
HOUSE BILL 1203

State of Washington

57th Legislature

2001 Regular Session

By Representatives Cairnes and Morris; by request of Department of Revenue

Read first time 01/19/2001. Referred to Committee on Finance.

1 AN ACT Relating to department of revenue authority regarding sales
2 and use tax exemption documentation and retention requirements; adding
3 a new section to chapter 82.32 RCW; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that current sales and
6 use tax exemption documentation requirements are often confusing and
7 burdensome for retailers, taxpayers, and the state. Additionally, the
8 legislature notes the national efforts under way to simplify and
9 streamline the sales and use tax, and that those efforts include a new
10 system for retailers to use in processing sales and use tax exemptions.
11 The legislature further finds that it would be beneficial to the state
12 and its residents to allow for the simplification of sales and use tax
13 exemption requirements.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.32 RCW
15 to read as follows:

16 (1) The department is authorized to enter into agreements with
17 sellers who meet the criteria in this section for a project on sales
18 and use tax exemption requirements. This project will allow the use of

1 electronic data collection in lieu of paper certificates otherwise
2 required by law, including the use of electronic signatures.

3 (2) The object of the project is to determine whether using an
4 electronic system and reviewing the data regarding the exempt
5 transactions provides the same level of reliability as the current
6 system while lessening the burden on the seller.

7 (3) A business making both sales taxable and exempt under chapter
8 82.08 or 82.12 RCW, that has electronic data-collecting capabilities,
9 and that wishes to participate in the project may make application to
10 the department in such form and manner as the department may require.
11 To be eligible for such participation, a seller must demonstrate its
12 capability to take part in the project and to provide data to the
13 department in a form in which the data can be used by the department.
14 The department is not required to accept all applicants in this project
15 and is not required to provide any reason for not selecting a
16 participant. A seller selected as a participant may be relieved of
17 other sales and use tax exemption documentation requirements provided
18 by law as covered by the project, and will be relieved of the good
19 faith requirement under RCW 82.08.050 to the extent that it has made
20 available to the department the data required by the project.

21 (4)(a) Information received from a seller under this section is not
22 subject to the provisions of RCW 82.32.330(4) (b) and (c).

23 (b) The department may disclose information received under this
24 section to a person under investigation or during any court or
25 administrative proceeding against a person under investigation as
26 provided in this subsection (4). The disclosure must be in connection
27 with the department's official duties relating to an audit, collection
28 activity, or a civil or criminal investigation. The disclosure may
29 occur only when the person under investigation and the person in
30 possession of data, materials, or documents are parties to the return
31 or tax information to be disclosed.

32 NEW SECTION. **Sec. 3.** The code reviser shall place a cross-
33 reference note to section 2 of this act following RCW 82.08.050 and
34 82.12.040.

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