

1 (~~shall~~) must add thereto interest on the tax only. The department
2 (~~shall~~) must notify the taxpayer by mail, or electronically as
3 provided in RCW 82.32.135, of the additional amount and the additional
4 amount (~~shall~~) becomes due and (~~shall~~) must be paid within thirty
5 days from the date of the notice, or within such further time as the
6 department may provide.

7 (a) For tax liabilities arising before January 1, 1992, interest
8 (~~shall be~~) is computed at the rate of nine percent per annum from the
9 last day of the year in which the deficiency is incurred until the
10 earlier of December 31, 1998, or the date of payment. After December
11 31, 1998, the rate of interest (~~shall be~~) is variable and computed as
12 provided in subsection (2) of this section. The rate so computed
13 (~~shall~~) must be adjusted on the first day of January of each year for
14 use in computing interest for that calendar year.

15 (b) For tax liabilities arising after December 31, 1991, the rate
16 of interest (~~shall be~~) is variable and computed as provided in
17 subsection (2) of this section from the last day of the year in which
18 the deficiency is incurred until the date of payment. The rate so
19 computed (~~shall~~) must be adjusted on the first day of January of each
20 year for use in computing interest for that calendar year.

21 (c) Interest imposed after December 31, 1998, (~~shall be~~) is
22 computed from the last day of the month following each calendar year
23 included in a notice, and the last day of the month following the final
24 month included in a notice if not the end of a calendar year, until the
25 due date of the notice. If payment in full is not made by the due date
26 of the notice, additional interest (~~shall be~~) is computed until the
27 date of payment. The rate of interest (~~shall be~~) is variable and
28 computed as provided in subsection (2) of this section. The rate so
29 computed (~~shall~~) must be adjusted on the first day of January of each
30 year for use in computing interest for that calendar year.

31 (2)(a) For the purposes of this section, the rate of interest to be
32 charged to the taxpayer (~~shall be~~):

33 (i) For tax liabilities arising before January 1, 2013, is an
34 average of the federal short-term rate as defined in 26 U.S.C. Sec.
35 1274(d) plus two percentage points; and

36 (ii) For tax liabilities arising after December 31, 2012, is an
37 average of the federal short-term rate as defined in 26 U.S.C. Sec.
38 1274(d) plus four percentage points. This subsection (2)(a)(ii) also

1 applies to interest imposed beginning January 1, 2013, for tax
2 liabilities arising before that date and included in any notice that is
3 not paid in full by the due date of the notice.

4 (b) The rate set for each new year (~~shall be~~) is computed by
5 taking an arithmetical average to the nearest percentage point of the
6 federal short-term rate, compounded annually. (~~That~~) The average
7 (~~shall be~~) is calculated using the rates from four months: January,
8 April, and July of the calendar year immediately preceding the new
9 year, and October of the previous preceding year.

10 (3) During a state of emergency declared under RCW 43.06.010(12),
11 the department, on its own motion or at the request of any taxpayer
12 affected by the emergency, may extend the due date of any assessment or
13 correction of an assessment for additional taxes, penalties, or
14 interest as the department deems proper.

15 (4) No assessment or correction of an assessment for additional
16 taxes, penalties, or interest due may be made by the department more
17 than four years after the close of the tax year, except (a) against a
18 taxpayer who has not registered as required by this chapter, (b) upon
19 a showing of fraud or of misrepresentation of a material fact by the
20 taxpayer, or (c) where a taxpayer has executed a written waiver of such
21 limitation. (~~The execution of a written waiver shall also extend the~~
22 ~~period for making a refund or credit as provided in RCW 82.32.060(2).~~)

23 (5) For the purposes of this section, "return" means any document
24 a person is required by the state of Washington to file to satisfy or
25 establish a tax or fee obligation that is administered or collected by
26 the department of revenue and that has a statutorily defined due date.

27 **Sec. 102.** RCW 82.32.060 and 2009 c 176 s 4 are each amended to
28 read as follows:

29 (1) If, upon receipt of an application by a taxpayer for a refund
30 or for an audit of the taxpayer's records, or upon an examination of
31 the returns or records of any taxpayer, it is determined by the
32 department that within the (~~statutory~~) period (~~for assessment of~~
33 ~~taxes, penalties, or interest~~) prescribed (~~by RCW 82.32.050~~) in
34 subsection (2) of this section any amount of tax, penalty, or interest
35 has been paid in excess of that properly due, the excess amount paid
36 within, or attributable to, such period must be credited to the

1 taxpayer's account or must be refunded to the taxpayer, at the
2 taxpayer's option.

3 (2)(a) Except as otherwise provided in this subsection (2) (~~of~~
4 ~~this section~~), no refund or credit may be made for taxes, penalties,
5 or interest paid more than (~~four~~) three years prior to the beginning
6 of the calendar year in which the refund application is made or
7 examination of records is completed.

8 (~~(2)(a) The execution of a written waiver under RCW 82.32.050 or~~
9 ~~82.32.100 will extend the time for making a refund or credit of any~~
10 ~~taxes paid during, or attributable to, the years covered by the waiver~~
11 ~~if, prior to the expiration of the waiver period, an application for~~
12 ~~refund of such taxes is made by the taxpayer or the department~~
13 ~~discovers a refund or credit is due.~~)

14 (b) A refund or credit must be allowed for an excess payment
15 resulting from the failure to claim a bad debt deduction, credit, or
16 refund under RCW 82.04.4284, 82.08.037, 82.12.037, 82.14B.150, or
17 82.16.050(5) for debts that became bad debts under 26 U.S.C. Sec. 166,
18 as amended or renumbered as of January 1, 2003, less than (~~four~~)
19 three years prior to the beginning of the calendar year in which the
20 refund application is made or examination of records is completed.

21 (c) Notwithstanding the limitation on the time for making a refund
22 or credit provided in this subsection, when the department conducts an
23 audit or examination of the taxpayer's records or returns and
24 identifies an overpayment of tax, penalty, or interest for a particular
25 tax year within the scope of the audit or examination and for which a
26 refund or credit may not be made because of the lapse of the three-year
27 period in this subsection, the amount of any deficiency determined by
28 the department for that same tax year must be reduced by the amount of
29 the overpayment. However, if the overpayment exceeds the amount of the
30 deficiency, the amount of the overpayment that exceeds the deficiency
31 may not be refunded or credited against any deficiency for any other
32 tax year.

33 (3) Any such refunds must be made by means of vouchers approved by
34 the department and by the issuance of state warrants drawn upon and
35 payable from such funds as the legislature may provide. However,
36 taxpayers who are required to pay taxes by electronic funds transfer
37 under RCW 82.32.080 must have any refunds paid by electronic funds

1 transfer if the department has the necessary account information to
2 facilitate a refund by electronic funds transfer.

3 (4) Any judgment for which a recovery is granted by any court of
4 competent jurisdiction, not appealed from, for tax, penalties, and
5 interest which were paid by the taxpayer, and costs, in a suit by any
6 taxpayer must be paid in the same manner, as provided in subsection (3)
7 of this section, upon the filing with the department of a certified
8 copy of the order or judgment of the court.

9 (5)(a) Interest at the rate of three percent per annum must be
10 allowed by the department and by any court on the amount of any refund,
11 credit, or other recovery allowed to a taxpayer for taxes, penalties,
12 or interest paid by the taxpayer before January 1, 1992. This rate of
13 interest applies for all interest allowed through December 31, 1998.
14 Interest allowed after December 31, 1998, must be computed at the rate
15 as computed under RCW 82.32.050(2)(a)(i), disregarding for this purpose
16 the language in RCW 82.32.050(2)(a)(i) limiting its applicability to
17 periods before January 1, 2013. The rate so computed must be adjusted
18 on the first day of January of each year for use in computing interest
19 for that calendar year.

20 (b) For refunds or credits of amounts paid or other recovery
21 allowed to a taxpayer after December 31, 1991, the rate of interest
22 must be the rate as computed for assessments under RCW
23 82.32.050(2)(a)(i) less one percent. This rate of interest applies for
24 all interest allowed through December 31, 1998. Interest allowed after
25 December 31, 1998, must be computed at the rate as computed under RCW
26 82.32.050(2)(a)(i), disregarding for this purpose the language in RCW
27 82.32.050(2)(a)(i) limiting its applicability to periods before January
28 1, 2013. The rate so computed must be adjusted on the first day of
29 January of each year for use in computing interest for that calendar
30 year.

31 ((+5+)) (6) Interest allowed on a credit notice or refund issued
32 after December 31, 2003, must be computed as follows:

33 (a) If all overpayments for each calendar year and all reporting
34 periods ending with the final month included in a notice or refund were
35 made on or before the due date of the final return for each calendar
36 year or the final reporting period included in the notice or refund:

37 (i) Interest must be computed from January 31st following each
38 calendar year included in a notice or refund; or

1 (ii) Interest must be computed from the last day of the month
2 following the final month included in a notice or refund.

3 (b) If the taxpayer has not made all overpayments for each calendar
4 year and all reporting periods ending with the final month included in
5 a notice or refund on or before the dates specified by RCW 82.32.045
6 for the final return for each calendar year or the final month included
7 in the notice or refund, interest must be computed from the last day of
8 the month following the date on which payment in full of the
9 liabilities was made for each calendar year included in a notice or
10 refund, and the last day of the month following the date on which
11 payment in full of the liabilities was made if the final month included
12 in a notice or refund is not the end of a calendar year.

13 (c) Interest included in a credit notice must accrue up to the date
14 the taxpayer could reasonably be expected to use the credit notice, as
15 defined by the department's rules. If a credit notice is converted to
16 a refund, interest must be recomputed to the date the refund is issued,
17 but not to exceed the amount of interest that would have been allowed
18 with the credit notice.

19 (7) This section does not limit the time in which a credit notice
20 issued by the department to a taxpayer may be used or converted into a
21 refund.

