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HOUSE BILL 2215

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State of Washington

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By Representatives Boldt, B. Thomas, Schoesler, Pennington, Mastin, Koster, Carrell, Campbell, Smith, Huff, L. Thomas, Elliot, Thompson, Cooke, Goldsmith, Backlund, Hargrove and Benton

Read first time 01/08/96. Referred to Committee on Finance.

1 AN ACT Relating to small business tax relief; amending RCW  
2 82.04.4451, 82.32.045, and 82.16.040; reenacting and amending RCW  
3 82.32.030; and providing an effective date.

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

5 **Sec. 1.** RCW 82.04.4451 and 1994 sp.s. c 2 s 1 are each amended to  
6 read as follows:

7 (1) In computing the tax imposed under this chapter, a credit is  
8 allowed against the amount of tax otherwise due under this chapter, as  
9 provided in this section. The maximum credit for a taxpayer for a  
10 reporting period is (~~thirty-five~~) fifty dollars multiplied by the  
11 number of months in the reporting period, as determined under RCW  
12 82.32.045.

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

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

1       **Sec. 2.** RCW 82.32.030 and 1994 sp.s. c 7 s 446 and 1994 sp.s. c 2  
2 s 2 are each reenacted and amended to read as follows:

3       (1) Except as provided in subsection (2) of this section, if any  
4 person engages in any business or performs any act upon which a tax is  
5 imposed by the preceding chapters, he or she shall, under such rules as  
6 the department of revenue shall prescribe, apply for and obtain from  
7 the department a registration certificate. Such registration  
8 certificate shall be personal and nontransferable and shall be valid as  
9 long as the taxpayer continues in business and pays the tax accrued to  
10 the state. In case business is transacted at two or more separate  
11 places by one taxpayer, a separate registration certificate for each  
12 place at which business is transacted with the public shall be  
13 required. Each certificate shall be numbered and shall show the name,  
14 residence, and place and character of business of the taxpayer and such  
15 other information as the department of revenue deems necessary and  
16 shall be posted in a conspicuous place at the place of business for  
17 which it is issued. Where a place of business of the taxpayer is  
18 changed, the taxpayer must return to the department the existing  
19 certificate, and a new certificate will be issued for the new place of  
20 business. No person required to be registered under this section shall  
21 engage in any business taxable hereunder without first being so  
22 registered. The department, by rule, may provide for the issuance of  
23 certificates of registration to temporary places of business.

24       (2) Unless the person is a dealer as defined in RCW 9.41.010,  
25 registration under this section is not required if the following  
26 conditions are met:

27       (a) A person's value of products, gross proceeds of sales, or gross  
28 income of the business, from all business activities taxable under  
29 chapter 82.04 RCW, is less than twelve thousand dollars per year;

30       (b) The person's gross income of the business from all activities  
31 taxable under chapter 82.16 RCW is less than twelve thousand dollars  
32 per year;

33       (c) The person is not required to collect or pay to the department  
34 of revenue any other tax or fee which the department is authorized to  
35 collect; and

36       (~~(e)~~) (d) The person is not otherwise required to obtain a  
37 license subject to the master application procedure provided in chapter  
38 19.02 RCW.

1       **Sec. 3.** RCW 82.32.045 and 1983 2nd ex.s. c 3 s 63 are each amended  
2 to read as follows:

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

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

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

17       (4) The department may relieve any person of the requirement to  
18 file returns if the following conditions are met:

19       (a) The person's value of products, gross proceeds of sales, or  
20 gross income of the business, from all business activities taxable  
21 under chapter 82.04 RCW, is less than twenty-four thousand dollars per  
22 year;

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

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

29       **Sec. 4.** RCW 82.16.040 and 1961 c 15 s 82.16.040 are each amended  
30 to read as follows:

31       The provisions of this chapter shall not apply to persons engaging  
32 in one or more businesses taxable under this chapter whose total gross  
33 income is less than (~~five hundred~~) two thousand dollars for a monthly  
34 period or portion thereof. Any person claiming exemption under this  
35 section may be required to file returns even though no tax may be due.  
36 If the total gross income for a taxable monthly period is (~~five~~  
37 ~~hundred~~) two thousand dollars, or more, no exemption or deductions  
38 from the gross operating revenue is allowed by this provision.

1        NEW SECTION.    **Sec. 5.**    This act shall take effect July 1, 1996.

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