

FINAL BILL REPORT

ESB 5402

PARTIAL VETO C 139 L 20 Synopsis as Enacted

Brief Description: Improving tax and licensing laws administered by the department of revenue, but not including changes to tax laws that are estimated to affect state or local tax collections as reflected in any fiscal note prepared and approved under the process established in chapter 43.88A RCW.

Sponsors: Senators Schoesler and Rolfes.

Senate Committee on Ways & Means
House Committee on Finance

Background: Technical revisions to the Revised Code of Washington (RCW) may be required for multiple reasons. Sections of the RCW may be repealed, recodified, or amended in a way changing their internal or statutory numbering or terminology. The language in these sections, as well as references to these sections in other provisions of the RCW, then become incorrect. Statutes may become obsolete with the passage of time, evolution of technology, improvement of administrative processes, or adoption of state or federal legislation. Administrative agencies occasionally suggest statutory revisions to increase clarity or improve administration.

Summary: Updating Tax Preference Performance Statements. Updates are made to the tax preference performance statements for a number of tax preferences by clarifying tax preference standards and replacing references to the annual tax surveys and reports with consolidated annual tax performance reports.

Clarifying and Consolidating Provisions. The following updates are made:

- authorizes the Department of Revenue (DOR) to waive penalties for delinquent business license renewals if the delinquency is due to indisputable DOR error;
- deletes references to a repealed statute and corrects cross-references to radio and TV broadcaster subscription programming sales tax exemption;
- consolidates current artistic and cultural organization business and occupation tax deductions for amounts received and value of articles manufactured for public displays or performances;
- clarifies county assessor duties regarding property tax deferral program declarations;
- clarifies county treasurer duties regarding personal property subject to unpaid tax moved from one county to another;

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- repeals obsolete sales and use tax sourcing statutes and thoroughbred racetrack tax deferral statutes; and
- repeals consolidated statutes throughout.

Technical Corrections. The following corrections are made:

- changes "Liquor Control Board" to "Liquor and Cannabis Board" and "Department of Community, Trade, and Economic Development" to "Department of Commerce" throughout to reflect agency name changes;
- deletes definition of "biofuel" and adds definitions of "biofuel" and "biogas";
- revises the United States Code citation in use tax exemption for government property and services used in watershed protection and flood prevention;
- provides only leasehold excise tax credit for leaseholds in real property owned by certain major universities, created in 2017, expiring January 1, 2032;
- allows offset for use tax mistakenly paid on personal property purchased for leasing, in addition to a currently authorized offset for sales tax; and
- makes corrections to cross-references throughout.

Restoring Statutory Definitions. The following are defined:

- items currently exempt from sales tax if sold to organ procurement organizations —"chemical," "materials," "medical supplies";
- items currently exempt from use tax if used by organ procurement organizations —"chemicals," "materials," "medical supplies";
- public utility tax deductions for energy conservation or renewable energy, to clarify that "cogeneration" is qualified by "as existing on June 30, 2006"; and
- definitions for underground storage tank funding program.

Reduces Administrative Burden on Claimants. The following amendments are made:

- deletes requirement that educational institutions claiming property tax exemption provide detailed information regarding property, purpose for which it is used, revenue derived for preceding year, use to which revenue was applied, number of students who attended institution, and total revenues, with sources and purposes to which revenues were applied; and
- statutes relating to property tax deferral and grant programs to clarify that claimants need not file duplicate declarations to defer property taxes under the low-income deferral program, senior citizen or disabled person deferral program, and the widows and widowers of qualifying veterans' property tax grant program.

Miscellaneous. The following additional changes are made:

- extends the deadline by one year to July 1, 2021, to decline partnership with DOR for issuance and renewal of general business licenses through the Business Licensing Service, by instead opting to participate in FileLocal, for a city receiving at least \$1.95 million in fiscal year 2020 in temporary streamlined sales tax mitigation payments;
- no longer requires DOR to prepare and submit a biennial partnership plan once it has partnered with all cities imposing a general business license and have not otherwise declined to partner with DOR; and
- updates the interest calculation provisions to reflect the changed filing due date for annual filers of business and occupation tax returns.

Votes on Final Passage:

Senate 47 0
House 97 0 (House amended)
Senate 47 0 (Senate concurred)

Effective: June 11, 2020
March 25, 2020 (Sections 60, 61, 62)
January 1, 2022 (Section 37)

Partial Veto Summary: Removed language duplicating a change made in HB 2848 defining hog fuel.