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HOUSE BILL 1065

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State of Washington

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1999 Regular Session

By Representatives Thomas, Carrell, Mielke, Mulliken, Schoesler, Koster, Mastin, DeBolt, Lambert, Delvin, Benson, Lisk, Cairnes, Fortunato, Pflug, Bush, Dunshee, Pennington and Dunn

Read first time 01/14/1999. Referred to Committee on Finance.

1 AN ACT Relating to the imposition of taxes; and adding a new  
2 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 with respect to:

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 or service, or the ownership, possession, manufacture, use, sale,  
17 purchase, or transfer of any property, real or personal, tangible or  
18 intangible, income, or service, including any goods or labor, located  
19 in, derived in, operated in, or occurring in Washington is to be

1 considered not subject to taxation, except that for which a tax has  
2 been clearly and expressly imposed by law.

3 (3) The following principles govern the construction of laws that  
4 impose any tax:

5 (a) Property, real and personal, tangible and intangible, income,  
6 and service, and the ownership, possession, manufacture, use, sale,  
7 purchase, and transfer of any property, real and personal, tangible and  
8 intangible, income, and service, including any goods and labor, shall  
9 not be taxed unless a governmental entity has imposed a tax by clear  
10 and explicit language;

11 (b) There is no need to construe a law when the law's language is  
12 plain;

13 (c) Laws imposing the tax must be strictly construed, though fairly  
14 and in keeping with the ordinary meaning of the language employed;

15 (d) If there is any doubt regarding the exact meaning of a law  
16 imposing the tax, the law must be construed in favor of the person who  
17 is disputing the tax obligation and against the governmental entity  
18 claiming the person has a tax obligation because nontaxation is the  
19 rule and taxation is the exception;

20 (e) The burden of proving that a valid tax obligation exists rests  
21 upon the governmental entity claiming that a tax obligation exists;

22 (f) If a governmental entity has imposed the tax, the tax must not  
23 be enlarged by construction since it is reasonable to presume that the  
24 governmental entity has stated in express terms all that it intended to  
25 tax; and

26 (g) A tax must be limited to the very terms of the law enacted. If  
27 not so limited, the tax would be enlarged beyond what the governmental  
28 entity intended to tax.

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

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

37 (b) Failure to fully cooperate with the person may result in a  
38 determination that the property, income, or service, or the ownership,

1 possession, manufacture, use, sale, purchase, or transfer is not  
2 taxable for the current year.

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

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

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

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