
HOUSE BILL 2691

State of Washington

58th Legislature

2004 Regular Session

By Representatives Eickmeyer, Armstrong, Haigh, Bush, Sehlin, Benson, Ruderman, Skinner, McDermott, Simpson, G., Chase, Morrell, Campbell, Kessler, Woods, Linville, Edwards and Roach

Read first time 01/19/2004. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to a business and occupation tax exemption for
2 qualifying small businesses; and adding a new section to chapter 82.04
3 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
6 to read as follows:

7 (1) This chapter does not apply to amounts received by a small
8 business when the requirements of this section are met. For the
9 purposes of this section, a small business is a person or company that:

10 (a) Has value of products, gross proceeds of sales, or gross income
11 less than two hundred thousand dollars during a twelve-month test
12 period specified under this section; and

13 (b) Paid taxes under this chapter during the twelve-month test
14 period that exceeded the net income of the business as reported on
15 federal income tax returns for the same period.

16 (2) The twelve-month test period for a business consists of twelve
17 consecutive months chosen by the taxpayer and must end no earlier than
18 six months before the period covered by the first return on which an
19 exemption is taken under this section. The business may take the

1 exemption on twelve monthly tax reports if the business files tax
2 returns monthly, four quarterly tax reports if the business files tax
3 returns quarterly, or one annual tax report if the business files tax
4 returns annually. A business cannot take the exemption for any tax
5 period starting more than twenty-four months after first taking the
6 exemption.

7 (3) The business must provide the department of revenue with copies
8 of federal income tax returns for the twelve-month test period. This
9 information is not subject to the confidentiality provisions of RCW
10 82.32.330 and may be disclosed to the public upon request.

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