
SENATE BILL 6875

State of Washington

59th Legislature

2006 Regular Session

By Senators Eide, Pflug, Brandland, Mulliken, Rasmussen, Benton and Benson

Read first time 01/31/2006. Referred to Committee on Ways & Means.

1 AN ACT Relating to small business tax relief; amending RCW
2 82.32.045; adding a new section to chapter 82.04 RCW; creating a new
3 section; repealing RCW 82.04.4451; and providing an effective date.

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 shall not apply to twenty-five thousand dollars of
8 a person's gross income, gross proceeds of sales, value of products, or
9 any combination thereof. The exemption provided by this section is
10 available annually on a calendar year basis. Any person claiming an
11 exemption under this section shall file returns even though no tax may
12 be due and shall report the amount claimed as an exemption on the
13 return as required by the department.

14 (2) Any amount for which a credit is allowed under RCW 82.04.440
15 shall not be considered gross proceeds of sales or value of products
16 for purposes of the exemption under this section.

17 (3)(a) If a person claims the exemption under this section for a
18 reporting period in which the person's taxable amount, after claiming
19 the exemption, is greater than zero and the person is taxable on two or

1 more activities that are taxed at different rates under this chapter,
2 the exemption provided by this section applies first to the gross
3 income, gross proceeds of sales, or value of products taxed at the
4 highest rate, then to the gross income, gross proceeds of sales, or
5 value of products taxed at the next highest rate, and so forth until
6 the exemption is claimed in full.

7 (b) For the purposes of this subsection, "taxable amount" means the
8 amount subject to the tax imposed in this chapter required to be
9 reported on the person's excise tax returns for the reporting period
10 for which the exemption under this section is claimed, less any amount
11 for which a credit is allowed under RCW 82.04.440.

12 **Sec. 2.** RCW 82.32.045 and 2003 1st sp.s. c 13 s 8 are each amended
13 to read as follows:

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

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

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

28 (4) Notwithstanding subsections (1) and (2) of this section, the
29 department may relieve any person of the requirement to file returns if
30 the following conditions are met:

31 (a) The person's value of products, gross proceeds of sales, or
32 gross income of the business, from all business activities taxable
33 under chapter 82.04 RCW, (~~is less than twenty-eight~~) does not exceed
34 twenty-five thousand dollars per year;

35 (b) The person's gross income of the business from all activities
36 taxable under chapter 82.16 RCW is less than twenty-four thousand
37 dollars per year; and

1 (c) The person is not required to collect or pay to the department
2 of revenue any other tax or fee which the department is authorized to
3 collect.

4 NEW SECTION. **Sec. 3.** RCW 82.04.4451 (Credit against tax due--
5 Maximum credit--Table) and 1997 c 238 s 2 & 1994 sp.s. c 2 s 1 are each
6 repealed.

7 NEW SECTION. **Sec. 4.** The repealed section in section 3 of this
8 act does not affect any rights, liabilities, obligations, or
9 proceedings, incurred or instituted under the repealed section or rules
10 or orders adopted by the department of revenue pursuant to that
11 repealed section prior to the effective date of section 2 of this act.

12 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2007.

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