 whether public or private, should be interpreted:

9 (a) Property, real or personal, tangible or intangible;

10 (b) Income;

11 (c) Service; or

12 (d) The ownership, possession, manufacture, use, sale, purchase, or
13 transfer of any property, real or personal, tangible or intangible,
14 income, or service, including any goods or labor.

15 (2) Any property, real or personal, tangible or intangible, income,
16 service, ownership, possession, manufacture, use, sale, purchase, or
17 transfer of any property, real or personal, tangible or intangible,
18 income, or service, including any goods or labor, located in, derived
19 in, operated in, or occurring in Washington is to be considered not

1 subject to taxation, except that for which a tax has been clearly and
2 expressly imposed by law. The following principles govern the
3 construction of laws that impose such a tax:

4 (a) There is no need to construe a law when the law's language is
5 plain;

6 (b) Laws imposing the tax must be strictly construed, though fairly
7 and in keeping with the ordinary meaning of the language employed;

8 (c) If there is any doubt regarding the exact meaning of a law
9 imposing the tax, the law must be construed in favor of the person who
10 is disputing the tax obligation and against the governmental entity
11 claiming the person has a tax obligation because nontaxation is the
12 rule and taxation is the exception;

13 (d) The burden of proving that a valid tax obligation exists rests
14 upon the governmental entity claiming that a tax obligation exists;

15 (e) If a governmental entity has imposed the tax, the tax must not
16 be enlarged by construction since it is reasonable to presume that the
17 governmental entity has stated in express terms all that it intended to
18 tax.

19 A tax must be limited to the very terms of the law enacted. If not
20 so limited, the tax would be enlarged beyond what the governmental
21 entity intended to tax;

22 (f) Property, real or personal, tangible or intangible, income,
23 service, ownership, possession, manufacture, use, sale, purchase, or
24 transfer of any property, real or personal, tangible or intangible,
25 income, or service, including any goods or labor, shall not be taxed
26 unless a governmental entity has imposed a tax by clear and explicit
27 language; and

28 (g) This section shall not be construed as changing the burden of
29 showing that any exemption, deduction, or credit applies.

30 (3) Upon request, governmental entities seeking to collect a
31 disputed tax obligation shall make available to the person disputing
32 the tax obligation all records, documents, or facts necessary for the
33 person to determine the historical background, intent, construction,
34 interpretation, application, or implementation of the law imposing the
35 tax.

36 Failure to fully cooperate with the person may result in a
37 determination that the property, income, service, ownership,
38 possession, manufacture, use, sale, purchase, or transfer is not
39 taxable for the current year.

1 (4) Upon request, persons who are disputing a tax obligation shall
2 make available at reasonable times to the governmental entity claiming
3 the tax obligation exists for inspection, investigation, or examination
4 all property, records, documents, or facts necessary for the
5 governmental entity to determine the taxable status of the obligation
6 in dispute.

7 Failure to fully cooperate with the governmental entity may result
8 in a determination that the property, income, service, ownership,
9 possession, manufacture, use, sale, purchase, or transfer is taxable
10 for the current year.

11 NEW SECTION. **Sec. 2.** Section 1 of this act constitutes a new
12 chapter in Title 7 RCW.

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