

SENATE BILL REPORT

SB 6412

As Reported by Senate Committee On:
Ways & Means, February 5, 2014

Title: An act relating to tax, penalty, and interest assessments on claims for collection of sales tax debt.

Brief Description: Concerning tax, penalty, and interest assessments on claims for collection of sales tax debt.

Sponsors: Senators Cleveland, Rolfes, Hasegawa, Chase, Ranker, Braun and Kline.

Brief History:

Committee Activity: Ways & Means: 2/04/14, 2/05/14 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6412 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Bailey, Becker, Billig, Braun, Conway, Dammeier, Fraser, Frockt, Hasegawa, Hatfield, Hewitt, Kohl-Welles, Padden, Parlette, Rivers, Schoesler and Tom.

Staff: Dean Carlson (786-7305)

Background: Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value of the property, digital product, or service when used in this state. The state, most cities, and all counties levy retail sales and use taxes.

The sales tax must be paid by the buyer to the seller. The sales tax constitutes a debt from the buyer to the seller. The sales tax is held in trust by the seller until it is paid to the Department of Revenue (DOR).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill (Recommended Substitute): A seller cannot make a claim for unpaid sales tax against a buyer longer than the statutory period for assessment of taxes, penalties, or interest, which is the current year plus four additional calendar years. The unpaid sales tax debt continues until the tax is paid by the seller to DOR.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): In the case when a seller gets an assessment at the end of the year, provisions are made so that they do not lose a year of assessing a buyer.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: This bill was brought to me by a constituent. A seller in Oregon made a sale to a Washington buyer in which sales tax was not collected and went to recoup the sales tax from the buyer at a later date. It brought to light that there was no statute of limitations for a seller to collect sales tax from a buyer. This puts in the same statute of limitations that DOR has in auditing a seller.

Persons Testifying: PRO: Senator Cleveland, prime sponsor.

OTHER: Kate Adams, DOR; Brett Durbin, Ridell Williams, citizens.