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HOUSE BILL 1672

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State of Washington

62nd Legislature

2011 Regular Session

By Representatives Hargrove, Orcutt, Ross, McCune, Angel, Taylor, Klippert, Short, Rodne, Nealey, Warnick, Bailey, Zeiger, Condotta, Kristiansen, Smith, Buys, Schmick, Stanford, Overstreet, and Harris

Read first time 01/28/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to doubling the small business tax credit to  
2 encourage small business job creation; amending RCW 82.04.4451,  
3 82.32.030, and 82.32.045; and providing an effective date.

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

5 **Sec. 1.** RCW 82.04.4451 and 2010 1st sp.s. c 23 s 1102 are each  
6 amended to read as follows:

7 (1) In computing the tax imposed under this chapter, a credit is  
8 allowed against the amount of tax otherwise due under this chapter, as  
9 provided in this section. (~~Except for taxpayers that report at least~~  
10 ~~fifty percent of their taxable amount under RCW 82.04.255,~~  
11 ~~82.04.290(2)(a), and 82.04.285, the maximum credit for a taxpayer for~~  
12 ~~a reporting period is thirty five dollars multiplied by the number of~~  
13 ~~months in the reporting period, as determined under RCW 82.32.045. For~~  
14 ~~a taxpayer that reports at least fifty percent of its taxable amount~~  
15 ~~under RCW 82.04.255, 82.04.290(2)(a), and 82.04.285,)). The maximum  
16 credit for a reporting period is seventy dollars multiplied by the  
17 number of months in the reporting period, as determined under RCW  
18 82.32.045.~~

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

4 (3) When the amount of tax otherwise due under this chapter exceeds  
5 the maximum credit, a reduced credit is allowed equal to twice the  
6 maximum credit, minus the tax otherwise due under this chapter, but not  
7 less than zero.

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

16 **Sec. 2.** RCW 82.32.030 and 2007 c 6 s 202 are each amended to read  
17 as follows:

18 (1) Except as provided in subsections (2) and (3) of this section,  
19 if any person engages in any business or performs any act upon which a  
20 tax is imposed by the preceding chapters, he or she (~~shall~~) must,  
21 under such rules as the department (~~of revenue shall~~) prescribes,  
22 apply for and obtain from the department a registration certificate.  
23 Such registration certificate (~~shall be~~) is personal and  
24 nontransferable and shall be valid as long as the taxpayer continues in  
25 business and pays the tax accrued to the state. In case business is  
26 transacted at two or more separate places by one taxpayer, a separate  
27 registration certificate for each place at which business is transacted  
28 with the public (~~shall be~~) is required. Each certificate (~~shall~~)  
29 must be numbered and (~~shall~~) must show the name, residence, and place  
30 and character of business of the taxpayer and such other information as  
31 the department (~~of revenue~~) deems necessary and (~~shall~~) must be  
32 posted in a conspicuous place at the place of business for which it is  
33 issued. Where a place of business of the taxpayer is changed, the  
34 taxpayer must return to the department the existing certificate, and a  
35 new certificate will be issued for the new place of business. No  
36 person required to be registered under this section shall engage in any

1 business taxable hereunder without first being so registered. The  
2 department, by rule, may provide for the issuance of certificates of  
3 registration to temporary places of business.

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

7 (a) A person's value of products, gross proceeds of sales, or gross  
8 income of the business, from all business activities taxable under  
9 chapter 82.04 RCW, is less than (~~twelve~~) twenty-eight thousand  
10 dollars per year;

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

14 (c) The person is not required to collect or pay to the department  
15 (~~of revenue~~) any other tax or fee which the department is authorized  
16 to collect; and

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

20 (3) All persons who agree to collect and remit sales and use tax to  
21 the department under the agreement must register through the central  
22 registration system authorized under the agreement. Persons required  
23 to register under subsection (1) of this section are not relieved of  
24 that requirement because of registration under this subsection (3).

25 (4) Persons registered under subsection (3) of this section who are  
26 not required to register under subsection (1) of this section and who  
27 are not otherwise subject to the requirements of chapter 19.02 RCW are  
28 not subject to the fees imposed by RCW 19.02.075.

29 **Sec. 3.** RCW 82.32.045 and 2010 1st sp.s. c 23 s 1103 are each  
30 amended to read as follows:

31 (1) Except as otherwise provided in this chapter, payments of the  
32 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16 RCW,  
33 along with reports and returns on forms prescribed by the department,  
34 are due monthly within twenty-five days after the end of the month in  
35 which the taxable activities occur.

36 (2) The department (~~of revenue~~) may relieve any taxpayer or class  
37 of taxpayers from the obligation of remitting monthly and may require

1 the return to cover other longer reporting periods, but in no event may  
2 returns be filed for a period greater than one year. For these  
3 taxpayers, tax payments are due on or before the last day of the month  
4 next succeeding the end of the period covered by the return.

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

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

11 (a) The person's value of products, gross proceeds of sales, or  
12 gross income of the business, from all business activities taxable  
13 under chapter 82.04 RCW, is less than(~~(÷~~

- 14 ~~(i) Twenty-eight thousand dollars per year; or~~
- 15 ~~(ii) Forty-six thousand six hundred sixty-seven dollars per year~~  
16 ~~for persons generating at least fifty percent of their taxable amount~~  
17 ~~from activities taxable under RCW 82.04.255, 82.04.290(2)(a), and~~  
18 ~~82.04.285)) fifty-six thousand dollars per year;~~

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

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

25 NEW SECTION. **Sec. 4.** This act takes effect August 1, 2011.

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