

**SENATE BILL REPORT**

**SHB 1401**

**AS REPORTED BY COMMITTEE ON WAYS & MEANS, APRIL 1, 1991**

**Brief Description:** Enacting the Washington taxpayers' rights and responsibilities act.

**SPONSORS:** House Committee on Revenue (originally sponsored by Representatives Wang, Wynne, Ballard, D. Sommers, Winsley, Cooper, Vance, Mielke, Van Luven, Moyer, Miller, Brumsickle, Bowman, Horn, Paris, May, Betrozoff, Inslee, R. Meyers, Pruitt, Zellinsky, Bray, Franklin, Ogden, Phillips, Valle, H. Myers, Rasmussen, Fraser, Sprenkle, Heavey, Scott, Tate, Dellwo, Silver, Jacobsen, Hine, Brekke and Peery; by request of Department of Revenue).

**HOUSE COMMITTEE ON REVENUE**

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass as amended.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, Johnson, L. Kreidler, Metcalf, Murray, Newhouse, Niemi, Owen, Saling, L. Smith, Talmadge, West, Williams, and Wojahn.

**Staff:** Terry Wilson (786-7715)

**Hearing Dates:** March 26, 1991; April 1, 1991

**BACKGROUND:**

Many states have recently enacted "Taxpayers' Bill of Rights" legislation. These measures specify the duties and obligations of the revenue department in conducting audits and collecting delinquent taxes. The measures also outline the rights of taxpayers in appealing assessments and seeking tax relief. Many of these measures are modeled after the federal taxpayers' bill of rights.

Although tax statutes mention certain rights, no one statute clearly outlines the specific rights and responsibilities.

Legislation which passed the full House and the Senate Ways and Means Committee during the 1990 session directed the Department of Revenue to study the rights and responsibilities of taxpayers that are currently enumerated in statute, administrative law, and department practice and to report to the Legislature. Because of the interest, the department conducted the study and suggested some changes.

**SUMMARY:**

Taxpayers have a right to be treated fairly and equitably, including:

- 1) The right to a written statement explaining the basis for tax deficiencies, interest, and penalties;
- 2) The right to rely on written advice from the department and written tax reporting instructions;
- 3) The right to prompt relief when laws or rules are held unconstitutional; and
- 4) The right to confidentiality regarding financial and business information.

Taxpayers also have the right to notice and due process in the administration of the tax system, including the right to receive, upon request, instructions, rules, procedures, forms, and other tax information.

Taxpayers have the responsibility to:

- 1) Register with the Department of Revenue;
- 2) Know their tax reporting obligations;
- 3) Keep accurate business records;
- 4) File accurate returns and pay taxes in a timely manner;
- 5) Substantiate claims for refund; and
- 6) Respond to communications from the department in a timely manner.

The department is directed to appoint a taxpayer rights advocate to increase taxpayer understanding and to ensure that taxpayers use the policies, processes, and procedures available to them in resolving their problems.

The department is to maintain a taxpayer services program to provide information and education to the public through direct communication, tax workshops, and publications.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**SUMMARY OF PROPOSED SENATE AMENDMENT:**

The listing of rights and responsibilities is made more concise. References to general or vague rights and responsibilities are removed.

**TESTIMONY FOR:**

It is important to set forth taxpayer rights and responsibilities given the voluntary nature of the state tax system. Perceptions by taxpayers are important. There is a need for a balanced approach both in the obligations of the taxpayer and the responsibility of the department to educate taxpayers. The intent is to codify the rights to which taxpayers are currently entitled.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Representative Art Wang (pro); Dennis Okamoto, Director of Revenue (pro)