

SENATE BILL REPORT

SB 5158

As Reported by Senate Committee On:
Ways & Means, February 7, 2023

Title: An act relating to transparency in state and local taxation.

Brief Description: Concerning transparency in state and local taxation.

Sponsors: Senators Wilson, L., Rolfes and Hasegawa.

Brief History:

Committee Activity: Ways & Means: 1/17/23, 2/07/23 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Requires the Department of Revenue to create a public online searchable database of all taxes and tax rates in the state for each taxing district.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5158 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senators Dhingra and Pedersen.

Staff: Alia Kennedy (786-7405)

Background: Washington State Department of Revenue. The Department of Revenue

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

(DOR) is a state agency that administers and collects the majority of taxes in Washington. The agency is also responsible for processing business license applications and renewals, auditing businesses, enforcing compliance with tax laws, locating unregistered businesses, providing taxpayer assistance, information, and education, overseeing the administration of property tax, and managing the state's Unclaimed Property program. DOR has a public website with general information on state and local taxes.

Legislative Evaluation and Accountability Program Committee. The Legislative Evaluation and Accountability Program (LEAP) Committee is a bipartisan committee of four senators and four representatives. The committee was created by the Legislature to serve as an independent source of information and technology for developing budgets, communicating budget decisions, and tracking revenue, expenditure, and staffing activity. LEAP also maintains the state fiscal website. The website displays a variety of expenditure, revenue, and staffing data.

Summary of Bill (First Substitute): By January 1, 2025, DOR must make a public online searchable database of a taxes and tax rates in the state for each taxing district. The information must be aggregated by tax type and accessible by entering a physical address for each residency or business. In addition to searching by physical address for each residence or business, searches must be accommodated by navigating through a map of the state as a whole and down to the level of each taxing district.

Taxing districts must report its current tax rates to DOR by September 30, 2023. Any changes to a taxing districts tax rates must be reported to DOR within 30 days.

The following taxes and rates must be included in the database:

- state and local sales and use taxes;
- state and local regular and excess property taxes;
- local lodging taxes; and
- state and local motor vehicle taxes.

State and local sales and use taxes and local lodging taxes must be updated quarterly. State and local regular and excess property taxes must be updated annually.

The database must contain information, or links to information, on additional selective sales taxes, selective business taxes, and in-lieu of property taxes.

DOR must build a tax rate calculator that allows taxpayers to calculate their potential taxes and add other geographically-based taxes to the searchable database as data is made available to DOR

DOR must report biennially to the fiscal committees of the Legislature on efforts made in the prior biennium toward improving database functionality. An initial report must be submitted by January 11, 2027, and a final report by January 8, 2029.

The database must be able to be accessed by and accessed from the state expenditure information website.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Changes the date in which DOR must make a publicly available online searchable database for taxes and tax rates in the state for each taxing district from January 1, 2024, to January 1, 2025.
- Specifies the types of taxes and tax rates that must be available on the database and a schedule for updating such information.
- Removes the requirement that the database include a tax rate calculator by January 1, 2024, and instead requires DOR to build a tax rate calculator.
- Adds that DOR must report to the Legislature by January 11, 2027, and January 8, 2029, on efforts made toward building a tax rate calculator and improving database functionality.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill will help residents understand their tax break down and new residents figure out what taxes they will have to pay in a new district. Washington has more special taxes than anywhere else in the United States, with more than 1800 taxing districts in the state. A typical home and business can be subject to ten of these taxes, without knowing which ones, why, and when they are due. Non-government break down sources are often inaccurate, and some taxes are easier to learn about than others. This bill will provide comprehensive, accurate tax information and increase transparency and trust in the government.

OTHER: The Department of Revenue may require some time to compile this information and distribute it. One challenge will be frequently updating the information to include all small, local taxes.

Persons Testifying: PRO: Senator Lynda Wilson, Prime Sponsor; Jason Mercier, Washington Policy Center; Aaron Lang; Matt Zuvich, Washington State Treasurer.

OTHER: Steve Ewing, Department of Revenue.

Persons Signed In To Testify But Not Testifying: No one.