22 **Sec. 103.** RCW 82.32.062 and 2002 c 57 s 1 are each amended to read
23 as follows:

24 In addition to the procedure set forth in RCW 82.32.060 and as an
25 exception to the ((~~four-year~~)) three-year period explicitly set forth
26 in RCW 82.32.060, an offset for a tax that has been paid in excess of
27 that properly due may be taken under the following conditions: (1) The
28 tax paid in excess of that properly due was sales tax paid on the
29 purchase of property acquired for leasing; (2) the taxpayer was at the
30 time of purchase entitled to purchase the property at wholesale under
31 RCW 82.04.060; and (3) the taxpayer substantiates that sales tax was
32 paid at the time of purchase and that there was no intervening use of
33 the equipment by the taxpayer. The offset is applied to and reduced by
34 the amount of retail sales tax otherwise due from the beginning of
35 lease of the property until the offset is extinguished.

1 **Sec. 104.** RCW 82.45.100 and 2010 1st sp.s. c 23 s 211 are each
2 amended to read as follows:

3 (1) Payment of the tax imposed under this chapter is due and
4 payable immediately at the time of sale, and if not paid within one
5 month thereafter will bear interest from the time of sale until the
6 date of payment.

7 (a) Interest imposed before January 1, 1999, is computed at the
8 rate of one percent per month.

9 (b) Interest imposed after December 31, 1998, is computed on a
10 monthly basis at the rate as computed under RCW 82.32.050(2). The rate
11 so computed must be adjusted on the first day of January of each year
12 for use in computing interest for that calendar year. The department
13 must provide written notification to the county treasurers of the
14 variable rate on or before December 1st of the year preceding the
15 calendar year in which the rate applies.

16 (2) In addition to the interest described in subsection (1) of this
17 section, if the payment of any tax is not received by the county
18 treasurer or the department of revenue, as the case may be, within one
19 month of the date due, there is assessed a penalty of five percent of
20 the amount of the tax; if the tax is not received within two months of
21 the date due, there will be assessed a total penalty of ten percent of
22 the amount of the tax; and if the tax is not received within three
23 months of the date due, there will be assessed a total penalty of
24 twenty percent of the amount of the tax. The payment of the penalty
25 described in this subsection is collectible from the seller only, and
26 RCW 82.45.070 does not apply to the penalties described in this
27 subsection.

28 (3) If the tax imposed under this chapter is not received by the
29 due date, the transferee is personally liable for the tax, along with
30 any interest as provided in subsection (1) of this section, unless an
31 instrument evidencing the sale is recorded in the official real
32 property records of the county in which the property conveyed is
33 located.

34 (4) If upon examination of any affidavits or from other information
35 obtained by the department or its agents it appears that all or a
36 portion of the tax is unpaid, the department must assess against the
37 taxpayer the additional amount found to be due plus interest and
38 penalties as provided in subsections (1) and (2) of this section. The

1 department must notify the taxpayer by mail, or electronically as
2 provided in RCW 82.32.135, of the additional amount and the same
3 becomes due and must be paid within thirty days from the date of the
4 notice, or within such further time as the department may provide.

5 (5)(a) If, upon receipt of an application by a taxpayer for a
6 refund, or upon examination of any affidavits or from other information
7 obtained by the department or its agents, the department determines
8 that the taxpayer has overpaid the tax due under this chapter, the
9 department must refund the amount of the overpayment, together with
10 interest as provided in (b) of this subsection (5).

11 (b) Interest on refunds must be allowed as provided in RCW
12 82.32.060. The rate so computed must be adjusted on the first day of
13 January of each year for use in computing interest for that calendar
14 year. Interest must be refunded from the date of overpayment until the
15 date the refund is mailed. No refund may be made by the department
16 more than three years after the date of sale.

17 (6) No assessment ((or refund)) may be made by the department more
18 than four years after the date of sale except upon a showing of:

19 (a) Fraud or misrepresentation of a material fact by the taxpayer;

20 (b) A failure by the taxpayer to record documentation of a sale or
21 otherwise report the sale to the county treasurer; or

22 (c) A failure of the transferor or transferee to report the sale
23 under RCW 82.45.090(2).

24 ~~((+6))~~ (7) Penalties collected on taxes due under this chapter
25 under subsection (2) of this section and RCW 82.32.090 (2) through (8)
26 must be deposited in the housing trust fund as described in chapter
27 43.185 RCW.

28 **Sec. 105.** RCW 82.12.045 and 2010 c 161 s 904 are each amended to
29 read as follows:

30 (1) In the collection of the use tax on vehicles, the department of
31 revenue may designate the county auditors of the several counties of
32 the state as its collecting agents. Upon such designation, it ~~((shall~~
33 ~~be))~~ is the duty of each county auditor to collect the tax at the time
34 an applicant applies for transfer of certificate of title to the
35 vehicle, except when the applicant:

36 (a) Exhibits a dealer's report of sale showing that the retail
37 sales tax has been collected by the dealer;

1 (b) Presents a written statement signed by the department of
2 revenue, or its duly authorized agent showing that no use tax is
3 legally due; or

4 (c) Presents satisfactory evidence showing that the retail sales
5 tax or the use tax has been paid by the applicant on the vehicle in
6 question.

7 (2) As used in this section, "vehicle" has the same meaning as in
8 RCW 46.04.670.

9 (3) It (~~shall be~~) is the duty of every applicant for registration
10 and transfer of certificate of title who is subject to payment of tax
11 under this section to declare upon the application the value of the
12 vehicle for which application is made, which (~~shall~~) must consist of
13 the consideration paid or contracted to be paid therefor.

14 (4) Each county auditor who acts as agent of the department of
15 revenue (~~shall~~) must at the time of remitting vehicle license fee
16 receipts on vehicles subject to the provisions of this section pay over
17 and account to the state treasurer for all use tax revenue collected
18 under this section, after first deducting as a collection fee the sum
19 of two dollars for each motor vehicle upon which the tax has been
20 collected. All revenue received by the state treasurer under this
21 section (~~shall~~) must be credited to the general fund. The auditor's
22 collection fee (~~shall~~) must be deposited in the county current
23 expense fund. A duplicate of the county auditor's transmittal report
24 to the state treasurer (~~shall~~) must be forwarded (~~forthwith~~)
25 immediately to the department of revenue.

26 (5) Any applicant who has paid use tax to a county auditor under
27 this section may apply to the department of revenue for refund thereof
28 if he or she has reason to believe that such tax was not legally due
29 and owing. No refund (~~shall be~~) is allowed unless application
30 therefor is received by the department of revenue within the statutory
31 period (~~for assessment of taxes, penalties, or interest prescribed by~~
32 ~~RCW 82.32.050(4))~~ for refunds provided in RCW 82.32.060. Upon receipt
33 of an application for refund the department of revenue (~~shall~~) must
34 consider the same and issue its order either granting or denying it and
35 if refund is denied the taxpayer (~~shall have~~) has the right of appeal
36 as provided in RCW 82.32.170, 82.32.180, and 82.32.190.

37 (6) The provisions of this section (~~shall~~) must be construed as
38 cumulative of other methods prescribed in chapters 82.04 through 82.32

1 RCW, inclusive, for the collection of the tax imposed by this chapter.
2 The department of revenue (~~shall have~~) has power to promulgate such
3 rules as may be necessary to administer the provisions of this section.
4 Any duties required by this section to be performed by the county
5 auditor may be performed by the director of licensing but no collection
6 fee (~~shall~~) may be deductible by said director in remitting use tax
7 revenue to the state treasurer.

8 (7) The use tax revenue collected on the rate provided in RCW
9 82.08.020(3) (~~shall~~) must be deposited in the multimodal
10 transportation account under RCW 47.66.070.

11 **Sec. 106.** RCW 83.100.130 and 2005 c 516 s 10 are each amended to
12 read as follows:

13 (1) If, upon receipt of an application by a taxpayer for a refund,
14 or upon examination of the returns or records of any taxpayer, the
15 department determines that (~~within the statutory period for assessment~~
16 ~~of taxes, penalties, or interest prescribed by RCW 83.100.095~~) a
17 person required to file the Washington return under RCW 83.100.050 has
18 overpaid the tax due under this chapter, the department (~~shall~~) must
19 refund the amount of the overpayment, together with interest as
20 provided in subsection (2) of this section. If the application for
21 refund, with supporting documents, is filed within one hundred twenty
22 days after an adjustment or final determination of federal tax
23 liability, the department (~~shall~~) must pay interest until the date
24 the refund is mailed. If the application for refund, with supporting
25 documents, is filed after one hundred twenty days after the adjustment
26 or final determination, the department (~~shall~~) must pay interest only
27 until the end of the one hundred twenty-day period.

28 (2) Interest refunded under this section for periods before January
29 2, 1997, shall be computed at the rate provided in RCW 83.100.070(1).
30 Interest refunded under this section for periods after January 1, 1997,
31 through December 31, 1998, (~~shall be~~) is computed on a daily basis at
32 the rate as computed under RCW 82.32.050(2) less one percentage point.
33 Interest allowed for periods after December 31, 1998, (~~shall be~~) is
34 computed at the rate as computed under RCW 82.32.050(2)(a)(i),
35 disregarding for this purpose the language in RCW 82.32.050(2)(a)(i)
36 limiting its applicability to periods before January 1, 2013. Except
37 as provided in subsection (1) of this section, interest (~~shall~~) must

1 be refunded from the date of overpayment until the date the refund is
2 mailed. The rate so computed (~~shall~~) must be adjusted on the first
3 day of January of each year.

4 (3) Except as otherwise provided in subsection (4) of this section
5 and RCW 83.100.090, no refund (~~shall~~) may be made for taxes,
6 penalties, or interest paid more than (~~four~~) three years prior to the
7 beginning of the calendar year in which the refund application is made
8 or an examination of records is complete.

9 (4) The execution of a written waiver under RCW 83.100.095
10 (~~shall~~) at the request of the department extends the time for making
11 a refund if, prior to the expiration of the waiver period, an
12 application for refund is made by the taxpayer or the department
13 discovers a refund is due.

14 (5) An application for refund (~~shall~~) must be on a form
15 prescribed by the department and (~~shall~~) must contain any information
16 and supporting documents the department requires.

17 **Sec. 107.** RCW 84.56.440 and 2008 c 181 s 511 are each amended to
18 read as follows:

19 (1)(a) The department of revenue (~~shall~~) must collect all ad
20 valorem taxes upon ships and vessels listed with the department in
21 accordance with RCW 84.40.065 and all applicable interest and
22 penalties.

