

SENATE BILL REPORT

SB 6237

As Reported By Senate Committee On:
Ways & Means, February 24, 2006

Title: An act relating to simplifying tax application and administration.

Brief Description: Simplifying tax application and administration.

Sponsors: Senators Schoesler, Prentice and Hewitt.

Brief History:

Committee Activity: Ways & Means: 1/26/06, 2/24/06 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6237 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Roach, Rockefeller and Schoesler.

Staff: Terry Wilson (786-7433)

Background: As tax statutes are enacted and modified over time, the size of the tax code increases. Many of these provisions would have been consolidated if they had all been enacted at the same time. Certain provisions become obsolete, other provisions require updating, and terminology changes. Each year, legislation is introduced, usually at the request of the Department of Revenue (DOR), to improve the administration of taxes by simplifying procedures, updating references, correcting errors, eliminating obsolete language, updating terminology, and clarifying confusing language.

Summary of Substitute Bill: Numerous technical but nonsubstantive changes are made to the tax code, including the repeal of obsolete sections, correction of inaccurate cross references, the reordering of statutory cross references within code sections, simplification of language, and the consolidation of definitions and exemptions.

Sixty-two use tax exemptions are repealed and incorporated into one section that refers to the comparable sales tax exemption.

The expiration date for the business and occupation tax credit for investment related to design and preproduction development computer software and hardware used in the design and development of commercial airplanes is changed from July 1, 2024, to July 1, 2006, because all available credit will have been claimed by then.

The county and municipal sales and use tax equalization accounts, the distressed county assistance account, and the city police and fire protection assistance account that became

obsolete when the state motor vehicle excise tax was repealed are eliminated and any remaining monies are transferred to the city-county assistance account created in 2005.

The authority for DOR to designate the Department of Licensing and county auditors as collection agents for the state for use tax owed on snowmobiles and vessels and extended warranties and maintenance agreements on these items is clarified.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2006.

Testimony For: The Department of Revenue is always interested in ways to streamline and simplify the tax code. This bill clarifies and simplifies the current law.

Testimony Against: None.

Who Testified: PRO: Gil Brewer, Department of Revenue.