

# SENATE BILL REPORT

## SHB 3283

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As Reported By Senate Committee On:  
Ways & Means, March 03, 2008

**Title:** An act relating to relieving active duty military personnel of interest and penalties on delinquent excise taxes.

**Brief Description:** Relieving active duty military personnel of interest and penalties on delinquent excise taxes.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Herrera, Takko, Orcutt, Hurst, Eddy, Sump, Ericks, Fromhold, McCoy, Hudgins, Kelley, Kessler, Dunn, Ormsby, Linville, Roach and McCune).

**Brief History:** Passed House: 2/15/08, 94-0.

**Committee Activity:** Ways & Means: 2/25/08, 3/03/08 [DPA]

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Rasmussen, Roach, Rockefeller, Schoesler and Tom.

**Staff:** Dianne Criswell (786-7433)

**Background:** Current law provides a variety of penalties for late payment of state excise taxes and for failure to file a tax return, failure to obtain a business registration, and failure to pay at least a substantial portion of the tax that is due. Penalties also apply to assessments involving filing of a warrant against the taxpayer and for intentional evasion. Interest is added to the amount of outstanding taxes but not to the amount of any penalties that are assessed.

**Summary of Bill (Recommended Amendments):** Penalties or interest for state excise tax purposes may be waived by any business in which the majority owner is a member of the armed forces during the period in which the person: (1) is on active duty; (2) is participating in an armed conflict; and (3) is assigned to a location outside of the United States. The waiver is limited to a two-year period. The Department of Revenue (DOR) must indicate on notices sent to taxpayers that qualifying taxpayers may have interest and penalties waived. To qualify for a waiver, taxpayers can submit a copy of the majority owner's deployment orders.

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In order to qualify for the waiver, the firm's gross income cannot exceed \$1 million for the year prior to when the owner was assigned to military service outside of the country.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments):** The amendment expressly requires DOR to clearly indicate on notices sent to taxpayers that qualifying taxpayers may have interest and penalties waived. To qualify for a waiver, taxpayers can submit a copy of the majority owner's deployment orders. The amendment makes terminology consistent as well as provides other nonsubstantive, technical changes.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Substitute Bill:** PRO: There is a citizen in my district who owns a business and was called into active duty in 2004. To handle the challenges, he hired an accountant, who subsequently was also called into active duty. This bill will help alleviate the burdens on service members who own businesses in Washington.

**Persons Testifying:** PRO: Representative Herrera, prime sponsor.