
SENATE BILL 6379

State of Washington

63rd Legislature

2014 Regular Session

By Senator Hill

Read first time 01/23/14. Referred to Committee on Ways & Means.

1 AN ACT Relating to the period of time the department of revenue
2 must grant or deny a refund request; and amending RCW 82.32.060.

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

4 **Sec. 1.** RCW 82.32.060 and 2009 c 176 s 4 are each amended to read
5 as follows:

6 (1) If, upon receipt of an application by a taxpayer for a refund
7 or for an audit of the taxpayer's records, or upon an examination of
8 the returns or records of any taxpayer, it is determined by the
9 department that within the statutory period for assessment of taxes,
10 penalties, or interest prescribed by RCW 82.32.050 any amount of tax,
11 penalty, or interest has been paid in excess of that properly due, the
12 excess amount paid within, or attributable to, such period must be
13 credited to the taxpayer's account or must be refunded to the taxpayer,
14 at the taxpayer's option. Except as provided in subsection (2) of this
15 section, no refund or credit may be made for taxes, penalties, or
16 interest paid more than four years prior to the beginning of the
17 calendar year in which the refund application is made or examination of
18 records is completed.

1 (2)(a) The execution of a written waiver under RCW 82.32.050 or
2 82.32.100 will extend the time for making a refund or credit of any
3 taxes paid during, or attributable to, the years covered by the waiver
4 if, prior to the expiration of the waiver period, an application for
5 refund of such taxes is made by the taxpayer or the department
6 discovers a refund or credit is due.

7 (b) A refund or credit must be allowed for an excess payment
8 resulting from the failure to claim a bad debt deduction, credit, or
9 refund under RCW 82.04.4284, 82.08.037, 82.12.037, 82.14B.150, or
10 82.16.050(5) for debts that became bad debts under 26 U.S.C. Sec. 166,
11 as amended or renumbered as of January 1, 2003, less than four years
12 prior to the beginning of the calendar year in which the refund
13 application is made or examination of records is completed.

14 (3)(a) The department must make a judgment of any refund request
15 made by a taxpayer, to either grant or deny the request, within ninety
16 days of receiving the application for refund, unless one of the
17 following exceptions applies:

18 (i) The basis for the refund is currently being litigated in court
19 by the taxpayer or by another taxpayer with similar circumstances;

20 (ii) The basis for the refund request is an issue of first
21 impression for which the department reasonably needs additional time to
22 review; or

23 (iii) The department and taxpayer mutually agree to extend the
24 ninety day period for a specified term.

25 (b) As required by RCW 82.32.070, a taxpayer has an obligation to
26 retain and provide documentation necessary to substantiate a refund
27 request. The ninety day deadline established in (a) of this subsection
28 is tolled for any period in which the taxpayer fails to provide
29 necessary records after being informed by the department of the need
30 for additional records and the nature of such documentation.

31 (c) Any time a refund is delayed beyond ninety days by the
32 exceptions allowed under (a) or (b) of this subsection, the department
33 must notify the taxpayer of the reason for the delay citing one of the
34 exceptions in (a) or (b) of this subsection.

35 (4) Any such refunds must be made by means of vouchers approved by
36 the department and by the issuance of state warrants drawn upon and
37 payable from such funds as the legislature may provide. However,
38 taxpayers who are required to pay taxes by electronic funds transfer

1 under RCW 82.32.080 must have any refunds paid by electronic funds
2 transfer if the department has the necessary account information to
3 facilitate a refund by electronic funds transfer.

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

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

19 (b) For refunds or credits of amounts paid or other recovery
20 allowed to a taxpayer after December 31, 1991, the rate of interest
21 must be the rate as computed for assessments under RCW 82.32.050(2)
22 less one percent. This rate of interest applies for all interest
23 allowed through December 31, 1998. Interest allowed after December 31,
24 1998, must be computed at the rate as computed under RCW 82.32.050(2).
25 The rate so computed must be adjusted on the first day of January of
26 each year for use in computing interest for that calendar year.

27 ~~((+5))~~ (6) Interest allowed on a credit notice or refund issued
28 after December 31, 2003, must be computed as follows:

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

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

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

37 (b) If the taxpayer has not made all overpayments for each calendar
38 year and all reporting periods ending with the final month included in

1 a notice or refund on or before the dates specified by RCW 82.32.045
2 for the final return for each calendar year or the final month included
3 in the notice or refund, interest must be computed from the last day of
4 the month following the date on which payment in full of the
5 liabilities was made for each calendar year included in a notice or
6 refund, and the last day of the month following the date on which
7 payment in full of the liabilities was made if the final month included
8 in a notice or refund is not the end of a calendar year.

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

--- END ---