

SSB 6143 - S AMD 343

By Senator Shin

NOT ADOPTED 3/06/2010

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2

3 following:

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5       "NEW SECTION.   **Sec. 1.** The legislature finds that the economic  
6 crisis has impacted the many Washington families which do not earn  
7 enough annually to keep pace with increasing health care, child care,  
8 and work-related expenses. The legislature further finds that  
9 revenues are insufficient to maintain necessary funding for education,  
10 public safety, health care, and safety net services for elderly,  
11 disabled, and vulnerable people during the unprecedented economic  
12 crisis in the 2009-2011 fiscal biennium. Therefore, it is the intent  
13 of the legislature to provide a means to stabilize revenue collections  
14 by imposing a temporary sales and use tax. It is also the  
15 legislature's intent to provide relief to lower-income working  
16 families in Washington in the form of a sales and use tax exemption.

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18       **Sec. 2.** RCW 82.08.020 and 2009 c 469 s 802 are each amended to  
19 read as follows:

20       (1) There is levied and (~~there shall be~~) collected a tax on each  
21 retail sale in this state equal to six and five-tenths percent of the  
22 selling price.

23       (2) There is levied and (~~there shall be~~) collected an additional  
24 tax on each retail car rental, regardless of whether the vehicle is  
25 licensed in this state, equal to five and nine-tenths percent of the  
26 selling price. The revenue collected under this subsection (~~shall~~)

27

1 must be deposited in the multimodal transportation account created in  
2 RCW 47.66.070.

3 (3) Beginning July 1, 2003, there is levied and collected an  
4 additional tax of three-tenths of one percent of the selling price on  
5 each retail sale of a motor vehicle in this state, other than retail  
6 car rentals taxed under subsection (2) of this section. The revenue  
7 collected under this subsection (~~shall~~) must be deposited in the  
8 multimodal transportation account created in RCW 47.66.070.

9 (4) For purposes of subsection (3) of this section, "motor  
10 vehicle" has the meaning provided in RCW 46.04.320, but does not  
11 include farm tractors or farm vehicles as defined in RCW 46.04.180 and  
12 46.04.181, off-road and nonhighway vehicles as defined in RCW  
13 46.09.020, and snowmobiles as defined in RCW 46.10.010.

14 (5)(a) From June 1, 2010, until June 30, 2013, in addition to the  
15 tax imposed upon each retail sale in this state set forth in  
16 subsection (1) of this section, there is imposed a tax in an amount  
17 equal to one percent of the selling price.

18 (b)(i) When the state's unemployment rate decreases to six and  
19 five-tenths percent for four continuous months, the rate of one  
20 percent in this subsection (5) must be reduced to one-half of one  
21 percent.

22 (ii) When the state's unemployment rate decreases to five percent  
23 for four continuous months, no additional tax may be imposed under  
24 this subsection (5).

25 (6) Beginning on December 8, 2005, 0.16 percent of the taxes  
26 collected under subsection (1) of this section (~~shall~~) must be  
27 dedicated to funding comprehensive performance audits required under  
28 RCW 43.09.470. The revenue identified in this subsection (~~shall~~)  
29 must be deposited in the performance audits of government account  
30 created in RCW 43.09.475.

31 (~~(6)~~) (7) The taxes imposed under this chapter (~~shall~~) apply  
32 to successive retail sales of the same property.

33 (~~(7)~~) (8)(a) Until January 1, 2011, the tax imposed in  
34 subsection (3) of this section and the dedication of revenue provided

1 for in subsection (~~(5)~~) (6) of this section(~~(7)~~) do not apply with  
2 respect to the sales of new passenger cars, light duty trucks, and  
3 medium duty passenger vehicles, which utilize hybrid technology and  
4 have a United States environmental protection agency estimated highway  
5 gasoline mileage rating of at least forty miles per gallon.

6 (b) As used in this subsection, "hybrid technology" means  
7 propulsion units powered by both electricity and gasoline.

8 (~~(8)~~) (9) The rates provided in this section apply to taxes  
9 imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

10

11 **Sec. 3.** RCW 82.08.020 and 2006 c 1 s 3 are each amended to read  
12 as follows:

13 (1) There is levied and (~~there shall be~~) collected a tax on each  
14 retail sale in this state equal to six and five-tenths percent of the  
15 selling price.

16 (2) There is levied and (~~there shall be~~) collected an additional  
17 tax on each retail car rental, regardless of whether the vehicle is  
18 licensed in this state, equal to five and nine-tenths percent of the  
19 selling price. The revenue collected under this subsection (~~shall~~)  
20 must be deposited in the multimodal transportation account created in  
21 RCW 47.66.070.

