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HOUSE BILL 3296

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State of Washington

60th Legislature

2008 Regular Session

By Representatives Warnick, O'Brien, Chandler, Goodman, Kelley, Eddy, Rolfes, and Hurst

Read first time 01/29/08. Referred to Committee on Finance.

1 AN ACT Relating to studying the fairness and efficiency of the tax  
2 appeals system in resolving tax controversies; and adding a new section  
3 to chapter 82.03 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 82.03 RCW  
6 to read as follows:

7 (1) The legislature recognizes that concerns over tax fairness can  
8 affect the rate of voluntary compliance, as well as businesses and  
9 property owners' confidence in government. Fair and efficient  
10 resolution of tax controversies are in everyone's interests. Concerns  
11 exist as to whether the current systems available for appealing  
12 administrative tax decisions provide tax fairness in this state that is  
13 in accord with the best interests of the state and taxpayers, including  
14 property owners and the business community.

15 (2) Therefore, the legislature must study whether the existing tax  
16 appeals system is fair and efficient in resolving tax controversies and  
17 whether a new tax court should be established in Washington state to  
18 hear tax controversies, and if so recommended, its role and basic

1 operating concepts. The committee established under this section may  
2 consider topics and issues necessary for an evaluation of the tax  
3 appeals system. The committee must consider the following:

4 (a) The jurisdiction and role of the board of tax appeals and any  
5 recommended changes;

6 (b) Whether taxpayers should be required to pay the taxes under  
7 controversy to obtain review of administrative actions and to obtain  
8 access to the superior courts, board of tax appeals, or any tribunal;

9 (c) Jurisdictional, forum selection, and other procedural issues;

10 (d) The precedential effect of department determinations; superior  
11 court, board of tax appeals, and tax court decisions;

12 (e) The role of tax professionals other than members of the bar in  
13 tax appeals;

14 (f) Whether excise and property tax controversies involving towns,  
15 cities, counties, or any other taxing district should be resolved in  
16 different tribunals than those used to resolve state tax controversies;

17 (g) Whether the salary level of employment positions with the board  
18 of tax appeals is sufficient for such positions to be competitive in  
19 attracting and retaining the needed work staff; and

20 (h) Other topics deemed to be useful or prudent for the legislature  
21 to consider by the committee created under this section.

22 (3) To perform the study, a committee must be convened with the  
23 following members:

24 (a) One representative from the attorney general's office to be  
25 chosen by the attorney general;

26 (b) One representative from among the administrative law judges of  
27 the department's appeals division to be chosen by the director of the  
28 department;

29 (c) One representative from the board of tax appeals to be chosen  
30 by the board;

31 (d) One representative of Thurston county superior court to be  
32 chosen by the presiding judge;

33 (e) One representative of the Washington state supreme court to be  
34 chosen by the supreme court;

35 (f) Two members of the Washington state bar association, to be  
36 chosen by the Washington state bar association, who must be in private  
37 practice with substantial state and local tax experience; and one of

1 the two members must be from a law firm of more than twenty lawyers and  
2 the other member must be from a law firm of twenty, or less than  
3 twenty, lawyers;

4 (g) Two members of the Washington society of certified public  
5 accountants, to be chosen by the Washington society of certified public  
6 accountants, who are in private practice with substantial state and  
7 local tax experience; and one of the two members must be from a  
8 certified public accountant firm of more than twenty certified public  
9 accountants and the other member must be from a certified public  
10 accountant firm of twenty, or less than twenty, certified public  
11 accountants;

12 (h) One representative from the department, to be chosen by the  
13 department;

14 (i) One representative from local government, to be chosen by the  
15 mutual agreement of the association of Washington cities and the  
16 Washington state association of counties; and

17 (j) Two representatives of the taxpaying business community, to be  
18 chosen by the association of Washington business, whose primary  
19 responsibilities include overseeing tax compliance, audit, and appeals  
20 of Washington state and local tax controversies for their respective  
21 employers.

22 (4) The committee must choose its chair from among its membership.

23 (5) Legislative staff from the house of representatives and senate  
24 fiscal committees with senate committee services and the office of  
25 program research must provide lead support staff to the committee,  
26 along with additional staff support from the department, the board of  
27 tax appeals, the supreme court, and the Thurston county superior court.

28 (6) The department must report its preliminary findings and  
29 recommendations to the appropriate legislative committee by November  
30 30, 2008, and its final recommendations no later than September 1,  
31 2009.

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