23 (b) The taxes (~~shall be~~) are due and payable to the department on
24 or before the thirtieth day of April and (~~shall be~~) are delinquent
25 after that date.

26 (2) If payment of the tax is not received by the department by the
27 due date, there (~~shall be~~) is imposed a penalty of five percent of
28 the amount of the tax; and if the tax is not received within thirty
29 days after the due date, there (~~shall be~~) is imposed a total penalty
30 of ten percent of the amount of the tax; and if the tax is not received
31 within sixty days after the due date, there (~~shall be~~) is imposed a
32 total penalty of twenty percent of the amount of the tax. No penalty
33 so added (~~shall~~) may be less than five dollars.

34 (3) Delinquent taxes under this section are subject to interest at
35 the rate set forth in RCW 82.32.050 from the date of delinquency until
36 paid. Interest or penalties collected on delinquent taxes under this

1 section (~~shall~~) must be paid by the department into the general fund
2 of the state treasury.

3 (4) If upon information obtained by the department it appears that
4 any ship or vessel required to be listed according to the provisions of
5 RCW 84.40.065 is not so listed, the department (~~shall~~) must value the
6 ship or vessel and assess against the owner of the vessel the taxes
7 found to be due and (~~shall~~) must add thereto interest at the rate set
8 forth in RCW 82.32.050 from the original due date of the tax until the
9 date of payment. The department (~~shall~~) must notify the vessel owner
10 by mail of the amount and the same (~~shall~~) becomes due and (~~shall~~)
11 must be paid by the vessel owner within thirty days of the date of the
12 notice. If payment is not received by the department by the due date
13 specified in the notice, the department (~~shall~~) must add a penalty of
14 ten percent of the tax found due. A person who willfully gives a false
15 listing or willfully fails to list a ship or vessel as required by RCW
16 84.40.065 (~~shall be~~) is subject to the penalty imposed by RCW
17 84.40.130(2), which (~~shall~~) must be assessed and collected by the
18 department.

19 (5) Delinquent taxes under this section, along with all penalties
20 and interest thereon, (~~shall~~) must be collected by the department
21 according to the procedures set forth in chapter 82.32 RCW for the
22 filing and execution of tax warrants, including the imposition of
23 warrant interest. In the event a warrant is issued by the department
24 for the collection of taxes under this section, the department
25 (~~shall~~) must add a penalty of five percent of the amount of the
26 delinquent tax, but not less than ten dollars.

27 (6) The department (~~shall~~) must also collect all delinquent taxes
28 pertaining to ships and vessels appearing on the records of the county
29 treasurers for each of the counties of this state as of December 31,
30 1993, including any applicable interest or penalties. The provisions
31 of subsection (5) of this section (~~shall~~) apply to the collection of
32 such delinquent taxes.

33 (7) During a state of emergency declared under RCW 43.06.010(12),
34 the department, on its own motion or at the request of any taxpayer
35 affected by the emergency, may grant extensions of the due date of any
36 taxes payable under this section as the department deems proper.

37 (8)(a) If, upon receipt of an application by a vessel owner for a
38 refund, or upon examination of any information obtained by the

1 department, the department determines that the vessel owner has
2 overpaid the tax due under this section, the department must refund the
3 amount of the overpayment, together with interest as provided in (b) of
4 this subsection (8).

5 (b) Interest on refunds must be allowed as provided in RCW
6 82.32.060. The rate so computed must be adjusted on the first day of
7 January of each year for use in computing interest for that calendar
8 year. Interest must be refunded from the date of overpayment until the
9 date the refund is mailed. No refund may be made by the department
10 more than three years prior to the beginning of the calendar year in
11 which the refund application is made or the department's examination of
12 information is complete.

13 **Sec. 108.** RCW 74.60.050 and 2010 1st sp.s. c 30 s 6 are each
14 amended to read as follows:

15 (1) The department, in cooperation with the office of financial
16 management, (~~shall~~) must develop rules for determining the amount to
17 be assessed to individual hospitals, notifying individual hospitals of
18 the assessed amount, and collecting the amounts due. Such rule making
19 (~~shall~~) must specifically include provision for:

20 (a) Transmittal of quarterly notices of assessment by the
21 department to each hospital informing the hospital of its nonmedicare
22 hospital inpatient days and the assessment amount due and payable.
23 Such quarterly notices (~~shall~~) must be sent to each hospital at least
24 thirty calendar days prior to the due date for the quarterly assessment
25 payment.

26 (b) Interest on delinquent assessments at the rate specified in RCW
27 82.32.050, as that statute existed on January 1, 2011.

28 (c) Adjustment of the assessment amounts as follows:

29 (i) For each fiscal year beginning July 1, 2010, the assessment
30 amounts under RCW 74.60.030 (1) and (3) may be adjusted as follows:

31 (A) If sufficient other funds for hospitals, excluding any
32 extension of section 5001 of P.L. No. 111-5, are available to support
33 the reimbursement rates and other payments under RCW 74.60.080,
34 74.60.090, 74.60.100, 74.60.110, or 74.60.120 without utilizing the
35 full assessment authorized under RCW 74.60.030 (1) or (3), the
36 department (~~shall~~) must reduce the amount of the assessment for

1 prospective payment system, psychiatric, and rehabilitation hospitals
2 proportionately to the minimum level necessary to support those
3 reimbursement rates and other payments.

4 (B) Provided that none of the conditions set forth in RCW
5 74.60.150(2) have occurred, if the department's forecasts indicate that
6 the assessment amounts under RCW 74.60.030 (1) and (3), together with
7 all other available funds, are not sufficient to support the
8 reimbursement rates and other payments under RCW 74.60.080, 74.60.090,
9 74.60.100, 74.60.110, or 74.60.120, the department (~~shall~~) must
10 increase the assessment rates for prospective payment system,
11 psychiatric, and rehabilitation hospitals proportionately to the amount
12 necessary to support those reimbursement rates and other payments, plus
13 a contingency factor up to ten percent of the total assessment amount.

14 (C) Any positive balance remaining in the fund at the end of the
15 fiscal year (~~shall~~) must be applied to reduce the assessment amount
16 for the subsequent fiscal year.

17 (ii) Any adjustment to the assessment amounts pursuant to this
18 subsection, and the data supporting such adjustment, including but not
19 limited to relevant data listed in subsection (2) of this section, must
20 be submitted to the Washington state hospital association for review
21 and comment at least sixty calendar days prior to implementation of
22 such adjusted assessment amounts. Any review and comment provided by
23 the Washington state hospital association (~~shall~~) may not limit the
24 ability of the Washington state hospital association or its members to
25 challenge an adjustment or other action by the department that is not
26 made in accordance with this chapter.

27 (2) By November 30th of each year, the department (~~shall~~) must
28 provide the following data to the Washington state hospital
29 association:

- 30 (a) The fund balance;
- 31 (b) The amount of assessment paid by each hospital;
- 32 (c) The annual medicaid fee-for-service payments for inpatient
33 hospital services and outpatient hospital services; and
- 34 (d) The medicaid healthy options inpatient and outpatient payments
35 as reported by all hospitals to the department on disproportionate
36 share hospital applications. The department (~~shall~~) must amend the
37 disproportionate share hospital application and reporting instructions

1 as needed to ensure that the foregoing data is reported by all
2 hospitals as needed in order to comply with this subsection (2)(d).

3 (3) The department (~~shall~~) must determine the number of
4 nonmedicare hospital inpatient days for each hospital for each
5 assessment period.

6 (4) To the extent necessary, the department (~~shall~~) must amend
7 the contracts between the managed care organizations and the department
8 and between regional support networks and the department to incorporate
9 the provisions of RCW 74.60.120. The department (~~shall~~) must pursue
10 amendments to the contracts as soon as possible after April 27, 2010.
11 The amendments to the contracts (~~shall~~) must, among other provisions,
12 provide for increased payment rates to managed care organizations in
13 accordance with RCW 74.60.120.

14 PART II

15 REQUIRING LOCAL GOVERNMENTS THAT ISSUE BUILDING PERMITS TO SUPPLY 16 SUBCONTRACTOR INFORMATION TO THE DEPARTMENT OF REVENUE

17 **Sec. 201.** RCW 18.27.110 and 1997 c 314 s 11 are each amended to
18 read as follows:

19 (1)(a) No city, town, or county (~~shall~~) may issue a construction
20 building permit for work which is to be done by any contractor required
21 to be registered under this chapter without verification of the
22 contractor's unified business identifier number and that such
23 contractor is currently registered as required by law. Information
24 regarding the contractor must be obtained at the time the building
25 permit is applied for. The requirement in this subsection (1)(a) to
26 verify a contractor's registration and unified business identifier
27 number does not apply with respect to subcontractors.

28 (b)(i) When a general contractor, including a property owner acting
29 as a general contractor, requests a final inspection, the city, town,
30 or county that issued the building permit must request from the general
31 contractor the name, unified business identifier number, and contractor
32 registration number of any subcontractors that performed any portion of
33 the work under the building permit. The department of revenue must
34 develop a form for this purpose and make it available, at no cost, to
35 the cities, towns, and counties.

1 (ii) Cities, towns, and counties may charge a fee of five dollars
2 to defray the cost of collecting the information required in this
3 subsection (1)(b) and providing the information to the department of
4 revenue as required in (f) of this subsection (1).

5 (iii) This subsection (1)(b) only applies with respect to
6 construction on single-family dwellings and multifamily residential
7 buildings as defined in RCW 19.27.015.

8 (c) A general contractor or building permit applicant must provide
9 a city, town, or county with complete and accurate information about
10 the contractor and any subcontractors as requested by the city, town,
11 or county pursuant to (a) and (b) of this subsection (1).

12 (d) When ((such)) the verification is made and the information
13 requested, as required in (a) and (b) of this subsection (1), nothing
14 contained in this section is intended to be, nor ((shall)) may be
15 construed to create, or form the basis for any liability under this
16 chapter on the part of any city, town, or county, or its officers,
17 employees, or agents.

