

# SENATE BILL REPORT

## SB 5288

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As of January 31, 2011

**Title:** An act relating to providing the department of revenue with additional flexibility to achieve operational efficiencies through the expanded use of electronic means to remit and report taxes.

**Brief Description:** Providing the department of revenue with additional flexibility to achieve operational efficiencies through the expanded use of electronic means to remit and report taxes.

**Sponsors:** Senators McAuliffe, Rockefeller, Prentice, Chase, Kline, Shin and Fraser; by request of Department of Revenue.

**Brief History:**

**Committee Activity:** Ways & Means: 1/27/11.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dianne Criswell (786-7433)

**Background:** The Department of Revenue (DOR) collects the major state excise taxes, such as the retail sales tax and the business and occupation (B&O) tax. The general administrative provisions for the collection of excise taxes are provided in chapter 82.32 RCW, including payment schedules, payment types, assessments, and notice provisions. The payment schedule, in general, is for businesses to report and pay excise taxes on a monthly basis, although smaller businesses may report taxes quarterly or annually.

In 2009 the Legislature required taxpayers who file tax returns on a monthly basis to file and pay taxes electronically. The Legislature also authorized, but did not require, filing and electronic payment of taxes for taxpayers filing on a quarterly or annual basis. Electronic payment of the tax must be by electronic funds transfer or other forms of electronic payment authorized by DOR.

**Summary of Bill:** Electronic filing and payment of taxes reported on the combined excise tax return is required for all taxpayers. However, these requirements may be waived for taxpayers that are assigned to report and pay their taxes annually or otherwise less frequently than quarterly. The 10 percent penalty for disregarding specific written instructions applies

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to taxpayers who must electronically report and pay taxes, but fail to comply with written instructions to do so.

**Appropriation:** None.

**Fiscal Note:** Available.

[OFM requested ten-year cost projection pursuant to I-960.]

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The implementation of monthly e-filing has gone smoothly. If the Legislature approves this proposal, DOR will continue to work with taxpayers as e-filing is expanded to quarterly excise tax filers.

**Persons Testifying:** PRO: Alyson Fouts, DOR.