22 (3) Beginning July 1, 2003, there is levied and collected an  
23 additional tax of three-tenths of one percent of the selling price on  
24 each retail sale of a motor vehicle in this state, other than retail  
25 car rentals taxed under subsection (2) of this section. The revenue  
26 collected under this subsection (~~shall~~) must be deposited in the  
27 multimodal transportation account created in RCW 47.66.070.

28 (4) For purposes of subsection (3) of this section, "motor  
29 vehicle" has the meaning provided in RCW 46.04.320, but does not  
30 include farm tractors or farm vehicles as defined in RCW 46.04.180 and  
31 46.04.181, off-road and nonhighway vehicles as defined in RCW  
32 46.09.020, and snowmobiles as defined in RCW 46.10.010.

33 (5)(a) From June 1, 2010, until June 30, 2013, in addition to the  
34 tax imposed upon each retail sale in this state set forth in

1 subsection (1) of this section, there is imposed a tax in an amount  
2 equal to one percent of the selling price.

3 (b)(i) When the state's unemployment rate decreases to six and  
4 five-tenths percent for four continuous months, the rate of one  
5 percent in this subsection (5) must be reduced to one-half of one  
6 percent.

7 (ii) When the state's unemployment rate decreases to five percent  
8 for four continuous months, no additional tax may be imposed under  
9 this subsection (5).

10 (6) Beginning on December 8, 2005, 0.16 percent of the taxes  
11 collected under subsection (1) of this section (~~shall~~) must be  
12 dedicated to funding comprehensive performance audits required under  
13 RCW 43.09.470. The revenue identified in this subsection (~~shall~~)  
14 must be deposited in the performance audits of government account  
15 created in RCW 43.09.475.

16 (~~(6)~~) (7) The taxes imposed under this chapter (~~shall~~) apply  
17 to successive retail sales of the same property.

18 (~~(7)~~) (8) The rates provided in this section apply to taxes  
19 imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

20

21 **Sec. 4.** RCW 82.08.0206 and 2008 c 325 s 2 are each amended to  
22 read as follows:

23 (1) A working families' tax exemption, in the form of a remittance  
24 tax due under this chapter and chapter 82.12 RCW, is provided to  
25 eligible low-income persons for sales taxes paid under this chapter  
26 after (~~January 1, 2008~~) June 1, 2010.

27 (2) For purposes of the exemption in this section, an eligible  
28 low-income person is:

29 (a) An individual, or an individual and that individual's spouse  
30 if they file a federal joint income tax return;

31 (b) (~~(An individual who)~~) An individual who is eligible for, and  
32 is granted, the credit provided in (~~Title~~) 26 U.S.C. Sec. 32 of the  
33 federal internal revenue code; and

34

1 (c) (~~((An individual who))~~) An individual who properly files a  
2 federal income tax return as a Washington resident, and has been a  
3 resident of the state of Washington more than one hundred eighty days  
4 of the year for which the exemption is claimed.

5 (3)(a) For remittances made in (~~((2009 and 2010))~~) 2011, the working  
6 families' tax exemption for the prior year is a retail sales tax  
7 exemption equal to the greater of twenty-five dollars or five percent  
8 of the credit granted as a result of (~~((Title))~~) 26 U.S.C. Sec. 32 of  
9 the federal internal revenue code in the most recent year for which  
10 data is available (~~((or twenty five dollars))~~), adjusted by a  
11 proportionate amount reflecting the seven months of increased tax  
12 imposed in sections 2 and 3 of this act in calendar year 2010.

13 (b) For remittances made in 2012, the working families' tax  
14 exemption for the prior year is a retail sales tax exemption equal to  
15 the greater of five percent of the credit granted as a result of 26  
16 U.S.C. Sec. 32 of the federal internal revenue code in the most recent  
17 year for which data is available or twenty-five dollars.

18 (c) For (~~((2011))~~) 2013 and thereafter, the working families' tax  
19 exemption for the prior year is equal to the greater of ten percent of  
20 the credit granted as a result of (~~((Title))~~) 26 U.S.C. Sec. 32 of the  
21 federal internal revenue code in the most recent year for which data  
22 is available or fifty dollars.

23 (4) For any fiscal period, the working families' tax exemption  
24 authorized under this section (~~((shall))~~) must be approved by the  
25 legislature in the state omnibus appropriations act before persons may  
26 claim the exemption during the fiscal period.

27 (5) The working families' tax exemption (~~((shall))~~) must be  
28 administered as provided in this subsection.

29 (a) An eligible low-income person claiming an exemption under this  
30 section must pay the tax imposed under chapters 82.08, 82.12, and  
31 82.14 RCW in the year for which the exemption is claimed. The  
32 eligible low-income person may then apply to the department for the  
33 remittance as calculated under subsection (3) of this section.