18 (e) However, failure to ((verify the contractor registration
19 number)) comply with the provisions of (a) and (b) of this subsection
20 (1) results in liability to the city, town, or county to a penalty to
21 be imposed according to RCW 18.27.100((+7)) (8)(a).

22 (f) Cities, towns, and counties must furnish the information
23 collected pursuant to (a) and (b) of this subsection (1) to the
24 department of revenue monthly at no charge to the department. The
25 information must be provided in a format requested by the department.
26 The department of revenue must, upon request, share such information
27 with the department of labor and industries and the employment security
28 department.

29 (2) At the time of issuing the building permit, all cities, towns,
30 or counties are responsible for:

31 (a) Printing the contractor registration number on the building
32 permit; and

33 (b) Providing a written notice to the building permit applicant
34 informing them of contractor registration laws and the potential risk
35 and monetary liability to the homeowner for using an unregistered
36 contractor.

37 (3) If a building permit is obtained by an applicant or contractor
38 who falsifies information to obtain an exemption provided under RCW

1 18.27.090 or who violates subsection (1)(c) of this section by
2 providing materially incomplete or inaccurate information to a city,
3 town, or county, the building permit ((shall)) must be forfeited.

4 **Sec. 202.** RCW 18.27.200 and 2007 c 436 s 9 are each amended to
5 read as follows:

6 (1) It is a violation of this chapter and an infraction for any
7 contractor to:

8 (a) Advertise, offer to do work, submit a bid, or perform any work
9 as a contractor without being registered as required by this chapter;

10 (b) Advertise, offer to do work, submit a bid, or perform any work
11 as a contractor when the contractor's registration is suspended or
12 revoked;

13 (c) Transfer a valid registration to an unregistered contractor or
14 allow an unregistered contractor to work under a registration issued to
15 another contractor;

16 (d) If the contractor is a contractor as defined in RCW 18.106.010,
17 violate RCW 18.106.320; ((or))

18 (e) Subcontract to, or use, an unregistered contractor; or

19 (f) Provide materially incomplete or inaccurate information to a
20 city, town, or county pursuant to a request for information as required
21 by RCW 18.27.110.

22 (2) Each day that a contractor works without being registered as
23 required by this chapter, works while the contractor's registration is
24 suspended or revoked, or works under a registration issued to another
25 contractor is a separate infraction. Each worksite at which a
26 contractor works without being registered as required by this chapter,
27 works while the contractor's registration is suspended or revoked, or
28 works under a registration issued to another contractor is a separate
29 infraction.

30 PART III

31 IMPOSING A TWENTY-FIVE DOLLAR FEE ON RESELLER PERMITS

32 **Sec. 301.** RCW 82.32.780 and 2010 c 112 s 2 are each amended to
33 read as follows:

34 (1)(a) Taxpayers seeking to obtain a new reseller permit or to
35 renew or reinstate a reseller permit, other than taxpayers subject to

1 the provisions of RCW 82.32.783, must apply to the department in a form
2 and manner prescribed by the department and pay to the department a fee
3 in the amount of twenty-five dollars. The department must use its best
4 efforts to rule on applications within sixty days of receiving a
5 complete application. If the department fails to rule on an
6 application within sixty days of receiving a complete application, the
7 taxpayer may either request a review as provided in subsection (6) of
8 this section or resubmit the application. Nothing in this subsection
9 may be construed as preventing the department from ruling on an
10 application more than sixty days after the department received the
11 application.

12 (b) An application must be denied if:

13 (i) The department determines that, based on the nature of the
14 applicant's business, the applicant is not entitled to make purchases
15 at wholesale or is otherwise prohibited from using a reseller permit;

16 (ii) The application contains any material misstatement; (~~(or)~~)

17 (iii) The application is incomplete; or

18 (iv) The application is not accompanied by the twenty-five dollar
19 fee required by this subsection.

20 (c) The department may also deny an application if it determines
21 that denial would be in the best interest of collecting taxes due under
22 this title.

23 (d) The department's decision to approve or deny an application may
24 be based on tax returns previously filed with the department by the
25 applicant, a current or previous examination of the applicant's books
26 and records by the department, information provided by the applicant in
27 the master application and the reseller permit application, and other
28 information available to the department.

29 (e) The department must refuse to accept an application to renew a
30 reseller permit that is received more than ninety days before the
31 expiration of the reseller permit.

32 (f) The fee required by this subsection is nonrefundable and
33 applies regardless of whether an application is approved or denied.

34 (2) Notwithstanding subsection (1) of this section, the department
35 may issue or renew a reseller permit for a taxpayer that has not
36 applied for the permit or renewal of the permit if:

37 (a) It appears to the department's satisfaction, based on the

1 nature of the taxpayer's business activities and any other information
2 available to the department, that the taxpayer is entitled to make
3 purchases at wholesale; and

4 (b) The taxpayer has remitted the twenty-five dollar fee required
5 by subsection (1) of this section. However, the department, in its
6 sole discretion, may issue or renew reseller permits under this
7 subsection and bill the taxpayer for the twenty-five dollar fee
8 required by subsection (1) of this section. In such cases, if the
9 department does not receive payment of the twenty-five dollar fee
10 within thirty days of the date the department issued or renewed the
11 reseller permit, the department may revoke the reseller permit as
12 provided by rule of the department. The department may provide by rule
13 for an alternative process for administering the twenty-five dollar fee
14 for reseller permits issued or renewed under this subsection (2).

15 (3)(a) Except as otherwise provided in this section, reseller
16 permits issued, renewed, or reinstated under this section will be valid
17 for a period of forty-eight months from the date of issuance, renewal,
18 or reinstatement.

19 (b)(i) A reseller permit is valid for a period of twenty-four
20 months and may be renewed for the period prescribed in (a) of this
21 subsection (3) if the permit is issued to a taxpayer who:

22 (A) Is not registered with the department under RCW 82.32.030;

23 (B) Has been registered with the department under RCW 82.32.030 for
24 a continuous period of less than one year as of the date that the
25 department received the taxpayer's application for a reseller permit;

26 (C) Was on nonreporting status as authorized under RCW 82.32.045(4)
27 at the time that the department received the taxpayer's application for
28 a reseller permit or to renew or reinstate a reseller permit;

29 (D) Has filed tax returns reporting no business activity for
30 purposes of sales and business and occupation taxes for the twelve-
31 month period immediately preceding the date that the department
32 received the taxpayer's application for a reseller permit or to renew
33 or reinstate a reseller permit; or

34 (E) Has failed to file tax returns covering any part of the twelve-
35 month period immediately preceding the department's receipt of the
36 taxpayer's application for a reseller permit or to renew or reinstate
37 a reseller permit.

1 (ii) The provisions of this subsection (3)(b) do not apply to
2 reseller permits issued to any business owned by a federally recognized
3 Indian tribe or by an enrolled member of a federally recognized Indian
4 tribe, if the business does not engage in any business activity that
5 subjects the business to any tax imposed by the state under chapter
6 82.04 RCW. Permits issued to such businesses are valid for the period
7 provided in (a) of this subsection (3).

8 (iii) Nothing in this subsection (3)(b) may be construed as
9 affecting the department's right to deny a taxpayer's application for
10 a reseller permit or to renew or reinstate a reseller permit as
11 provided in subsection (1)(b) and (c) of this section.

12 (c) A reseller permit is no longer valid if the permit holder's
13 certificate of registration is revoked, the permit holder's tax
14 reporting account is closed by the department, or the permit holder
15 otherwise ceases to engage in business.

16 (d) The department may provide by rule for a uniform expiration
17 date for reseller permits issued, renewed, or reinstated under this
18 section, if the department determines that a uniform expiration date
19 for reseller permits will improve administrative efficiency for the
20 department. If the department adopts a uniform expiration date by
21 rule, the department may extend or shorten the twenty-four or forty-
22 eight month period provided in (a) and (b) of this subsection for a
23 period not to exceed six months as necessary to conform the reseller
24 permit to the uniform expiration date.

25 (4)(a) The department may revoke a taxpayer's reseller permit for
26 any of the following reasons:

27 (i) The taxpayer used or allowed or caused its reseller permit to
28 be used to purchase any item or service without payment of sales tax,
29 but the taxpayer or other purchaser was not entitled to use the
30 reseller permit for the purchase;

31 (ii) The department issued the reseller permit to the taxpayer in
32 error;

33 (iii) The department determines that the taxpayer is no longer
34 entitled to make purchases at wholesale; or

35 (iv) The department determines that revocation of the reseller
36 permit would be in the best interest of collecting taxes due under this
37 title.

1 (b) The notice of revocation must be in writing and is effective on
2 the date specified in the revocation notice. The notice must also
3 advise the taxpayer of its right to a review by the department.

4 (c) The department may refuse to reinstate a reseller permit
5 revoked under (a)(i) of this subsection until all taxes, penalties, and
6 interest due on any improperly purchased item or service have been paid
7 in full. In the event a taxpayer whose reseller permit has been
8 revoked under this subsection reorganizes, the new business resulting
9 from the reorganization is not entitled to a reseller permit until all
10 taxes, penalties, and interest due on any improperly purchased item or
11 service have been paid in full.

12 (d) For purposes of this subsection, "reorganize" or
13 "reorganization" means: (i) The transfer, however effected, of a
14 majority of the assets of one business to another business where any of
15 the persons having an interest in the ownership or management in the
16 former business maintain an ownership or management interest in the new
17 business, either directly or indirectly; (ii) a mere change in identity
18 or form of ownership, however effected; or (iii) the new business is a
19 mere continuation of the former business based on significant shared
20 features such as owners, personnel, assets, or general business
21 activity.

22 (5) The department may provide the public with access to reseller
23 permit numbers on its web site, including the name of the permit
24 holder, the status of the reseller permit, the expiration date of the
25 permit, and any other information that is disclosable under RCW
26 82.32.330(3)((+1+)) (k).

27 (6) The department must provide by rule for the review of the
28 department's decision to deny, revoke, or refuse to reinstate a
29 reseller permit or the department's failure to rule on an application
30 within the time prescribed in subsection (1)(a) of this section. Such
31 review must be consistent with the requirements of chapter 34.05 RCW.

