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**Finance Committee**

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**HB 2540**

**Brief Description:** Modifying the penalty for taxpayers that do not submit an annual survey or report.

**Sponsors:** Representatives Nealey, Tharinger, Harris, Walsh, Ryu, Griffey, Hayes, Manweller, Pike, Smith, Stokesbary, MacEwen, Van De Wege, Johnson, Magendanz, Wilson, McBride, Hargrove, Schmick, Pollet and Van Werven.

**Brief Summary of Bill**

- Reduces the penalty for failure to submit an annual survey or report from 100 percent of the tax preference claimed to 10 percent.

**Hearing Date:** 2/2/16

**Staff:** Dominique Meyers (786-7150).

**Background:**

Over the last 10 years, the Legislature has required taxpayers to file the Annual Survey (Survey) or the Annual Report (Report) in order to qualify for a variety of new economic development related tax preferences, or in some cases, when extending existing economic development related preferences. There are currently 32 economic development-related tax preferences that require one of these supplemental filings. While the Report and the Survey are similar in that both documents require the annual reporting of employment and wage information, there are differences in some of the required information that must be provided by a taxpayer.

A taxpayer that qualifies for a preference but does not submit the survey or report is subject to a penalty of 100 percent of the tax preference claimed. In addition to the penalty, interest applies.

**Summary of Bill:**

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*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.*

The penalty for both the survey and report is reduced from 100 percent to 10 percent of the tax preference claimed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** This act takes effect July 1, 2016; it is also takes effect retroactively for a taxpayer who has filed an appeal regarding taxes, penalties and interest before January 1, 2016, and the appeal is pending before the department of revenue or board of tax appeals as of the effective date of this act.