

# SENATE BILL REPORT

## SB 5158

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As of January 17, 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.

**Brief Summary of 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.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Alia Kennedy (786-7405)

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

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maintains the state fiscal website. The website displays a variety of expenditure, revenue, and staffing data.

**Summary of Bill:** By January 1, 2024, DOR must make a public online searchable database of all 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.

DOR must also provide tax rate calculators on the searchable database to allow taxpayers to calculate their potential taxes. Calculators must be provided at a minimum for property, sales and use, business and occupation (B&O), vehicle, and other business taxes and must be specific to the rate for the taxing district in which the taxpayer resides. The calculator may only be used for educational purposes and does not have a legal effect on taxes due.

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;
- state and local business taxes including, but not limited to, B&O taxes, public utility taxes, unemployment compensation taxes, and industrial insurance premiums;
- state and local real estate excise taxes; and
- state and local motor vehicle taxes and fees.

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

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

**Appropriation:** None.

**Fiscal Note:** Requested on January 9, 2023.

**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:** 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.