
HOUSE BILL 1633

State of Washington

58th Legislature

2003 Regular Session

By Representatives McIntire, Gombosky and Conway; by request of Department of Revenue

Read first time 02/03/2003. Referred to Committee on Finance.

1 AN ACT Relating to changing the definition of successor for state
2 excise tax purposes; and amending RCW 82.04.180 and 82.32.140.

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

4 **Sec. 1.** RCW 82.04.180 and 1985 c 414 s 6 are each amended to read
5 as follows:

6 (1) "Successor" means:

7 (a) Any person to whom a taxpayer quitting, selling out,
8 exchanging, or disposing of a business sells or otherwise conveys,
9 directly or indirectly, in bulk and not in the ordinary course of the
10 taxpayer's business, ((a major part of the materials, supplies,
11 merchandise, inventory, fixtures, or equipment)) more than fifty
12 percent of the fair market value of either the (i) tangible assets or
13 (ii) intangible assets of the taxpayer; or

14 (b) A surviving corporation of a statutory merger.

15 (2) Any person obligated to fulfill the terms of a contract shall
16 be deemed a successor to any contractor defaulting in the performance
17 of any contract as to which such person is a surety or guarantor.

1 **Sec. 2.** RCW 82.32.140 and 1985 c 414 s 7 are each amended to read
2 as follows:

3 (1) Whenever any taxpayer quits business, or sells out, exchanges,
4 or otherwise disposes of ((his business or his stock of goods)) more
5 than fifty percent of the fair market value of either its tangible or
6 intangible assets, any tax payable hereunder shall become immediately
7 due and payable, and such taxpayer shall, within ten days thereafter,
8 make a return and pay the tax due(~~(; and)~~).

9 (2) Any person who becomes a successor shall ((become liable for
10 the full amount of the tax and)) withhold from the purchase price a sum
11 sufficient to pay any tax due from the taxpayer until such time as the
12 taxpayer shall produce a receipt from the department of revenue showing
13 payment in full of any tax due or a certificate that no tax is due
14 ((and, if such)). If any tax is not paid by the taxpayer within ten
15 days from the date of such sale, exchange, or disposal, the successor
16 shall become liable for the payment of the full amount of tax((, and
17 the payment thereof by such)). If the fair market value of the assets
18 acquired by a successor is less than fifty thousand dollars, the
19 successor's liability for payment of the unpaid tax is limited to the
20 fair market value of the assets acquired from the taxpayer. The burden
21 of establishing the fair market value of the assets acquired is on the
22 successor.

23 (3) The payment of any tax by a successor shall, to the extent
24 thereof, be deemed a payment upon the purchase price((~~τ~~))i and if such
25 payment is greater in amount than the purchase price the amount of the
26 difference shall become a debt due ((such)) the successor from the
27 taxpayer.

28 (4) No successor shall be liable for any tax due from the person
29 from whom ((he)) the successor has acquired a business or stock of
30 goods if ((he)) the successor gives written notice to the department of
31 revenue of such acquisition and no assessment is issued by the
32 department of revenue within six months of receipt of such notice
33 against the former operator of the business and a copy thereof mailed
34 to ((such)) the successor.

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