
Finance Committee

HB 1296

Brief Description: Consolidating and simplifying the annual report and annual survey used for economic development tax incentives.

Sponsors: Representatives Nealey, Springer, Harris, Vick, MacEwen, Stokesbary, Orcutt, Haler and Condotta.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Consolidates annual reporting requirements for tax preferences.

Hearing Date: 1/17/17

Staff: Tracey O'Brien (786-7152).

Background:

The first annual report was required as part of the 2003 Aerospace preference package. The annual report was to help inform the public and legislators about the impact of the tax preferences. During the following session, the Legislature required an annual survey as part of an extension of high technology tax preferences. Both collected a variety of information including employment data, salary, and benefits. Unlike the annual report, the annual survey limited the amount of information that could be publicly disclosed.

In 2013 the Legislature request the Department of Revenue (DOR), in consultation with the Joint Legislative Audit and Review Committee (JLARC), to make recommendations to improve the Annual Report and Survey. The DOR issued the report, "Recommendations to Update and Improve Annual Surveys and Reports" on December 31, 2013.

Summary of Bill:

The separation of annual surveys and annual reports is eliminated, with the consolidation of the requirements in the current annual report statute. As a result, there is increased and more

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consistent public disclosure. The reports require useable tax data accessible from tax returns and employment data.

A taxpayer must initially file the Accountability Report for sales and use tax deferrals in the calendar year in which the firm first purchases tax exempt goods and services; however, the taxpayer may qualify for a tax preference under an amended return even after the accountability document filing due date.

In addition, the expiration dates for the data center preference (RCW 82.08.986) were updated to include the automatic ten-year expiration dates per RCW 82.32.805(1)(a) to provide taxpayers taking advantage of this tax preference clearer notice of the expiration date (on or before January 1, 2026). The DOR notified the Code Reviser as required by law that this preference will be expiring in 10 years.

Also, the DOR is required to provide notice of contingent effective dates for sections 10, 14, 18, 23, 25, 32, 34 and 47 of this act.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2018.