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SENATE BILL 5975

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State of Washington

61st Legislature

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By Senators Schoesler, Holmquist, McCaslin, and Delvin

Read first time 02/11/09. Referred to Committee on Economic Development, Trade & Innovation.

1 AN ACT Relating to reducing the reporting requirements and business  
2 and occupation tax on small business; amending RCW 82.32.030,  
3 82.04.4451, and 82.32.045; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 82.32.030 and 2007 c 6 s 202 are each amended to read  
6 as follows:

7 (1) Except as provided in subsections (2) and (3) of this section,  
8 if any person engages in any business or performs any act upon which a  
9 tax is imposed by the preceding chapters, he or she shall, under such  
10 rules as the department of revenue shall prescribe, apply for and  
11 obtain from the department a registration certificate. Such  
12 registration certificate shall be personal and nontransferable and  
13 shall be valid as long as the taxpayer continues in business and pays  
14 the tax accrued to the state. In case business is transacted at two or  
15 more separate places by one taxpayer, a separate registration  
16 certificate for each place at which business is transacted with the  
17 public shall be required. Each certificate shall be numbered and shall  
18 show the name, residence, and place and character of business of the  
19 taxpayer and such other information as the department of revenue deems

1 necessary and shall be posted in a conspicuous place at the place of  
2 business for which it is issued. Where a place of business of the  
3 taxpayer is changed, the taxpayer must return to the department the  
4 existing certificate, and a new certificate will be issued for the new  
5 place of business. No person required to be registered under this  
6 section shall engage in any business taxable hereunder without first  
7 being so registered. The department, by rule, may provide for the  
8 issuance of certificates of registration to temporary places of  
9 business.

10 (2) Unless the person is a dealer as defined in RCW 9.41.010,  
11 registration under this section is not required if the following  
12 conditions are met:

13 (a) A person's value of products, gross proceeds of sales, or gross  
14 income of the business, from all business activities taxable under  
15 chapter 82.04 RCW, is less than (~~twelve~~) twenty-four thousand dollars  
16 per year;

17 (b) The person's gross income of the business from all activities  
18 taxable under chapter 82.16 RCW is less than (~~twelve~~) twenty-four  
19 thousand dollars per year;

20 (c) The person is not required to collect or pay to the department  
21 of revenue any other tax or fee which the department is authorized to  
22 collect; and

23 (d) The person is not otherwise required to obtain a license  
24 subject to the master application procedure provided in chapter 19.02  
25 RCW.

26 (3) All persons who agree to collect and remit sales and use tax to  
27 the department under the agreement must register through the central  
28 registration system authorized under the agreement. Persons required  
29 to register under subsection (1) of this section are not relieved of  
30 that requirement because of registration under this subsection (3).

31 (4) Persons registered under subsection (3) of this section who are  
32 not required to register under subsection (1) of this section and who  
33 are not otherwise subject to the requirements of chapter 19.02 RCW are  
34 not subject to the fees imposed by RCW 19.02.075.

35 **Sec. 2.** RCW 82.04.4451 and 1997 c 238 s 2 are each amended to read  
36 as follows:

37 (1) In computing the tax imposed under this chapter, a credit is

1 allowed against the amount of tax otherwise due under this chapter, as  
2 provided in this section. The maximum credit for a taxpayer for a  
3 reporting period is thirty-five dollars multiplied by the number of  
4 months in the reporting period, as determined under RCW 82.32.045.

5 (2) When the amount of tax otherwise due under this chapter is  
6 equal to or less than the maximum credit, a credit is allowed equal to  
7 the amount of tax otherwise due under this chapter.

8 (3) When the amount of tax otherwise due under this chapter exceeds  
9 the maximum credit, a reduced credit is allowed equal to twice the  
10 maximum credit, minus the tax otherwise due under this chapter, but not  
11 less than zero.

12 (4) The department may prepare a tax credit table consisting of tax  
13 ranges using increments of no more than five dollars and a  
14 corresponding tax credit to be applied to those tax ranges. The table  
15 shall be prepared in such a manner that no taxpayer will owe a greater  
16 amount of tax by using the table than would be owed by performing the  
17 calculation under subsections (1) through (3) of this section. A table  
18 prepared by the department under this subsection shall be used by all  
19 taxpayers in taking the credit provided in this section.

20 (5) Beginning in calendar year 2012, the department must increase  
21 the monthly dollar amount under subsection (1) of this section in use  
22 for that calendar year by the consumer price index. If any increase  
23 under this subsection is not a multiple of one dollar, the increase  
24 must be rounded to the next lowest multiple of one dollar. The monthly  
25 amount determined under this subsection must be used for reporting  
26 periods in the next calendar year.

27 (6) "Consumer price index" means the consumer price index compiled  
28 by the bureau of labor statistics, United States department of labor  
29 for the state of Washington. If the bureau of labor statistics  
30 develops more than one consumer price index for areas within the state,  
31 the index covering the greatest number of people, covering areas  
32 exclusively within the boundaries of the state, and including all items  
33 must be used as the consumer price index in this section.

34 **Sec. 3.** RCW 82.32.045 and 2006 c 256 s 1 are each amended to read  
35 as follows:

36 (1) Except as otherwise provided in this chapter, payments of the  
37 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16 RCW,

1 along with reports and returns on forms prescribed by the department,  
2 are due monthly within twenty-five days after the end of the month in  
3 which the taxable activities occur.

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

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

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

16 (a) The person's value of products, gross proceeds of sales, or  
17 gross income of the business, from all business activities taxable  
18 under chapter 82.04 RCW, is less than (~~twenty-eight thousand dollars~~)  
19 per year the maximum credit under RCW 82.04.4451 for a year divided by  
20 the tax rate for other business services under RCW 82.04.290(2);

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

24 (c) The person is not required to collect or pay to the department  
25 of revenue any other tax or fee which the department is authorized to  
26 collect.

27 NEW SECTION. **Sec. 4.** Section 2 of this act applies to the entire  
28 reporting period for reporting periods ending after July 1, 2011.

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