

SENATE BILL REPORT

SB 5167

As Reported by Senate Committee On:
Ways & Means, February 24, 2011

Title: An act relating to tax statute clarifications and technical corrections.

Brief Description: Concerning tax statute clarifications and technical corrections.

Sponsors: Senators Schoesler, Murray, Honeyford, Pridemore, Kilmer and Tom.

Brief History:

Committee Activity: Ways & Means: 2/23/11, 2/24/11 [DPS, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5167 be substituted therefor, and the substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Brown, Conway, Fraser, Hatfield, Hewitt, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Regala, Rockefeller, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senator Holmquist Newbry.

Staff: Dianne Criswell (786-7433)

Background: In the course of on-going statutory enactment and amendment, technical errors may develop in the tax code. For example, legislation frequently includes statutory references to link new laws or amendments to existing definitions or related statutory provisions. If changes are subsequently made to these statutes, the references may become incorrect. Also, when statutes include provisions tied to expiration dates, they may later become obsolete for purposes of any statutory references. Further, instances may arise when statutory sections have been amended more than once during a legislative session, each without reference to the other; when these amendments cannot be merged, double amendments result.

Summary of Bill (Recommended Substitute): 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.

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.

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 Food Stamp Program are updated in the sales and use tax chapters to reflect current law.

In the Property Tax Relief Program for Low-Income Seniors and Disabled Persons, 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 six to four years.

Part II of the bill updates statutory references due to legislative enactment from the 2010 regular legislative session.

Part III codifies a single version of statutes relating to aluminum smelters with multiple amendments that could not be merged as a result of legislation enacted in the 2010 regular legislative session and the 2010 first special session. It also combines multiple amendments to the annual survey provisions.

Part IV combines two statutory provisions relating to the subpoena of tax records, documents, or testimony.

Removes the requirement that 75 percent of the receipts from the local 1 percent tax on car rentals must be used for three of the four statutory purposes permitted: to acquire, construct, maintain, or operate a public sports stadium; to pay for services incidental to a public sports stadium facility; and debt service for the construction of a public sports stadium facility. The fourth statutory purpose for which tax receipts may be used is for youth or amateur sport activities or facilities.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): Currently, county legislative authorities may impose a 1 percent tax on rental cars, which may be used for four purposes: (1) to acquire, construct, maintain, or operate a public sports stadium; (2) to pay for services incidental to a public sports stadium facility (such as engineering, planning, financial, legal, or professional services); (3) youth or amateur sport activities or facilities; and (4) debt service for the construction of a public sports stadium facility. The amendment removes the requirement that 75 percent of the receipts from the local tax must be used for purposes (1), (2), and (4) to allow a greater percentage of the tax receipts to be used for youth or amateur sport activities or facilities.

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 Original Bill: PRO: This is the annual proposal to clean up and simplify the tax code.

Persons Testifying: PRO: Senator Schoesler, prime sponsor.