32 (7) As part of its continuing efforts to educate taxpayers on their
33 sales and use tax responsibilities, the department will educate
34 taxpayers on the appropriate use of a reseller permit or other
35 documentation authorized under RCW 82.04.470 and the consequences of
36 misusing such permits or other documentation.

1 **Sec. 302.** RCW 82.32.783 and 2010 c 112 s 3 are each amended to
2 read as follows:

3 (1)(a) Contractors seeking a new reseller permit or to renew or
4 reinstate a reseller permit must apply to the department in a form and
5 manner prescribed by the department and pay to the department a fee in
6 the amount of twenty-five dollars.

7 (b) As part of the application, the contractor must report the
8 total combined dollar amount of all purchases of materials and labor
9 during the preceding twenty-four months for retail construction
10 activity, wholesale construction activity, speculative building, public
11 road construction, and government contracting. If the contractor was
12 not engaged in business as a contractor during the preceding twenty-
13 four months, the contractor may provide an estimate of the dollar
14 amount of purchases of materials and labor for retail construction
15 activity, wholesale construction activity, speculative building, public
16 road construction, and government contracting during the twelve-month
17 or twenty-four month period for which the reseller permit will be
18 valid. The contractor must also report the percentage of its total
19 dollar amount of actual or, if applicable, estimated material and labor
20 purchases that was for retail and wholesale construction activity
21 performed by the applicant.

22 (c) The department must use its best efforts to rule on
23 applications within sixty days of receiving a complete application. If
24 the department fails to rule on an application within sixty days of
25 receiving a complete application, the taxpayer may either request a
26 review as provided in subsection (6) of this section or resubmit the
27 application. Nothing in this subsection may be construed as preventing
28 the department from ruling on an application more than sixty days after
29 the department received the application.

30 (d)(i) An application must be denied if:

31 (A) The department determines that the applicant is not entitled to
32 make purchases at wholesale or is otherwise prohibited from using a
33 reseller permit;

34 (B) The application contains any material misstatement;

35 (C) The application is incomplete; (~~or~~)

36 (D) The application is not accompanied by the twenty-five dollar
37 fee required by this subsection; or

1 (E) Less than twenty-five percent of the taxpayer's total dollar
2 amount of actual or, if applicable, estimated material and labor
3 purchases as reported on the application is for retail and wholesale
4 construction activity performed by the applicant. However, the
5 department may approve an application not meeting the criteria in this
6 subsection (1)(d)(i)(~~(+D+)~~) (E) if the department is satisfied that
7 approval is unlikely to jeopardize collection of the taxes due under
8 this title.

9 (ii) The department may also deny an application if the department
10 determines that denial would be in the best interest of collecting
11 taxes due under this title.

12 (iii) The department's decision to approve or deny an application
13 may be based on tax returns previously filed with the department by the
14 applicant, a current or previous examination of the applicant's books
15 and records by the department, information provided by the applicant in
16 the master application and the reseller permit application, and other
17 information available to the department.

18 (e) The department must refuse to accept an application to renew a
19 reseller permit that is received more than ninety days before the
20 expiration of the reseller permit.

21 (f) The fee required by this subsection is nonrefundable and
22 applies regardless of whether an application is approved or denied.

23 (2) Notwithstanding subsection (1) of this section, the department
24 may issue or renew a reseller permit for a contractor that has not
25 applied for the permit or renewal of the permit if:

26 (a) The department is satisfied that the contractor is entitled to
27 make purchases at wholesale and that issuing or renewing the reseller
28 permit is unlikely to jeopardize collection of sales taxes due under
29 this title based on criteria established by the department by rule.
30 Such criteria may include but is not limited to whether the taxpayer
31 has a previous history of misusing resale certificates or reseller
32 permits or there is any other indication that issuing or renewing the
33 reseller permit would jeopardize collection of sales taxes due from the
34 contractor; and

35 (b) The taxpayer has remitted the twenty-five dollar fee required
36 by subsection (1) of this section. However, the department, in its
37 sole discretion, may issue or renew reseller permits under this
38 subsection and bill the taxpayer for the twenty-five dollar fee

1 required by subsection (1) of this section. In such cases, if the
2 department does not receive payment of the twenty-five dollar fee
3 within thirty days of the date the department issued or renewed the
4 reseller permit, the department may revoke the reseller permit as
5 provided by rule of the department. The department may provide by rule
6 for an alternative process for administering the twenty-five dollar fee
7 for reseller permits issued or renewed under this subsection (2).

8 (3)(a) Except as otherwise provided in (b) of this subsection:

9 (i) Except as provided in (a)(ii) of this subsection, until June
10 30, 2013, reseller permits issued, renewed, or reinstated under this
11 section will be valid for a period of twelve months from the date of
12 issuance, renewal, or reinstatement; and

13 (ii) Beginning July 1, 2013, reseller permits issued, renewed, or
14 reinstated under this section will be valid for a period of twenty-four
15 months from the date of issuance, renewal, or reinstatement. However,
16 the department may issue, renew, or reinstate permits for a period of
17 twenty-four months beginning July 1, 2011, if the department is
18 satisfied in the same manner as set forth in subsection (2) of this
19 section.

20 (b)(i) A reseller permit is no longer valid if the permit holder's
21 certificate of registration is revoked, the permit holder's tax
22 reporting account is closed by the department, or the permit holder
23 otherwise ceases to engage in business.

24 (ii) The department may provide by rule for a uniform expiration
25 date for reseller permits issued, renewed, or reinstated under this
26 section, if the department determines that a uniform expiration date
27 for reseller permits will improve administrative efficiency for the
28 department. If the department adopts a uniform expiration date by
29 rule, the department may extend or shorten the twelve or twenty-four
30 month period provided in (a)(i) and (ii) of this subsection for a
31 period not to exceed six months as necessary to conform the reseller
32 permit to the uniform expiration date.

33 (4)(a) The department may revoke a contractor's reseller permit for
34 any of the following reasons:

35 (i) The contractor used or allowed or caused its reseller permit to
36 be used to purchase any item or service without payment of sales tax,
37 but the contractor or other purchaser was not entitled to use the
38 reseller permit for the purchase;

1 (ii) The department issued the reseller permit to the contractor in
2 error;

3 (iii) The department determines that the contractor is no longer
4 entitled to make purchases at wholesale; or

5 (iv) The department determines that revocation of the reseller
6 permit would be in the best interest of collecting taxes due under this
7 title.

8 (b) The notice of revocation must be in writing and is effective on
9 the date specified in the revocation notice. The notice must also
10 advise the contractor of its right to a review by the department.

11 (c) The department may refuse to reinstate a reseller permit
12 revoked under (a)(i) of this subsection until all taxes, penalties, and
13 interest due on any improperly purchased item or service have been paid
14 in full. In the event a contractor whose reseller permit has been
15 revoked under this subsection reorganizes, the new business resulting
16 from the reorganization is not entitled to a reseller permit until all
17 taxes, penalties, and interest due on any improperly purchased item or
18 service have been paid in full.

19 (d) For purposes of this subsection, "reorganize" or
20 "reorganization" means: (i) The transfer, however effected, of a
21 majority of the assets of one business to another business where any of
22 the persons having an interest in the ownership or management in the
23 former business maintain an ownership or management interest in the new
24 business, either directly or indirectly; (ii) a mere change in identity
25 or form of ownership, however effected; or (iii) the new business is a
26 mere continuation of the former business based on significant shared
27 features such as owners, personnel, assets, or general business
28 activity.

29 (5) The department may provide the public with access to reseller
30 permit numbers on its web site, including the name of the permit
31 holder, the status of the reseller permit, the expiration date of the
32 permit, and any other information that is disclosable under RCW
33 82.32.330(3)((+1+)) (k).

34 (6) The department must provide by rule for the review of the
35 department's decision to deny, revoke, or refuse to reinstate a
36 reseller permit or the department's failure to rule on an application
37 within the time prescribed in subsection (1)(a) of this section. Such
38 review must be consistent with the requirements of chapter 34.05 RCW.

1 (7) As part of its continuing efforts to educate taxpayers on their
2 sales and use tax responsibilities, the department will educate
3 taxpayers on the appropriate use of a reseller permit or other
4 documentation authorized under RCW 82.04.470 and the consequences of
5 misusing such permits or other documentation.

6 (8) As used in this section, the following definitions apply:

7 (a) "Contractor" means a person whose primary business activity is
8 as a contractor as defined in RCW 18.27.010 or an electrical contractor
9 as defined in RCW 19.28.006.

10 (b) "Government contracting" means the activity described in RCW
11 82.04.190(6).

12 (c) "Public road construction" means the activity described in RCW
13 82.04.190(3).

14 (d) "Retail construction activity" means any activity defined as a
15 retail sale in RCW 82.04.050(2) (b) or (c).

16 (e) "Speculative building" means the activities of a speculative
17 builder as the term "speculative builder" is defined by rule of the
18 department.

19 (f) "Wholesale construction activity" means labor and services
20 rendered for persons who are not consumers in respect to real property,
21 if such labor and services are expressly defined as a retail sale by
22 RCW 82.04.050 when rendered to or for consumers. For purposes of this
23 subsection (8)(f), "consumer" has the same meaning as in RCW 82.04.190.

24 **PART IV**

25 **ADDING A TEN DOLLAR FEE TO ALL BILLINGS ISSUED BY THE DEPARTMENT OF**
26 **REVENUE**

27 NEW SECTION. **Sec. 401.** A new section is added to chapter 82.32
28 RCW to read as follows:

29 (1) Whenever the department sends any assessment, invoice, warrant,
30 or other notice of tax, interest, penalty, late payment, or other
31 deficiency, the department must add a fee in the amount of ten dollars
32 to the amount due. The fee imposed in this section does not apply to
33 billings for reseller permit fees imposed by RCW 82.32.780 or 82.32.783
34 or notices of denial for failing to pay the reseller permit fee under
35 RCW 82.32.780 or 82.32.783.

1 (2) The fee in this section may be imposed more than once relative
2 to the same deficiency should the department have to issue multiple
3 invoices for the deficiency such as when the department issues a
4 warrant for an unpaid assessment.

