
Ways & Means Committee

SSB 5167

Brief Description: Concerning tax statute clarifications and technical corrections, including for the purposes of local rental car taxes.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Schoesler, Murray, Honeyford, Pridemore, Kilmer and Tom).

Brief Summary of Substitute Bill

- Makes technical corrections, clarifications, updates, and consolidations in the state tax code.
- Eliminates the requirement in the 1 percent county car rental tax that no more than 25 percent of tax revenues can be used for youth or amateur sport activities or facilities.

Hearing Date: 3/30/11

Staff: Jeffrey Mitchell (786-7139).

Background:

Inaccuracies in the Revised Code of Washington (RCW) may occur in a variety of ways: Sections of the RCW may be repealed, recodified, or amended in a way that changes their internal or statutory numbering or terminology, typographical errors may be made in the drafting process, and sections of the RCW may reference outdated federal law. The language in these sections, as well as references to these sections in other provisions of the RCW, then become incorrect.

In a given legislative session, two or more bills may amend the same section of the RCW without reference to each other. These are called "double" or "multiple" amendments. Usually there are no substantive conflicts between the multiple amendments, and the amendments may be merged in the published version of the code. In the event that multiple amendments substantively conflict and cannot be merged, both versions of the section are published. A future legislative enactment is required to merge the multiple amendments in this situation.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Counties are authorized to impose a 1 percent sales and use tax on the rental of cars. The counties of King, Pierce, Franklin, and Spokane currently impose the tax. The tax must be used for: (1) acquiring, constructing, or operating, a public sports stadium facility; (2) engineering, planning, financial, legal, or other professional services incidental to a public sports stadium facility; and (3) youth or amateur sport activities or facilities. In 1997 the voters approved a statewide referendum to finance Qwest field. The referendum required at least 75 percent of car rental tax revenues to be used for the purposes listed in (1) and (2) as well as a new fourth category related to the financing of debt for a public sports stadium facility. This change had the effect of limiting the amount spent on youth or amateur sport activities or facilities to no more than 25 percent of tax revenues.

Summary of Bill:

The following technical clarifications, corrections, updates, and consolidations are made:

- A subsection reference is added to the service and other activities business and occupation (B&O) tax rate to clarify that the tax rate does not apply to any activity taxed under the international services B&O rate.
- The word "common" is deleted from the definition of "affiliated" in the B&O tax provision providing an exemption of amounts received by a financial institution from an affiliated person. This change makes the definitions related to affiliated entities consistent throughout the excise tax code.
- References and definitions in the federal Food Stamp Program are updated in the sales and use tax provisions to reflect federal current law.
- In the retired person property tax relief program, two changes are made: (1) eligibility requirements for disabled veterans are modified to reflect federal definitions of service connected disability; and a section requiring notice to taxpayers is changed to reflect less frequent program participant renewal filing, which was changed in 2010 from four to six years.
- Statutory references are updated to reflect changes made during the 2010 regular legislative session.
- Several sections of the tax code are reenacted to merge double amendments.
- Two statutory provisions relating to the subpoena of tax records, documents, and testimony are combined.

The requirement is eliminated that disallows more than 25 percent of the receipts from the local 1 percent sales and use tax on car rentals to be used for youth or amateur sports activities.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.