
SENATE BILL 5113

State of Washington

65th Legislature

2017 Regular Session

By Senators Braun, Ranker, and Hunt; by request of Office of
Financial Management

Read first time 01/12/17. Referred to Committee on Ways & Means.

1 AN ACT Relating to investing in education by modifying the
2 business and occupation tax and providing small business tax relief;
3 amending RCW 82.32.045, 82.04.4451, and 82.04.29002; creating a new
4 section; providing an effective date; and declaring an emergency.

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

6 **Sec. 1.** RCW 82.32.045 and 2010 1st sp.s. c 23 s 1103 are each
7 amended to read as follows:

8 (1) Except as otherwise provided in this chapter, payments of the
9 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16
10 RCW, along with reports and returns on forms prescribed by the
11 department, are due monthly within twenty-five days after the end of
12 the month in which the taxable activities occur.

13 (2) The department of revenue may relieve any taxpayer or class
14 of taxpayers from the obligation of remitting monthly and may require
15 the return to cover other longer reporting periods, but in no event
16 may returns be filed for a period greater than one year. For these
17 taxpayers, tax payments are due on or before the last day of the
18 month next succeeding the end of the period covered by the return.

19 (3) The department of revenue may also require verified annual
20 returns from any taxpayer, setting forth such additional information
21 as it may deem necessary to correctly determine tax liability.

1 (4) Notwithstanding subsections (1) and (2) of this section, the
2 department may relieve any person of the requirement to file returns
3 and pay any taxes otherwise due under chapters 82.04 and 82.16 RCW if
4 the following conditions are met:

5 (a) The person's value of products, gross proceeds of sales, or
6 gross income of the business, from all business activities taxable
7 under chapter 82.04 RCW, is ~~((less than:~~

8 ~~(i) Twenty-eight thousand dollars per year; or~~

9 ~~(ii) Forty-six thousand six hundred sixty-seven dollars per~~
10 ~~year)):~~

11 (i) For persons generating less than fifty percent of their
12 taxable amount from activities taxable under RCW 82.04.255,
13 82.04.290(2)(a), and 82.04.285, less than:

14 (A) Twenty-eight thousand dollars per year through June 30, 2018;

15 (B) One hundred thousand dollars per year beginning July 1, 2018;

16 or

17 (ii) For persons generating at least fifty percent of their
18 taxable amount from activities taxable under RCW 82.04.255,
19 82.04.290(2)(a), and 82.04.285, less than one hundred thousand
20 dollars per year;

21 (b) The person's gross income of the business from all activities
22 taxable under chapter 82.16 RCW is less than twenty-four thousand
23 dollars per year; and

24 (c) The person is not required to collect or pay to the
25 department of revenue any other tax or fee which the department is
26 authorized to collect.

27 **Sec. 2.** RCW 82.04.4451 and 2010 1st sp.s. c 23 s 1102 are each
28 amended to read as follows:

29 (1) In computing the tax imposed under this chapter, a credit is
30 allowed against the amount of tax otherwise due under this chapter,
31 as provided in this section. The maximum credit for a taxpayer for a
32 reporting period is determined by multiplying the applicable maximum
33 monthly credit amount provided in (a) or (b) of this subsection by
34 the number of months in the reporting period, as determined under RCW
35 82.32.045.

36 (a) Except for taxpayers that report at least fifty percent of
37 their taxable amount under RCW 82.04.255, 82.04.290(2)(a), and
38 82.04.285, the maximum ((credit for a taxpayer for a reporting period
39 is thirty-five dollars multiplied by the number of months in the

1 ~~reporting period, as determined under RCW 82.32.045. For a taxpayer~~
2 ~~that reports at least fifty percent of its taxable amount under RCW~~
3 ~~82.04.255, 82.04.290(2)(a), and 82.04.285, the maximum credit for a~~
4 ~~reporting period is seventy dollars multiplied by the number of~~
5 ~~months in the reporting period, as determined under RCW 82.32.045))~~
6 monthly credit amount for a taxpayer is:

7 (i) Thirty-five dollars through June 30, 2018; and

8 (ii) One hundred twenty-five dollars beginning July 1, 2018.

9 (b) For a taxpayer that reports at least fifty percent of its
10 taxable amount under RCW 82.04.255, 82.04.290(2)(a), and 82.04.285,
11 the maximum monthly credit amount is one hundred twenty-five dollars.

12 (2) When the amount of tax otherwise due under this chapter is
13 equal to or less than the maximum credit, a credit is allowed equal
14 to the amount of tax otherwise due under this chapter.

15 (3) When the amount of tax otherwise due under this chapter
16 exceeds the maximum credit, a reduced credit is allowed equal to
17 twice the maximum credit, minus the tax otherwise due under this
18 chapter, but not less than zero.

19 (4) The department may prepare a tax credit table consisting of
20 tax ranges using increments of no more than five dollars and a
21 corresponding tax credit to be applied to those tax ranges. The table
22 shall be prepared in such a manner that no taxpayer will owe a
23 greater amount of tax by using the table than would be owed by
24 performing the calculation under subsections (1) through (3) of this
25 section. A table prepared by the department under this subsection
26 must be used by all taxpayers in taking the credit provided in this
27 section.

28 **Sec. 3.** RCW 82.04.29002 and 2010 1st sp.s. c 23 s 1101 are each
29 amended to read as follows:

30 (1) Beginning May 1, 2010, through June 30, 2013, an additional
31 rate of tax of 0.30 percent is added to the rate provided for in RCW
32 82.04.255, 82.04.285, and 82.04.290(2)(a).

33 (2) Beginning July 1, 2017, an additional rate of tax of 1.0
34 percent is added to the rate provided for in RCW 82.04.255,
35 82.04.285(1), and 82.04.290(2)(a). All revenue collected under this
36 subsection must be deposited in the education legacy trust account
37 created in RCW 83.100.230.

38 (3)(a) The additional rate in subsections (1) and (2) of this
39 section (~~does~~) do not apply to persons engaging within this state

1 in business as a hospital. "Hospital" has the meaning provided in
2 chapter 70.41 RCW but also includes any hospital that comes within
3 the scope of chapter 71.12 RCW if the hospital is also licensed under
4 chapter 70.41 RCW.

5 (b) The additional rates in subsections (1) and (2) of this
6 section (~~does~~) do not apply to amounts received from performing
7 scientific research and development services including but not
8 limited to research and development in the physical, engineering, and
9 life sciences (such as agriculture, bacteriological, biotechnology,
10 chemical, life sciences, and physical science research and
11 development laboratories or services).

12 NEW SECTION. **Sec. 4.** The provisions of RCW 82.32.805 and
13 82.32.808 do not apply to this act.

14 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of
16 the state government and its existing public institutions, and takes
17 effect July 1, 2017.

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