5 (3) The fee imposed under this section must be canceled or
6 refunded:

7 (a) Should it later be determined that the taxpayer did not owe any
8 amount of the tax, interest, penalty, or other deficiency included in
9 an assessment, invoice, warrant, or other notice; or

10 (b) If the department cancels the assessment, invoice, warrant, or
11 other notice of deficiency for any reason.

12 (4) The department may waive or cancel the fee imposed in this
13 section if, in the judgment of the department, waiving or canceling the
14 fee is in the best fiscal interests of the state or is clearly required
15 to avoid an inequitable result.

16 **Sec. 402.** RCW 82.32.080 and 2011 c 24 s 1 and 2010 2nd sp.s. c 2
17 s 2 are each reenacted and amended to read as follows:

18 (1) When authorized by the department, payment of the tax may be
19 made by uncertified check under such rules as the department
20 prescribes, but, if a check so received is not paid by the bank on
21 which it is drawn, the taxpayer, by whom such check is tendered, will
22 remain liable for payment of the tax and for all legal penalties and
23 interest, the same as if such check had not been tendered.

24 (2)(a) Except as otherwise provided in this subsection, payment of
25 the tax must be made by electronic funds transfer, as defined in RCW
26 82.32.085. As an alternative to electronic funds transfer, the
27 department may authorize other forms of electronic payment, such as
28 payment by credit card. All taxes administered by this chapter are
29 subject to this requirement, except that the department may exclude any
30 taxes not reported on the combined excise tax return or any successor
31 return from the electronic payment requirement in this subsection.

32 (b) The department may waive the electronic payment requirement in
33 this subsection for any taxpayer or class of taxpayers, for good cause
34 or for whom the department has assigned a reporting frequency that is
35 less than quarterly. In the discretion of the department, a waiver
36 under this subsection may be made temporary or permanent, and may be
37 made on the department's own motion.

1 (c) The department is authorized to accept payment of taxes by
2 electronic funds transfer or other acceptable forms of electronic
3 payment from taxpayers that are not subject to the mandatory electronic
4 payment requirements in this subsection.

5 (3)(a) Except as otherwise provided in this subsection, returns
6 must be filed electronically using the department's online tax filing
7 service or other method of electronic reporting as the department may
8 authorize.

9 (b) The department may waive the electronic filing requirement in
10 this subsection for any taxpayer or class of taxpayers, for good cause
11 or for whom the department has assigned a reporting frequency that is
12 less than quarterly. In the discretion of the department, a waiver
13 under this subsection may be made temporary or permanent, and may be
14 made on the department's own motion.

15 (c) The department is authorized to allow electronic filing of
16 returns from taxpayers that are not subject to the mandatory electronic
17 filing requirements in this subsection.

18 (4)(a)(i) The department, for good cause shown, may extend the time
19 for making and filing any return, and may grant such reasonable
20 additional time within which to make and file returns as it may deem
21 proper, but any permanent extension granting the taxpayer a reporting
22 date without penalty more than ten days beyond the due date, and any
23 extension in excess of thirty days must be conditional on deposit with
24 the department of an amount to be determined by the department which is
25 approximately equal to the estimated tax liability for the reporting
26 period or periods for which the extension is granted. In the case of
27 a permanent extension or a temporary extension of more than thirty days
28 the deposit must be deposited within the state treasury with other tax
29 funds and a credit recorded to the taxpayer's account which may be
30 applied to taxpayer's liability upon cancellation of the permanent
31 extension or upon reporting of the tax liability where an extension of
32 more than thirty days has been granted.

33 (ii) The department must review the requirement for deposit at
34 least annually and may require a change in the amount of the deposit
35 required when it believes that such amount does not approximate the tax
36 liability for the reporting period or periods for which the extension
37 is granted.

1 (b) During a state of emergency declared under RCW 43.06.010(12),
2 the department, on its own motion or at the request of any taxpayer
3 affected by the emergency, may extend the time for making or filing any
4 return as the department deems proper. The department may not require
5 any deposit as a condition for granting an extension under this
6 subsection (4)(b).

7 (5) The department must keep full and accurate records of all funds
8 received and disbursed by it. Subject to the provisions of RCW
9 82.32.105, 82.32.052, section 401 of this act, and 82.32.350, the
10 department must apply the payment of the taxpayer first against
11 (~~penalties and~~) interest, penalties, fees, and other nontax amounts,
12 and then upon the tax, without regard to any direction of the taxpayer.

13 (6) The department may refuse to accept any return that is not
14 accompanied by a remittance of the tax shown to be due thereon or that
15 is not filed electronically as required in this section. When such
16 return is not accepted, the taxpayer is deemed to have failed or
17 refused to file a return and is subject to the procedures provided in
18 RCW 82.32.100 and to the penalties provided in RCW 82.32.090. The
19 above authority to refuse to accept a return may not apply when a
20 return is timely filed electronically and a timely payment has been
21 made by electronic funds transfer or other form of electronic payment
22 as authorized by the department.

23 (7) Except for returns and remittances required to be transmitted
24 to the department electronically under this section and except as
25 otherwise provided in this chapter, a return or remittance that is
26 transmitted to the department by United States mail is deemed filed or
27 received on the date shown by the post office cancellation mark stamped
28 upon the envelope containing it. A return or remittance that is
29 transmitted to the department electronically is deemed filed or
30 received according to procedures set forth by the department.

31 (8)(a) For purposes of subsections (2) and (3) of this section,
32 "good cause" means the inability of a taxpayer to comply with the
33 requirements of subsection (2) or (3) of this section because:

34 (i) The taxpayer does not have the equipment or software necessary
35 to enable the taxpayer to comply with subsection (2) or (3) of this
36 section;

37 (ii) The equipment or software necessary to enable the taxpayer to

1 comply with subsection (2) or (3) of this section is not functioning
2 properly;

3 (iii) The taxpayer does not have access to the internet using the
4 taxpayer's own equipment;

5 (iv) The taxpayer does not have a bank account or a credit card;

6 (v) The taxpayer's bank is unable to send or receive electronic
7 funds transfer transactions; or

8 (vi) Some other circumstance or condition exists that, in the
9 department's judgment, prevents the taxpayer from complying with the
10 requirements of subsection (2) or (3) of this section.

11 (b) "Good cause" also includes any circumstance that, in the
12 department's judgment, supports the efficient or effective
13 administration of the tax laws of this state, including providing
14 relief from the requirements of subsection (2) or (3) of this section
15 to any taxpayer that is voluntarily collecting and remitting this
16 state's sales or use taxes on sales to Washington customers but has no
17 legal requirement to be registered with the department.

18 **PART V**

19 **PROHIBITING DELINQUENT TAXPAYERS FROM RENEWING LIQUOR LICENSES**

20 NEW SECTION. **Sec. 501.** A new section is added to chapter 82.32
21 RCW to read as follows:

22 (1) When a taxpayer holds a license from the liquor control board
23 and is in arrears for the payment of a tax warrant, the department may
24 request that the liquor control board not renew any such license the
25 next time the license is up for renewal.

26 (2)(a) For purposes of this section, a taxpayer is in arrears for
27 the payment of a tax warrant if:

28 (i) The department has issued a tax warrant against the taxpayer
29 under RCW 82.32.210 for any unpaid tax, fee, penalty, or other
30 liability;

31 (ii) The tax warrant was filed with the superior court;

32 (iii) The tax warrant remains unpaid; and

33 (iv) The taxpayer either has not entered into an agreement
34 satisfactory to the department to pay the tax warrant in full or is in
35 default of such an agreement.

1 (b) A taxpayer is also in arrears for the payment of a tax warrant
2 if the taxpayer is liable as a successor under RCW 82.32.140 to a
3 person against whom the department has filed a tax warrant, if that tax
4 warrant remains unpaid and the successor has either not entered into an
5 agreement satisfactory to the department to pay the tax warrant in full
6 or is in default of such an agreement. However, the department may not
7 request that the liquor control board not renew the taxpayer's license
8 during the pendency of any administrative or judicial proceeding to
9 contest the taxpayer's liability as a successor.

10 (3)(a) The department must notify the taxpayer in writing of the
11 department's intent to request that the liquor control board not renew
12 the taxpayer's license.

13 (b)(i) A taxpayer may request a brief adjudicative proceeding as
14 provided in chapter 34.05 RCW to contest the department's intent to
15 request that the liquor control board not renew the taxpayer's license.
16 The only issue that may be considered at the brief adjudicative
17 proceeding is whether the taxpayer is noncompliant in the payment of a
18 tax warrant.

19 (ii) The department must receive the taxpayer's request for a brief
20 adjudicative proceeding in writing within twenty days of the date of
21 the department's written notification under (a) of this subsection.

22 (iii) Upon receipt of a written request for a brief adjudicative
23 proceeding, the department will stay the request that the liquor
24 control board not renew the taxpayer's license pending the outcome of
25 the brief adjudicative proceeding, including any departmental review of
26 the order resulting from the proceeding. If the brief adjudicative
27 proceeding is resolved against the taxpayer and the taxpayer remains in
28 arrears for the payment of a tax warrant, the department may
29 immediately request that the liquor control board not renew the
30 taxpayer's license as provided in subsection (1) of this section.

31 (iv) If the taxpayer does not request a brief adjudicative
32 proceeding within the time provided in (b)(ii) of this subsection (3)
33 and the taxpayer remains in arrears for the payment of a tax warrant,
34 the department may immediately request that the liquor control board
35 not renew the taxpayer's license the next time the license is up for
36 renewal.

37 (c) The procedures in this subsection constitute the exclusive

1 administrative remedy for contesting that a taxpayer is in arrears for
2 the payment of a tax warrant and the denial of a license renewal
3 pursuant to a request made by the department under this section.

4 (4) If, after the department has requested that the liquor control
5 board not renew a taxpayer's license, the circumstances that caused the
6 department to request the liquor control board not renew the taxpayer's
7 license no longer exist, the department will notify the liquor control
8 board that it has withdrawn its request that the board not renew the
9 taxpayer's license.

10 (5) For the purposes of this section "license" means all licenses
11 issued to the taxpayer under chapter 66.24 RCW.

