

E2SSB 6143 - H AMD TO H AMD (H-5824.1/10) **1722**

By Representative Springer

WITHDRAWN 3/20/2010

On page 30, after line 27 of the amendment, insert the following:

1 **"Sec. 213.** A new section is added to chapter 82.32 RCW to read as
2 follows:

3 (1) There is hereby created a joint tax avoidance rules review
4 committee which shall be a bipartisan committee consisting of two
5 members of the senate, one from each of the two largest caucuses of
6 the senate, and two members of the house of representatives, one
7 from each of the two largest caucuses of the house of
8 representatives. The senate members of the committee shall be
9 appointed by the majority leader of the senate, and the house
10 members of the committee shall be appointed by the speaker of the
11 house. The appointing authorities shall also appoint one alternate
12 member from each of the two largest caucuses of each legislative
13 chamber.

14 (2)(a) Members and alternates shall be appointed as soon as
15 possible after the effective date of this section, and their terms
16 shall continue until such persons no longer wish to serve on the
17 committee or no longer serve in the legislature, whichever occurs
18 first.

19 (b) A vacancy shall be filled by the appointment of a legislator
20 from the same legislative chamber and caucus as the original
21 appointment. The appropriate appointing authority shall make the
22 appointment within thirty days of the vacancy occurring. Former
23 committee members and alternates may be reappointed to the
24 committee.

25 (3) The committee shall choose its chair and vice chair from
26 among its membership. The chair of the committee shall cause all
27 meeting notices and committee documents to be sent to the committee
members and alternates.

1 (4) Staff support for the committee must be provided by the
2 senate committee services and the house of representatives office of
3 program research.

4 (5) Among its functions, the committee may recommend to the
5 legislature, in such manner as the committee deems advisable,
6 statutory changes relating to tax avoidance transactions.

7
8 **Sec. 214.** A new section is added to chapter 82.32 RCW to read as
9 follows:

10 (1)(a) The department must notify the joint tax avoidance rules
11 review committee of any proposed rule relating to tax avoidance
12 transactions.

13 (b) If the joint tax avoidance rules review committee finds by a
14 majority vote of its members that a proposed rule relating to tax
15 avoidance transactions is not within the intent of the legislature,
16 the committee shall give the department written notice of its
17 objection. The notice must be given at least seven days prior to any
18 hearing scheduled for consideration of or adoption of the proposed
19 rule pursuant to RCW 34.05.320. The notice must include a statement
20 of the joint tax avoidance rules review committee's findings and the
21 reasons for its objection. When the department holds a hearing on the
22 proposed rule, the department must consider the joint tax avoidance
23 rules review committee's objection.

24 (2)(a) Within seven days following a department hearing held
25 after notification is made to the department by the joint tax
26 avoidance rules review committee under subsection (1) of this section,
27 the department must notify the committee of its intended action on the
28 proposed tax avoidance rule to which the committee objected.

29 (b) If the joint tax avoidance rules review committee finds by a
30 majority vote of its members that the proposed tax avoidance rule in
31 question will not be modified or withdrawn by the department so as to
32 conform with the intent of the legislature, the committee may, within
33 thirty days from notification by the department of its intended
34 action, file with the code reviser notice of its objections together

1 with a concise statement of the reasons therefor. The notice and
2 statement must also be provided to the department by the committee.

3 (c) In addition to the action described in (b) of this
4 subsection, if the committee makes an adverse finding regarding an
5 existing tax avoidance rule, the committee may, by a majority vote of
6 its members, recommend suspension of the rule. Within seven days of
7 such vote the committee shall transmit to the appropriate standing
8 committees of the legislature, the governor, the code reviser, and the
9 department written notice of its objection and recommended suspension
10 and the concise reasons therefor. Within thirty days of receipt of the
11 notice, the governor shall transmit to the committee, the code
12 reviser, and the department written approval or disapproval of the
13 recommended suspension. If the suspension is approved by the governor,
14 it is effective from the date of that approval and continues until
15 ninety days after the expiration of the next regular legislative
16 session.

17 (3)(a) The code reviser shall publish transmittals from the
18 committee or the governor issued pursuant to subsection (2)(b) or (c)
19 of this section in the Washington state register and shall publish in
20 the next supplement and compilation of the Washington administrative
21 code, and in the Washington state register in which the full text of
22 the rule appears, a reference to the committee's objection or
23 recommended suspension and the governor's action on it.

24 (b) The reference provided for in (a) of this subsection must be
25 removed from a rule published in the Washington administrative code if
26 a subsequent adjudicatory proceeding determines that the rule is
27 within the intent of the legislature."

28
29 Renumber the remaining sections consecutively and correct any
30 internal references accordingly. Correct the title.

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32
33 **EFFECT:** (1) Creates the Joint Tax Avoidance Rules Review
34 Committee with four legislator members, and four legislator
alternates.

- 1 (2) Requires the Department of Revenue to notify the Joint
Committee of any proposed rules relating to tax avoidance.
- 2 (3) Allows the Joint Committee to determine that a proposed
3 tax avoidance rule is not within legislative intent and give notice
4 of its objection to the DOR; following notice to the Joint Committee
5 of DOR's intended action after its rule hearing, allows the Joint
Committee to file objections with the Code Reviser.
- 6 (4) Allows the Joint Committee, after an adverse finding
7 regarding an existing rule, to make a recommendation that the tax
8 avoidance rule should be suspended and give notice to the
9 legislature, the Governor, the Code Reviser, and the DOR.
- 10 (5) Allows the Governor to approve the rule suspension, to
11 take effect from the date of approval until 90 days after the next
regular legislative session.
- (6) Requires the Code Reviser to publish transmittals from the
Joint Committee and the Governor in the Washington Administrative
Code and the Washington Register.

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