

FINAL BILL REPORT

ESHB 2540

C 175 L 16
Synopsis as Enacted

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

Sponsors: House Committee on Finance (originally sponsored by 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).

House Committee on Finance
Senate Committee on Ways & Means

Background:

Taxpayers must file the Annual Tax Incentive Survey (Survey) or the Annual Tax Incentive 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. Both the Report and Survey are due on April 30, unless a taxpayer is granted an extension. The Department of Revenue's (DOR's) annual descriptive statistics report, summarizing Survey and Report data, is due December 1.

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:

Beginning July, the penalty for failure to submit a Survey or Report is reduced from 100 percent of the tax preference claimed to 35 percent for the first time a taxpayer is assessed a penalty for failing to submit the Survey or Report, with an additional 15-percent penalty for failure to submit any future Survey or Report for the same tax preference. For a taxpayer who has filed an appeal regarding taxes, penalties, and interest for failure to file a Survey or

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Report, before January 1, 2016, and the appeal is pending before the DOR or Washington State Board of Tax Appeals as of July 1, 2016, the penalty is 35 percent of the amount of tax preference claimed for any calendar year in which an annual Survey or Report was not submitted for the same tax preference.

The authorization for the DOR to apply interest to penalties for failure to submit a Survey or Report is removed.

The due date for submitting the annual Survey or Report is May 31. The due date for the DOR descriptive statistics report is December 31.

Votes on Final Passage:

House	98	0
Senate	47	0

Effective: July 1, 2016