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HOUSE BILL 1042

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State of Washington                      58th Legislature                      2003 Regular Session

By Representatives McMahan, Talcott, Mielke, McDonald, Hinkle,  
Benson, Carrell, Cox and Holmquist

Read first time 01/14/2003. Referred to Committee on Finance.

1            AN ACT Relating to increasing certain business and occupation tax  
2 credit, exemption, and filing threshold amounts; and amending RCW  
3 82.04.4451, 82.16.040, and 82.32.045.

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

5            **Sec. 1.** RCW 82.04.4451 and 1997 c 238 s 2 are each amended to read  
6 as follows:

7            (1) In computing the tax imposed under this chapter, a credit is  
8 allowed against the amount of tax otherwise due under this chapter, as  
9 provided in this section. The maximum credit for a taxpayer for a  
10 reporting period is (~~(thirty-five)~~) seventy dollars multiplied by the  
11 number of months in the reporting period, as determined under RCW  
12 82.32.045.

13            (2) When the amount of tax otherwise due under this chapter is  
14 equal to or less than the maximum credit, a credit is allowed equal to  
15 the amount of tax otherwise due under this chapter.

16            (3) When the amount of tax otherwise due under this chapter exceeds  
17 the maximum credit, a reduced credit is allowed equal to twice the  
18 maximum credit, minus the tax otherwise due under this chapter, but not  
19 less than zero.

1 (4) The department may prepare a tax credit table consisting of tax  
2 ranges using increments of no more than five dollars and a  
3 corresponding tax credit to be applied to those tax ranges. The table  
4 shall be prepared in such a manner that no taxpayer will owe a greater  
5 amount of tax by using the table than would be owed by performing the  
6 calculation under subsections (1) through (3) of this section. A table  
7 prepared by the department under this subsection shall be used by all  
8 taxpayers in taking the credit provided in this section.

9 **Sec. 2.** RCW 82.16.040 and 1996 c 111 s 4 are each amended to read  
10 as follows:

11 The provisions of this chapter shall not apply to persons engaging  
12 in one or more businesses taxable under this chapter whose total gross  
13 income is less than (~~two~~) four thousand dollars for a monthly period  
14 or portion thereof. Any person claiming exemption under this section  
15 may be required to file returns even though no tax may be due. If the  
16 total gross income for a taxable monthly period is two thousand  
17 dollars, or more, no exemption or deductions from the gross operating  
18 revenue is allowed by this provision.

19 **Sec. 3.** RCW 82.32.045 and 1999 c 357 s 1 are each amended to read  
20 as follows:

21 (1) Except as otherwise provided in this chapter, payments of the  
22 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16 RCW,  
23 along with reports and returns on forms prescribed by the department,  
24 are due monthly within twenty-five days after the end of the month in  
25 which the taxable activities occur.

26 (2) The department of revenue may relieve any taxpayer or class of  
27 taxpayers from the obligation of remitting monthly and may require the  
28 return to cover other longer reporting periods, but in no event may  
29 returns be filed for a period greater than one year. For these  
30 taxpayers, tax payments are due on or before the last day of the month  
31 next succeeding the end of the period covered by the return.

32 (3) The department of revenue may also require verified annual  
33 returns from any taxpayer, setting forth such additional information as  
34 it may deem necessary to correctly determine tax liability.

35 (4) Notwithstanding subsections (1) and (2) of this section, the

1 department may relieve any person of the requirement to file returns if  
2 the following conditions are met:

3 (a) The person's value of products, gross proceeds of sales, or  
4 gross income of the business, from all business activities taxable  
5 under chapter 82.04 RCW, is less than (~~twenty-eight~~) fifty-six  
6 thousand dollars per year;

7 (b) The person's gross income of the business from all activities  
8 taxable under chapter 82.16 RCW is less than (~~twenty-four~~) forty-  
9 eight thousand dollars per year; and

10 (c) The person is not required to collect or pay to the department  
11 of revenue any other tax or fee which the department is authorized to  
12 collect.

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