

SENATE BILL REPORT

SB 6527

As Reported by Senate Committee On:
Ways & Means, January 31, 2018

Title: An act relating to improving tax and licensing laws administered by the department of revenue, but not including changes to tax laws that are estimated to affect state or local tax collections as reflected in any fiscal note prepared and approved under the process established in chapter 43.88A RCW.

Brief Description: Improving tax and licensing laws administered by the department of revenue, but not including changes to tax laws that are estimated to affect state or local tax collections as reflected in any fiscal note prepared and approved under the process established in chapter 43.88A RCW.

Sponsors: Senators Schoesler and Rolfes.

Brief History:

Committee Activity: Ways & Means: 1/29/18, 1/31/18 [DP].

Brief Summary of Bill

- Makes technical clarifications, updates, and consolidations in the state tax and licensing codes.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair; Braun, Ranking Member; Honeyford, Assistant Ranking Member; Bailey, Becker, Billig, Brown, Carlyle, Conway, Darneille, Fain, Hasegawa, Hunt, Keiser, Mullet, Palumbo, Pedersen, Ranker, Rivers, Schoesler, Van De Wege, Wagoner and Warnick.

Staff: Alia Kennedy (786-7405)

Background: Technical revisions to the Revised Code of Washington (RCW) may be required for multiple reasons. Sections of the RCW may be repealed, recodified, or amended in a way that changes their internal or statutory numbering or terminology. The language in these sections, as well as references to these sections in other provisions of the RCW, then

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become incorrect. Statutes may become obsolete with the passage of time, evolution of technology, improvement of administrative processes, or adoption of state or federal legislation.

Administrative agencies occasionally suggest statutory revisions for the purpose of increasing clarity or improving administration.

Summary of Bill: Updating Tax Preference Performance Statements. Updates the tax preference performance statements for a number of tax preferences by clarifying tax preference standards and replacing references to the annual tax surveys and reports with consolidated annual tax performance reports.

Clarifying and Consolidating Provisions. The following updates are made:

- amends RCW 19.02.085 to authorize the Department of Revenue to waive penalties on business licensees for delinquent renewal of licenses if delinquency is due to indisputable department error;
- amends RCW 82.04.192 to delete references to a repealed statute and correct cross-references to radio/TV broadcaster subscription programming sales tax exemption;
- amends RCW 82.04.4327 to consolidate current artistic and cultural organization business and occupation (B&O) tax deductions for amounts received and value of articles manufactured for public displays or performances;
- clarifies county assessor duties regarding property tax deferral program declarations;
- clarifies county treasurer duties regarding personal property subject to unpaid tax moved from one county to another;
- repeals obsolete sales and use tax sourcing statutes (RCW 82.32.755 and 82.32.760) and thoroughbred racetrack tax deferral statutes (RCW 82.66.010, 82.66.020, 82.66.040, 82.66.050, 82.66.060, 82.66.901); and
- repeals consolidated statutes throughout.

Technical Corrections. The following corrections are made:

- changes "Liquor Control Board" to "Liquor and Cannabis Board" and "Department of Community, Trade, and Economic Development" to "Department of Commerce" throughout to reflect agency name changes;
- amends RCW 82.08.956 to delete cross-reference to RCW 43.325.010 definition of "biofuel" and add definitions of "biofuel" and "biogas";
- amends RCW 82.12.930 to revise US Code citation in use tax exemption for government property and services used in watershed protection and flood prevention;
- amends RCW 82.29A.120 to provide that only leasehold excise tax credit for leaseholds in real property owned by certain major universities, created in 2017, expires Jan. 1, 2032;
- amends RCW 82.32.062 to allow offset for use tax mistakenly paid on personal property purchased for leasing, in addition to currently authorized offset for sales tax; and
- makes corrections to cross-references throughout.

Restoring Statutory Definitions. The following are defined:

- amends RCW 82.08.02807 to define items currently exempt from sales tax if sold to organ procurement organizations—"chemical," "materials," "medical supplies";

- amends RCW 82.12.02749 to cross-reference definitions in RCW 82.08.02807 (as amended) of items currently exempt from use tax if used by organ procurement organizations—“chemicals,” “materials,” “medical supplies”;
- amends RCW 82.16.055, public utility tax deductions for energy conservation or renewable energy, to clarify that “cogeneration as defined in RCW 82.32.020” is qualified by “as existing on June 30, 2006”; and
- amends RCW 82.23A.010, definitions for underground storage tank funding program, to delete references to RCW 82.36.010.

Reduces Administrative Burden on Claimants. The following amendments are made:

- amends RCW 84.36.840 to delete requirement that educational institutions claiming RCW 84.36.050 property tax exemption provide detailed information regarding property, purpose for which it is used, revenue derived for preceding year, use to which revenue was applied, number of students who attended institution, and total revenues, with sources and purposes to which revenues were applied; and
- amends a number of statutes relating to property tax deferral and grant programs to clarify that claimants need not file duplicate declarations to defer property taxes under the low-income deferral program, senior citizen/disabled person deferral program, and the widows/widowers of qualifying veterans' property tax grant program.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The changes in this bill are intended to be technical in nature. The majority of the bill is the implementation of notes from the Code Revisers Office. The bill is intended to provide clear authority for existing Department of Revenue policies, consolidate redundant statutes, repeal obsolete statutes, reduce administrative requirements, and make other technical changes as needed.

Persons Testifying: PRO: David Duvall, Legislative Liaison, Department of Revenue

Persons Signed In To Testify But Not Testifying: No one.