34

1 (b) Application (~~shall~~) must be made to the department in a form  
2 and manner determined by the department, (~~but the~~) except for the  
3 following:

4 (i) The department must provide alternative filing methods for  
5 applicants who do not have access to electronic filing; and

6 (ii) The department must allow joint filing for exemptions claimed  
7 under this section in 2012 and thereafter with the federal joint  
8 income tax return.

9 (c) Application for the exemption remittance under this section  
10 must be made in the year following the year for which the federal  
11 return was filed, but in no case may any remittance be provided for  
12 any period before (~~January 1, 2008~~) June 1, 2010. The department  
13 may use the best available data to process the exemption remittance.  
14 The department (~~shall~~) must begin accepting applications (~~October~~  
15 ~~1, 2009~~) January 1, 2011.

16 (d) The department (~~shall~~) must review the application and  
17 determine eligibility for the working families' tax exemption based on  
18 information provided by the applicant and through audit and other  
19 administrative records, including, when it deems it necessary,  
20 verification through internal revenue service data.

21 (e) The department (~~shall~~) must remit the exempted amounts to  
22 eligible low-income persons who submitted applications. Remittances  
23 may be made by electronic funds transfer or other means.

24 (f) The department may, in conjunction with other agencies or  
25 organizations, design and implement a public information campaign to  
26 inform potentially eligible persons of the existence of and  
27 requirements for this exemption.

28 (g) The department may contact persons who appear to be eligible  
29 low-income persons as a result of information received from the  
30 internal revenue service under such conditions and requirements as the  
31 internal revenue service may by law require.

32 (6) The provisions of chapter 82.32 RCW apply to the exemption in  
33 this section.

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1 (7) The department may adopt rules necessary to implement this  
2 section.

3 (8) For the remittances provided in fiscal year 2015 and  
4 thereafter, the department ((shall)) must limit its ongoing costs  
5 ((for)) to administer the exemption program to ((the initial start-up  
6 costs to implement the program. The state omnibus appropriations act  
7 shall specify funding to be used for the ongoing administrative costs  
8 of the program. These ongoing administrative costs include, but are  
9 not limited to, costs for: The processing of internet and mail  
10 applications, verification of application claims, compliance and  
11 collections, additional full-time employees at the department's call  
12 center, processing warrants, updating printed materials and web  
13 information, media advertising, and support and maintenance of  
14 computer systems)) no more than five percent of the total exemptions  
15 provided each year.

16  
17 **Sec. 5.** RCW 82.08.064 and 2003 c 361 s 304 and 2003 c 168 s 205  
18 are each reenacted and amended to read as follows:

19 (1) A sales and use tax rate change under this chapter or chapter  
20 82.12 RCW shall be imposed (a) no sooner than seventy-five days after  
21 its enactment into law and (b) only on the first day of January,  
22 April, July, or October.

23 (2) Subsection (1) of this section does not apply to the tax rate  
24 change in section 301, chapter 361, Laws of 2003 or to the tax rate  
25 changes in sections 2 and 3 of this act.

26 (3)(a) A sales and use tax rate increase under this chapter or  
27 chapter 82.12 RCW imposed on services applies to the first billing  
28 period starting on or after the effective date of the increase.

29 (b) A sales and use tax rate decrease under this chapter or  
30 chapter 82.12 RCW imposed on services applies to bills rendered on or  
31 after the effective date of the decrease.

32 (c) For the purposes of this subsection (3), "services" means  
33 retail services such as installing and constructing and retail  
34

1 services such as telecommunications, but does not include services  
2 such as tattooing.

3  
4 NEW SECTION. **Sec. 6.** Section 2 of this act expires January 1,  
5 2011.

6  
7 NEW SECTION. **Sec. 7.** Section 3 of this act takes effect January  
8 1, 2011.

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10 NEW SECTION. **Sec. 8.** Except for section 3 of this act, this act  
11 is necessary for the immediate preservation of the public peace,  
12 health, or safety, or support of the state government and its existing  
13 public institutions, and takes effect June 1, 2010."

14 Renumber the sections consecutively and correct any internal  
15 references accordingly.

16

17 **SSB 6143** - S AMD **343**

18 By Senator Shin

19 NOT ADOPTED 3/06/2010

20 On page 1, line 4 of the title, after "amending RCW", strike  
21 through page 1 line 20 "declaring an emergency.", and insert  
22 "82.08.020, 82.08.020, 82.08.0206; reenacting and amending 82.08.064;  
23 creating a new section; providing effective dates; providing an  
24 expiration date; and declaring an emergency."

EFFECT: Strikes the underlying bill. Increases the sales and  
use tax additional tax rate to 1.0% (from 0.3%). When the state's  
unemployment rate decreases to 6.5% for 4 continuous months, the  
rate of the additional tax must be reduced to 0.5%. When the  
state's unemployment rate decreases to 5% for 4 continuous months,  
no additional tax may be imposed.

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