12 **Sec. 502.** RCW 66.24.010 and 2011 c 195 s 1 are each amended to
13 read as follows:

14 (1) Every license (~~shall~~) must be issued in the name of the
15 applicant, and the holder thereof (~~shall~~) may not allow any other
16 person to use the license.

17 (2) For the purpose of considering any application for a license,
18 or the renewal of a license, the board may cause an inspection of the
19 premises to be made, and may inquire into all matters in connection
20 with the construction and operation of the premises. For the purpose
21 of reviewing any application for a license and for considering the
22 denial, suspension, revocation, or renewal or denial thereof, of any
23 license, the liquor control board may consider any prior criminal
24 conduct of the applicant including an administrative violation history
25 record with the board and a criminal history record information check.
26 The board may submit the criminal history record information check to
27 the Washington state patrol and to the identification division of the
28 federal bureau of investigation in order that these agencies may search
29 their records for prior arrests and convictions of the individual or
30 individuals who filled out the forms. The board (~~shall~~) must require
31 fingerprinting of any applicant whose criminal history record
32 information check is submitted to the federal bureau of investigation.
33 The provisions of RCW 9.95.240 and (~~of~~) chapter 9.96A RCW (~~shall~~)
34 do not apply to such cases. Subject to the provisions of this section,
35 the board may, in its discretion, grant or deny the renewal or license
36 applied for. Denial may be based on, without limitation, the existence
37 of chronic illegal activity documented in objections submitted pursuant

1 to subsections (8)(d) and (12) of this section. Authority to approve
2 an uncontested or unopposed license may be granted by the board to any
3 staff member the board designates in writing. Conditions for granting
4 such authority (~~shall~~) must be adopted by rule. No retail license of
5 any kind may be issued to:

6 (a) A person doing business as a sole proprietor who has not
7 resided in the state for at least one month prior to receiving a
8 license, except in cases of licenses issued to dining places on
9 railroads, boats, or aircraft;

10 (b) A copartnership, unless all of the members thereof are
11 qualified to obtain a license, as provided in this section;

12 (c) A person whose place of business is conducted by a manager or
13 agent, unless such manager or agent possesses the same qualifications
14 required of the licensee;

15 (d) A corporation or a limited liability company, unless it was
16 created under the laws of the state of Washington or holds a
17 certificate of authority to transact business in the state of
18 Washington.

19 (3)(a) The board may, in its discretion, subject to the provisions
20 of RCW 66.08.150, suspend or cancel any license; and all rights of the
21 licensee to keep or sell liquor thereunder (~~shall~~) must be suspended
22 or terminated, as the case may be.

23 (b) The board (~~shall~~) must immediately suspend the license or
24 certificate of a person who has been certified pursuant to RCW
25 74.20A.320 by the department of social and health services as a person
26 who is not in compliance with a support order. If the person has
27 continued to meet all other requirements for reinstatement during the
28 suspension, reissuance of the license or certificate (~~shall be~~) is
29 automatic upon the board's receipt of a release issued by the
30 department of social and health services stating that the licensee is
31 in compliance with the order.

32 (c) The board may request the appointment of administrative law
33 judges under chapter 34.12 RCW who (~~shall~~) must have power to
34 administer oaths, issue subpoenas for the attendance of witnesses and
35 the production of papers, books, accounts, documents, and testimony,
36 examine witnesses, and to receive testimony in any inquiry,
37 investigation, hearing, or proceeding in any part of the state, under
38 such rules and regulations as the board may adopt.

1 (d) Witnesses (~~shall~~) must be allowed fees and mileage each way
2 to and from any such inquiry, investigation, hearing, or proceeding at
3 the rate authorized by RCW 34.05.446. Fees need not be paid in advance
4 of appearance of witnesses to testify or to produce books, records, or
5 other legal evidence.

6 (e) In case of disobedience of any person to comply with the order
7 of the board or a subpoena issued by the board, or any of its members,
8 or administrative law judges, or on the refusal of a witness to testify
9 to any matter regarding which he or she may be lawfully interrogated,
10 the judge of the superior court of the county in which the person
11 resides, on application of any member of the board or administrative
12 law judge, (~~shall~~) must compel obedience by contempt proceedings, as
13 in the case of disobedience of the requirements of a subpoena issued
14 from said court or a refusal to testify therein.

15 (4) Upon receipt of notice of the suspension or cancellation of a
16 license, the licensee (~~shall forthwith~~) must immediately deliver up
17 the license to the board. Where the license has been suspended only,
18 the board (~~shall~~) must return the license to the licensee at the
19 expiration or termination of the period of suspension. The board
20 (~~shall~~) must notify all vendors in the city or place where the
21 licensee has its premises of the suspension or cancellation of the
22 license; and no employee may allow or cause any liquor to be delivered
23 to or for any person at the premises of that licensee.

24 (5)(a) At the time of the original issuance of a spirits, beer, and
25 wine restaurant license, the board (~~shall~~) must prorate the license
26 fee charged to the new licensee according to the number of calendar
27 quarters, or portion thereof, remaining until the first renewal of that
28 license is required.

29 (b) Unless sooner canceled, every license issued by the board
30 (~~shall~~) expires at midnight of the thirtieth day of June of the
31 fiscal year for which it was issued. However, if the board deems it
32 feasible and desirable to do so, it may establish, by rule pursuant to
33 chapter 34.05 RCW, a system for staggering the annual renewal dates for
34 any and all licenses authorized by this chapter. If such a system of
35 staggered annual renewal dates is established by the board, the license
36 fees provided by this chapter (~~shall~~) must be appropriately prorated
37 during the first year that the system is in effect.

1 (6) Every license issued under this section (~~shall be~~) is subject
2 to all conditions and restrictions imposed by this title or by rules
3 adopted by the board. All conditions and restrictions imposed by the
4 board in the issuance of an individual license may be listed on the
5 face of the individual license along with the trade name, address, and
6 expiration date. Conditions and restrictions imposed by the board may
7 also be included in official correspondence separate from the license.

8 (7) Every licensee (~~shall~~) must post and keep posted its license,
9 or licenses, and any additional correspondence containing conditions
10 and restrictions imposed by the board in a conspicuous place on the
11 premises.

12 (8)(a) Unless (b) of this subsection applies, before the board
13 issues a new or renewal license to an applicant it (~~shall~~) must give
14 notice of such application to the chief executive officer of the
15 incorporated city or town, if the application is for a license within
16 an incorporated city or town, or to the county legislative authority,
17 if the application is for a license outside the boundaries of
18 incorporated cities or towns.

19 (b) If the application for a special occasion license is for an
20 event held during a county, district, or area fair as defined by RCW
21 15.76.120, and the county, district, or area fair is located on
22 property owned by the county but located within an incorporated city or
23 town, the county legislative authority (~~shall~~) must be the entity
24 notified by the board under (a) of this subsection. The board
25 (~~shall~~) must send a duplicate notice to the incorporated city or town
26 within which the fair is located.

27 (c) The incorporated city or town through the official or employee
28 selected by it, or the county legislative authority or the official or
29 employee selected by it, (~~shall have~~) has the right to file with the
30 board within twenty days after the date of transmittal of such notice
31 for applications, or at least thirty days prior to the expiration date
32 for renewals, written objections against the applicant or against the
33 premises for which the new or renewal license is asked. The board may
34 extend the time period for submitting written objections.

35 (d) The written objections (~~shall~~) must include a statement of
36 all facts upon which such objections are based, and in case written
37 objections are filed, the city or town or county legislative authority
38 may request and the liquor control board may in its discretion hold a

1 hearing subject to the applicable provisions of Title 34 RCW. If the
2 board makes an initial decision to deny a license or renewal based on
3 the written objections of an incorporated city or town or county
4 legislative authority, the applicant may request a hearing subject to
5 the applicable provisions of Title 34 RCW. If such a hearing is held
6 at the request of the applicant, liquor control board representatives
7 (~~shall~~) must present and defend the board's initial decision to deny
8 a license or renewal.

9 (e) Upon the granting of a license under this title the board
10 (~~shall~~) must send written notification to the chief executive officer
11 of the incorporated city or town in which the license is granted, or to
12 the county legislative authority if the license is granted outside the
13 boundaries of incorporated cities or towns. When the license is for a
14 special occasion license for an event held during a county, district,
15 or area fair as defined by RCW 15.76.120, and the county, district, or
16 area fair is located on county-owned property but located within an
17 incorporated city or town, the written notification (~~shall~~) must be
18 sent to both the incorporated city or town and the county legislative
19 authority.

20 (9)(a) Before the board issues any license to any applicant, it
21 (~~shall~~) must give (i) due consideration to the location of the
22 business to be conducted under such license with respect to the
23 proximity of churches, schools, and public institutions and (ii)
24 written notice, with receipt verification, of the application to public
25 institutions identified by the board as appropriate to receive such
26 notice, churches, and schools within five hundred feet of the premises
27 to be licensed. The board (~~shall~~) may not issue a liquor license for
28 either on-premises or off-premises consumption covering any premises
29 not now licensed, if such premises are within five hundred feet of the
30 premises of any tax-supported public elementary or secondary school
31 measured along the most direct route over or across established public
32 walks, streets, or other public passageway from the main entrance of
33 the school to the nearest public entrance of the premises proposed for
34 license, and if, after receipt by the school of the notice as provided
35 in this subsection, the board receives written objection, within twenty
36 days after receiving such notice, from an official representative or
37 representatives of the school within five hundred feet of said proposed
38 licensed premises, indicating to the board that there is an objection

1 to the issuance of such license because of proximity to a school. The
2 board may extend the time period for submitting objections. For the
3 purpose of this section, "church" means a building erected for and used
4 exclusively for religious worship and schooling or other activity in
5 connection therewith. For the purpose of this section, "public
6 institution" means institutions of higher education, parks, community
7 centers, libraries, and transit centers.

8 (b) No liquor license may be issued or reissued by the board to any
9 motor sports facility or licensee operating within the motor sports
10 facility unless the motor sports facility enforces a program reasonably
11 calculated to prevent alcohol or alcoholic beverages not purchased
12 within the facility from entering the facility and such program is
13 approved by local law enforcement agencies.

