

1960

Sponsor(s): Representatives Cairnes, Reardon, Huff, Linville, Carrell, Campbell, Mulliken, O'Brien and Koster

Brief Description: Revising laws impacting retailer tax collection and remittance.

**HB 1960 - DIGEST**

(SUBSTITUTED FOR - SEE 1ST SUB)

Authorizes the department of revenue to implement through rule a procedure for the remittance of estimated tax if, after review and examination of the advantages and disadvantages to the department and to taxpayers, the department finds that the advantages outweigh the disadvantages and that implementation would be an improvement over the existing reporting system. As part of the review and examination, the department shall seek input from taxpayers on this issue and shall consult with other states regarding experience with estimated tax. The department must make a "yes" or "no" decision regarding whether it will implement an estimated tax procedure by December 1, 1999, and shall in writing inform the fiscal committees of the senate and the house of representatives of the decision to proceed or not proceed with a rule.

Finds that retailers have an important role in the state's tax system by collecting sales tax from consumers and remitting it to the state. Changes to the tax system, such as rate or exemption changes place an accounting and organizational burden on these businesses. In recognition of that burden, it is the intent of the legislature to limit changes to state and local sales and use tax to once a year.

Declares an intent to require the local government enacting or revising a tax to give advance notice to the department of revenue of any such change so that the department may provide adequate notice to retailers of pending changes.

Provides that, in any year that a seller is required to reprogram cash registers as a result of statutory revisions to the rate and to exemptions under this act, the seller may take a deduction, from the amount of the tax to be remitted to the department. The deduction is equal to .3 percent of the retail sales tax collected on the first four hundred thousand dollars of taxable sales and .7 percent of the retail sales tax collected on taxable sales over four hundred thousand dollars, but not exceeding three million dollars of taxable sales reported for the calendar year in which the reprogramming was required.

Directs the department of revenue to conduct a study of the administration of exemptions from state and local sales taxes.

Requires the department to: (1) Examine the current processes used by the department, retailers, and customers for providing and claiming sales tax exemptions;

(2) review sales tax exemption administration processes in other states and British Columbia;

(3) review sales tax exemption statutes for clear and concise

language that gives guidance in the administration of sales tax exemptions;

(4) identify and analyze alternative processes that would lessen the costs and burdens for retailers of honoring sales tax exemptions requests, including the administration of exemptions through refunds to taxpayers, and development of forms to be used by buyers;

(5) examine the fairness of penalties imposed on retailers resulting from improper administration of sales tax exemptions;

(6) examine the incidences of fraud of each sales tax exemption and determine the primary contributing factors leading to the fraud; and

(7) make recommendations to the legislature for improving the efficiency of administering state and local sales and use tax exemptions.

Directs the department to report its findings to the fiscal committees of the house of representatives and senate by September 1, 1999.

Provides that the act shall be null and void if appropriations are not approved.