
HOUSE BILL 1807

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Anderson, Orcutt, Ross, Haler, Taylor, Warnick, Rodne, Hargrove, McCune, and Harris

Read first time 02/02/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to ensuring the imposition of a tax or fee has
2 clear and explicit basis in law; and adding a new chapter to Title 7
3 RCW.

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

5 NEW SECTION. **Sec. 1.** (1) This section is intended to establish
6 how state and local laws, including statutes, ordinances, regulations,
7 and rules that impose a tax, fee, charge, surcharge, license, permit,
8 or other cost, whether public or private, should be interpreted with
9 respect to:

10 (a) Property, real or personal, tangible or intangible;

11 (b) Income;

12 (c) Service; or

13 (d) The ownership, possession, manufacture, use, sale, purchase, or
14 transfer of property, real or personal, tangible or intangible, income,
15 or service, including goods or labor.

16 (2) Property, real or personal, tangible or intangible, income, or
17 service, or the ownership, possession, manufacture, use, sale,
18 purchase, or transfer of any property, real or personal, tangible or

1 intangible, income, or service, including any goods or labor, located
2 in, derived in, operated in, or occurring in Washington is not subject
3 to taxation, except where clearly and expressly imposed by law.

4 (3) The following principles govern the construction of laws that
5 impose any tax:

6 (a) Property, real and personal, tangible and intangible, income,
7 and service, and the ownership, possession, manufacture, use, sale,
8 purchase, and transfer of property, real and personal, tangible and
9 intangible, income, and service, including goods and labor, will not be
10 taxed unless a governmental entity has imposed a tax by clear and
11 explicit language;

12 (b) There is no need to construe a law when the law's language is
13 plain;

14 (c) Laws imposing the tax must be strictly construed, though fairly
15 and in keeping with the ordinary meaning of the language employed;

16 (d) If there is any doubt regarding the exact meaning of a law
17 imposing the tax, the law must be construed in favor of the person who
18 is disputing the tax obligation and against the governmental entity
19 claiming the person has a tax obligation because nontaxation is the
20 rule and taxation is the exception;

21 (e) The burden of proving that a valid tax obligation exists rests
22 upon the governmental entity claiming that a tax obligation exists;

23 (f) If a governmental entity has imposed the tax, the tax must not
24 be enlarged by construction since it is reasonable to presume that the
25 governmental entity has stated in express terms all that it intended to
26 tax; and

27 (g) A tax must be limited to the very terms of the law enacted. If
28 not so limited, the tax would be enlarged beyond what the governmental
29 entity intended to tax.

30 (4) This section does not change the burden of showing that any
31 exemption, deduction, or credit applies.

32 (5)(a) Upon request, governmental entities seeking to collect a
33 disputed tax obligation must make available to the person disputing the
34 tax obligation all records, documents, or facts necessary for the
35 person to determine the historical background, intent, construction,
36 interpretation, application, or implementation of the law imposing the
37 tax.

1 (b) Failure to fully cooperate with the person may result in a
2 determination that the property, income, or service, or the ownership,
3 possession, manufacture, use, sale, purchase, or transfer, is not
4 taxable for the current year.

5 (6)(a) Upon request, persons who are disputing a tax obligation
6 must make available at reasonable times to the governmental entity
7 claiming the tax obligation exists for inspection, investigation, or
8 examination all property, records, documents, or facts necessary for
9 the governmental entity to determine the taxable status of the
10 obligation in dispute.

11 (b) Failure to fully cooperate with the governmental entity may
12 result in a determination that the property, income, or service, or the
13 ownership, possession, manufacture, use, sale, purchase, or transfer,
14 is taxable for the current year.

15 (7) For the purposes of this section, "tax" and "taxation" include
16 a tax, fee, charge, surcharge, license, permit, or other cost, whether
17 public or private.

18 NEW SECTION. **Sec. 2.** Section 1 of this act constitutes a new
19 chapter in Title 7 RCW.

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