14 (c) It is the intent under this subsection (9) that a retail
15 license (~~shall~~) may not be issued by the board where doing so would,
16 in the judgment of the board, adversely affect a private school meeting
17 the requirements for private schools under Title 28A RCW, which school
18 is within five hundred feet of the proposed licensee. The board
19 (~~shall~~) must fully consider and give substantial weight to objections
20 filed by private schools. If a license is issued despite the proximity
21 of a private school, the board (~~shall~~) must state in a letter
22 addressed to the private school the board's reasons for issuing the
23 license.

24 (10) The restrictions set forth in subsection (9) of this section
25 (~~shall~~) do not prohibit the board from authorizing the assumption of
26 existing licenses now located within the restricted area by other
27 persons or licenses or relocations of existing licensed premises within
28 the restricted area. In no case may the licensed premises be moved
29 closer to a church or school than it was before the assumption or
30 relocation.

31 (11)(a) Nothing in this section prohibits the board, in its
32 discretion, from issuing a temporary retail or distributor license to
33 an applicant to operate the retail or distributor premises during the
34 period the application for the license is pending. The board may
35 establish a fee for a temporary license by rule.

36 (b) A temporary license issued by the board under this section
37 (~~shall be for a period~~) may not (~~to~~) exceed sixty days. A

1 temporary license may be extended at the discretion of the board for
2 additional periods of sixty days upon payment of an additional fee and
3 upon compliance with all conditions required in this section.

4 (c) Refusal by the board to issue or extend a temporary license
5 (~~shall~~) does not entitle the applicant to request a hearing. A
6 temporary license may be canceled or suspended summarily at any time if
7 the board determines that good cause for cancellation or suspension
8 exists. RCW 66.08.130 applies to temporary licenses.

9 (d) Application for a temporary license (~~shall~~) must be on such
10 form as prescribed by the board (~~shall prescribe~~). If an application
11 for a temporary license is withdrawn before issuance or is refused by
12 the board, the fee which accompanied such application (~~shall~~) must be
13 refunded in full.

14 (12) In determining whether to grant or deny a license or renewal
15 of any license, the board (~~shall~~) must give substantial weight to
16 objections from an incorporated city or town or county legislative
17 authority based upon chronic illegal activity associated with the
18 applicant's operations of the premises proposed to be licensed or the
19 applicant's operation of any other licensed premises, or the conduct of
20 the applicant's patrons inside or outside the licensed premises.
21 "Chronic illegal activity" means (a) a pervasive pattern of activity
22 that threatens the public health, safety, and welfare of the city,
23 town, or county including, but not limited to, open container
24 violations, assaults, disturbances, disorderly conduct, or other
25 criminal law violations, or as documented in crime statistics, police
26 reports, emergency medical response data, calls for service, field
27 data, or similar records of a law enforcement agency for the city,
28 town, county, or any other municipal corporation or any state agency;
29 or (b) an unreasonably high number of citations for violations of RCW
30 46.61.502 associated with the applicant's or licensee's operation of
31 any licensed premises as indicated by the reported statements given to
32 law enforcement upon arrest.

33 (13) Upon request of the department of revenue as provided in
34 section 501 of this act, the board must not renew the license of a
35 person that is in arrears for the payment of a tax warrant or issue a
36 new license to such person. Upon the board's receipt of notification
37 from the department of revenue that the department has withdrawn its

1 request to the board not to renew the person's license, the board may
2 renew the person's license, or issue a new license to such person, in
3 accordance with this chapter.

4 **PART VI**

5 **SELLING UNCLAIMED SECURITIES AS SOON AS PRACTICABLE UPON RECEIPT**

6 **Sec. 601.** RCW 63.29.220 and 2005 c 367 s 4 are each amended to
7 read as follows:

8 (1) Except as otherwise provided in (~~subsections (2) and (3) of~~)
9 this section, the department, within five years after the receipt of
10 abandoned property, (~~shall~~) must sell it to the highest bidder at
11 public sale in whatever city in the state affords in the judgment of
12 the department the most favorable market for the property involved.
13 The department may decline the highest bid and reoffer the property for
14 sale if, in the judgment of the department, the bid is insufficient.
15 If, in the judgment of the department, the probable cost of sale
16 exceeds the value of the property, it need not be offered for sale.
17 Any sale held under this (~~section~~) subsection must be preceded by a
18 single publication of notice, at least three weeks in advance of sale,
19 in a newspaper of general circulation in the county in which the
20 property is to be sold.

21 (2)(a) Except as otherwise provided in this subsection (2)(a), the
22 department must sell all securities delivered to the department as
23 required by this chapter as soon as practicable, in the judgment of the
24 department, after receipt by the department. However, this subsection
25 does not apply with respect to any securities that, in the judgment of
26 the department, cannot be sold, are worthless, or are not cost-
27 effective to sell.

28 (b) Securities listed on an established stock exchange must be sold
29 at prices prevailing at the time of sale on the exchange. Other
30 securities may be sold over the counter at prices prevailing at the
31 time of sale or by any other method the department considers advisable.
32 All securities may be sold over the counter at prices prevailing at the
33 time of the sale, or by any other method the department deems
34 advisable.

35 (~~(3) Unless the department considers it to be in the best interest~~

1 of the state to do otherwise, all securities, other than those presumed
2 abandoned under RCW 63.29.100, delivered to the department must be held
3 for at least one year before being sold.

4 ~~(4) Unless the department considers it to be in the best interest
5 of the state to do otherwise, all securities presumed abandoned under
6 RCW 63.29.100 and delivered to the department must be held for at least
7 three years before being sold. If the department sells any securities
8 delivered pursuant to RCW 63.29.100 before the expiration of the three-
9 year period, any person making a claim pursuant to this chapter before
10 the end of the three year period is entitled to either the proceeds of
11 the sale of the securities or the market value of the securities at the
12 time the claim is made, whichever amount is greater, less any deduction
13 for fees pursuant to RCW 63.29.230(2).)~~

14 (c)(i) Except as otherwise provided in this subsection (2)(c), a
15 person making a claim under this chapter ((after the expiration of this
16 period is)) with respect to securities is only entitled to receive
17 ((either the securities delivered to the department by the holder, if
18 they still remain in the hands of the department, or)) the proceeds
19 received from sale, less any amounts deducted pursuant to RCW
20 63.29.230(2)((, but)), even if the sale of the securities has not been
21 completed at the time the department receives the claim. However, if
22 the department receives a claim for securities and the department has
23 not ordered those securities to be sold as of the time the claim is
24 received by the department, the claimant is entitled to receive either
25 the securities delivered to the department by the holder, or the
26 proceeds received from the sale, less any amounts deducted pursuant to
27 RCW 63.29.230(2).

28 (ii) With respect to securities that, in the judgment of the
29 department, cannot be sold or are not cost-effective to sell and that
30 remain in the possession of the department, a person making a claim
31 under this chapter is only entitled to receive the securities delivered
32 to the department by the holder.

33 (d) No person has any claim under this chapter against the state,
34 the holder, any transfer agent, registrar, or other person acting for
35 or on behalf of a holder for or on account of any appreciation or
36 depreciation in the value of the property occurring after delivery by
37 the holder to the department.

1 (4) Any holder who pays the owner for property that has been
2 delivered to the state and which, if claimed from the department, would
3 be subject to subsection (3) of this section (~~shall~~) must add
4 interest as provided in subsection (3) of this section. The added
5 interest must be repaid to the holder by the department in the same
6 manner as the principal.

7 **PART VII**
8 **MISCELLANEOUS**

9 NEW SECTION. **Sec. 701.** (1) The interest rate provisions of
10 sections 101 through 108 of this act apply only to interest imposed or
11 allowed after December 31, 2012, regardless of whether the interest
12 relates to tax liabilities incurred or overpayments made on or before
13 December 31, 2012.

14 (2) The provisions in sections 101 through 108 of this act that
15 reduce the time period for granting credits and refunds of state taxes
16 apply only to:

17 (a) Overpayments discovered by the department of revenue after
18 December 31, 2012, regardless of whether the overpayment was made
19 after, on, or before that date;

20 (b) Applications for credit or refund, including amended tax
21 returns, submitted to the department of revenue after December 31,
22 2012, regardless of whether the overpayments or purported overpayments
23 were made on or before that date; and

24 (c) Applications for credit or refund submitted to the department
25 of revenue before January 1, 2013, but only if sufficient documentation
26 is not provided to the department of revenue by December 31, 2012, to
27 substantiate the claim for credit or refund.

28 NEW SECTION. **Sec. 702.** The fees imposed in sections 301 and 302
29 of this act apply only with respect to applications received under RCW
30 82.32.780 or 82.32.783 on or after July 1, 2012, as well as to reseller
31 permits issued by the department under RCW 82.32.780(2) or 82.32.783(2)
32 on or after July 1, 2012.

33 NEW SECTION. **Sec. 703.** The fee imposed in section 401 of this act

1 applies to assessments, invoices, warrants, or other notices of
2 deficiency issued by the department of revenue on or after July 1,
3 2012, regardless of when the underlying liability accrued.

4 NEW SECTION. **Sec. 704.** (1) Section 601(2)(a) of this act applies
5 with respect to securities the department of revenue holds as of the
6 effective date of this section as well as securities delivered to the
7 department of revenue after the effective date of this section.

8 (2) Section 601(2)(c)(i) of this act applies with respect to claims
9 received by the department of revenue on or after the effective date of
10 this section.

11 NEW SECTION. **Sec. 705.** If any provision of this act or its
12 application to any person or circumstance is held invalid, the
13 remainder of the act or the application of the provision to other
14 persons or circumstances is not affected.

15 NEW SECTION. **Sec. 706.** (1) Except as otherwise provided in this
16 section, this act takes effect July 1, 2012.

17 (2) Sections 601 and 602 of this act are necessary for the
18 immediate preservation of the public peace, health, or safety, or
19 support of the state government and its existing public institutions,
20 and take effect immediately.

21 (3) Sections 101 through 108 of this act take effect January 1,
22 2013.

23 NEW SECTION. **Sec. 707.** Section 108 of this act expires July 1,
24 2013.

--- END ---