

FINAL BILL REPORT

SB 6448

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Synopsis as Enacted

Brief Description: Transferring responsibility for collecting certain telephone program excise taxes from the department of social and health services to the department of revenue.

Sponsors: Senators Zarelli, Prentice and Winsley; by request of Department of Revenue.

Senate Committee on Ways & Means

Background: The telecommunications relay service (TRS) excise tax is levied on telephone service lines at a rate of no more than 19 cents per month per line. Proceeds from this tax fund services to the deaf, hard of hearing, and deaf-blind communities throughout Washington, such as distributing teletypewriters, amplified phones, and signaling devices. The tax is identified on consumers' bills as "Funds federal ADA requirement." The Utilities and Transportation Commission (UTC) determines the tax rate necessary to fund the program, and the Department of Social and Health Services (DSHS) collects the tax.

The telephone assistance excise tax is also levied on telephone service lines, at a rate of no more than 14 cents per month per line. Proceeds from this tax fund help provide telephone services to low-income residents of the state, such as a reduced basic service charge, a 50 percent discount on connection fees, and waivers to deposits for local service. The tax is identified on consumers' bills as "Washington telephone assistance program." As with the TRS excise tax, above, the UTC determines the tax rate necessary to fund the program, and DSHS collects the tax.

The Department of Revenue is given statutory authority to administer, collect, and enforce most excise taxes in the state, such as the retail sales and use tax and the business and occupation tax.

Regarding the retail sales and use and the business and occupation taxes, statute allows businesses to deduct amounts relating to taxes previously paid or remitted on debts that go unpaid. Businesses that sell items or services for resale do not collect retail sales taxes but must follow certain documentation requirements concerning sales to resellers.

Summary: The administrative responsibility for collecting the TRS and telephone assistance excise taxes is transferred from DSHS to the Department of Revenue (DOR). DSHS remains the administrator of the funds under their respective programs.

DOR must calculate the amount of monthly tax to be collected per switched access line in the same manner that UTC has previously calculated the tax. After consumers remit the taxes to their local telephone companies, DOR collects the taxes and forwards them to the state treasury.

Provisions are included governing the collection, remittance, and administration of the taxes. Existing DOR excise tax administrative requirements apply to the telephone program excise

taxes, and DOR may adopt rules necessary to administer the taxes. Taxes are due at the same time and with the same returns for other excise taxes administered by the department.

DOR may enforce collections from subscribers who refuse to pay. Local exchange companies must collect and remit taxes and are liable for unpaid taxes. Subscribers who do not pay, and local exchange companies that fail to remit taxes, are guilty of misdemeanors.

Businesses may take credits for taxes previously remitted with respect to debts that go unpaid. Businesses that sell services for resale must obtain a resale certificate from the buyer and follow certain other documentation requirements concerning sales to resellers.

Votes on Final Passage:

Senate	47	0
House	97	0

Effective: July 1, 2004