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## SUBSTITUTE HOUSE BILL 1165

State of Washington 62nd Legislature 2011 Regular Session

By House Community Development & Housing (originally sponsored by Representatives Liias, Kenney, Stanford, Ryu, Maxwell, Goodman, Eddy, Finn, Sells, Moscoso, Miloscia, Rolfes, and Appleton)

READ FIRST TIME 02/17/11.

1 AN ACT Relating to providing support for small business; adding a 2. new section to chapter 19.02 RCW; adding a new section to chapter 82.32 RCW; adding a new chapter to Title 82 RCW; creating a new section; and 3 4

repealing RCW 43.131.401 and 43.131.402.

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

6 Intent

The legislature finds that: (1) Small 7 Sec. 1. 8

businesses are critical to Washington's economic recovery and strength;

(2) many small businesses are experiencing financial hardship because

of the economic downturn in the state and nation; and (3) small 10

businesses start-up and expansion will have a favorable impact on 11

12 Washington's economy by creating jobs, expanding tax revenues, and

13 helping Washington compete in today's global marketplace.

14 the legislature intends to provide support for the state's small

15 businesses.

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Washington Small Business Taxpayer Information

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- NEW SECTION. Sec. 2. (1) The legislature finds that taxes are one of the most sensitive points of contact between citizens and their government, and that there is a delicate balance between revenue collection and taxpayers' rights and responsibilities.
  - (2) The legislature further finds that the Washington tax system is based largely on voluntary compliance. The legislature also finds that compliance is more likely to be achieved when the department provides accurate tax information, instructions, and procedures to assist taxpayers to voluntarily comply with applicable state excise tax laws.
  - (3) The legislature further finds that our excise tax system is complicated and as a consequence, small businesses, often lacking sophisticated tax advice, are especially at risk of making unintentional mistakes with respect to their state tax obligations.
- 14 (4) The legislature therefore intends to require the department to 15 provide information about a business's industry specific tax 16 obligations at the time of tax registration and adhere to any specific 17 official written advice unless the department later modifies the advice 18 in writing.
- 19 <u>NEW SECTION.</u> **Sec. 3.** The department must administer this chapter. 20 The department must adopt rules as may be necessary to fully implement
- 21 this chapter.

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- NEW SECTION. Sec. 4. Small business taxpayers of the state of Washington have:
  - (1) The right to receive industry specific tax guidance by the department at the time the taxpayer initially registers his or her business with the state;
  - (2) The right to a written explanation of the basis for any tax deficiency assessments, interest, and penalties at the time the assessments are issued; and
- 30 (3) The right to rely on specific official written advice and 31 written tax reporting instructions from the department to that 32 taxpayer, and to have interest, penalties, and tax deficiency 33 assessments waived when the taxpayer has so relied to their proven 34 detriment unless the department provided later written tax reporting 35 instructions modifying the initial instructions.

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- NEW SECTION. Sec. 5. Unless the context clearly requires otherwise, the definition in this section applies throughout this chapter.
- 4 "Small business taxpayer" means a taxpayer in its first year of 5 business operations or with fifty or fewer employees.

## Online Business Portals

- NEW SECTION. Sec. 6. A new section is added to chapter 19.02 RCW to read as follows:
- 9 (1) Beginning October 1, 2011, master and renewal applications 10 issued through the business license center must include a statement 11 referencing the online business portal maintained by the department of 12 commerce.
- 13 (2) The statement required under subsection (1) of this section 14 must be placed in a prominent location on at least one page of the 15 paper and electronic master and renewal applications.
- NEW SECTION. Sec. 7. A new section is added to chapter 82.32 RCW to read as follows:
- 18 (1) Beginning October 1, 2011, excise tax returns must include a 19 statement referencing the online business portal maintained by the 20 department of commerce.
- 21 (2) The statement required under subsection (1) of this section 22 must be placed in a prominent location on at least one page of the 23 paper and electronic tax return.

## Office of Regulatory Assistance Provisions

- NEW SECTION. Sec. 8. The following acts or parts of acts are each repealed:
- 27 (1) RCW 43.131.401 (Office of regulatory assistance--Termination)
- 28 and 2007 c 231 s 6, 2007 c 94 s 15, 2003 c 71 s 5, & 2002 c 153 s 13;
- 29 and

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30 (2) RCW 43.131.402 (Office of regulatory assistance--Repeal) and 31 2010 c 162 s 7.

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## Miscellaneous Provisions

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- NEW SECTION. Sec. 9. Sections 2 through 5 of this act constitute a new chapter in Title 82 RCW.
- NEW SECTION. Sec. 10. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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