
SUBSTITUTE HOUSE BILL 2940

State of Washington 65th Legislature 2018 Regular Session

By House Finance (originally sponsored by Representatives Lytton, Chapman, Frame, Tarleton, Tharinger, Ormsby, Pollet, and Macri)

READ FIRST TIME 02/06/18.

1 AN ACT Relating to making the business and occupation tax more
2 progressive; amending RCW 82.32.045 and 82.33.010; reenacting and
3 amending RCW 34.05.328; adding new sections to chapter 82.04 RCW;
4 creating new sections; repealing RCW 82.04.4451; and providing an
5 effective date.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature recognizes that as a
8 result of the state's regressive tax structure, Washington's small
9 businesses are overburdened. Despite low profit margins, the
10 legislature finds that small businesses are taxed at the same rate as
11 our high profit corporations, without benefiting from the special tax
12 preferences that many of our large corporations enjoy.

13 (2) It is the intent of the legislature to make the state's
14 business tax system more fair for small businesses by reforming the
15 current business and occupation tax or eventually implementing a new,
16 more equitable business activities tax. The legislature also intends
17 to take the necessary steps to evaluate the continuing need for
18 business and occupation tax preferences.

19 **Sec. 2.** RCW 82.32.045 and 2010 1st sp.s. c 23 s 1103 are each
20 amended to read as follows:

1 (1) Except as otherwise provided in this chapter, payments of the
2 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16
3 RCW, along with reports and returns on forms prescribed by the
4 department, are due monthly within twenty-five days after the end of
5 the month in which the taxable activities occur.

6 (2) The department of revenue may relieve any taxpayer or class
7 of taxpayers from the obligation of remitting monthly and may require
8 the return to cover other longer reporting periods, but in no event
9 may returns be filed for a period greater than one year. For these
10 taxpayers, tax payments are due on or before the last day of the
11 month next succeeding the end of the period covered by the return.

12 (3) The department of revenue may also require verified annual
13 returns from any taxpayer, setting forth such additional information
14 as it may deem necessary to correctly determine tax liability.

15 (4) Notwithstanding subsections (1) and (2) of this section, the
16 department may relieve any person of the requirement to file returns
17 and pay the tax otherwise due if the following conditions are met:

18 (a) The person's value of products, gross proceeds of sales, or
19 gross income of the business, from all business activities taxable
20 under chapter 82.04 RCW, is less than((+

21 ~~(i) Twenty-eight thousand dollars per year; or~~

22 ~~(ii) Forty-six thousand six hundred sixty-seven dollars per year~~
23 ~~for persons generating at least fifty percent of their taxable amount~~
24 ~~from activities taxable under RCW 82.04.255, 82.04.290(2)(a), and~~
25 ~~82.04.285)) one hundred twenty-five thousand dollars per year;~~

26 (b) The person's gross income of the business from all activities
27 taxable under chapter 82.16 RCW is less than twenty-four thousand
28 dollars per year; and

29 (c) The person is not required to collect or pay to the
30 department of revenue any other tax or fee which the department is
31 authorized to collect.

32 NEW SECTION. Sec. 3. A new section is added to chapter 82.04
33 RCW to read as follows:

34 (1) In computing the amount of tax due under this chapter,
35 beginning January 1, 2020, a person must calculate its margin for
36 purposes of determining eligibility for a credit or liability for a
37 surcharge, as provided in this section. A person's margin for the
38 current tax year is determined by deducting the person's cost of
39 goods sold and cost of labor, accrued for the immediately preceding

1 tax year, from the greater of the person's total gross income of the
2 business, or value of products manufactured or extracted, for that
3 same tax year.

4 (2) If the person's margin is:

5 (a) Less than two hundred fifty thousand dollars, a person is
6 eligible for a credit equal to the tax otherwise due under this
7 chapter for the reporting period;

8 (b) Equal to or greater than two hundred fifty thousand dollars
9 but less than one million dollars, no credit under (a) of this
10 subsection is allowed, and the surcharge in (c) of this subsection
11 does not apply; or

12 (c) One million dollars or more, a surcharge is imposed. Except
13 as provided in subsection (3) of this section, the surcharge is equal
14 to the tax otherwise payable under this chapter by the person,
15 multiplied by six percent.

16 (3)(a) Before the surcharge under (c) of this subsection takes
17 effect, the department may adjust the surcharge rate by rule if, as a
18 result of the rule making to implement this section, the department
19 determines that estimated collections of tax under this chapter will
20 fall below or exceed projections by at least one percent during the
21 first eighteen months in which the surcharge under subsection (2)(c)
22 of this section is effective, based on the latest published fiscal
23 note for chapter . . . , Laws of 2018 (this act).

24 (b) Within the first twelve months of the surcharge under (c) of
25 this subsection taking effect, the department may adjust the
26 surcharge rate by emergency rule if the department estimates that
27 collections of tax under this chapter will fall below or exceed
28 projections by at least one percent during the first eighteen months
29 in which the surcharge under (c) of this subsection is effective,
30 based on the latest published fiscal note for chapter . . . , Laws of
31 2018 (this act).

32 (c) Surcharge rate adjustments under (a) and (b) of this
33 subsection must:

34 (i) Be no more than the amount necessary for chapter . . . , Laws
35 of 2018 (this act) to achieve revenue neutrality for the period
36 beginning January 1, 2020, through June 30, 2021, as projected by the
37 department;

38 (ii) Be carried to the fourth decimal place; and

39 (iii) Take effect on the date determined by the department by
40 rule. A surcharge rate adjustment is prospective only and must take

1 effect on the first day of a calendar quarter that is at least sixty
2 days following the date that the department publishes the adjusted
3 surcharge rate on its public web site.

4 (d) The director of the office of financial management must
5 approve any surcharge rate adjustment under (a) or (b) of this
6 subsection.

7 (4) The surcharge rate in effect on January 1, 2021, shall be the
8 surcharge rate imposed for calendar years 2021 and 2022.

9 (5) A new business is exempt from this section.

10 (6) By October 1, 2019, the department must adopt rules it deems
11 necessary for the administration of this section. Such rules must
12 include:

13 (a) Definitions of the terms "cost of goods sold" and "cost of
14 labor." Such definitions must:

15 (i) Include items of costs that are commonly maintained by
16 prudent businesses in their books and records. However, the
17 department may, in its discretion, exclude items of direct and
18 indirect costs it deems useful in simplifying the margin calculation
19 for taxpayers, reducing the likelihood of disputes between the
20 department and taxpayers, and preventing inflated cost deductions in
21 the margin calculation under this section; and

22 (ii) Ensure that no items of costs are deducted twice in
23 determining a person's margin under this section.

24 (b) Include a definition of the term "new business," which must,
25 to the extent possible, limit the exemption under subsection (5) of
26 this section to bona fide new businesses and prevent existing
27 businesses from avoiding a surcharge or claiming a credit under this
28 section.

29 (c) Provide for a reasonable method of allocating or apportioning
30 costs of goods sold and labor, consistent with the purposes of this
31 section.

32 (d) Include provisions intended to deny taxpayers the tax
33 benefits of engaging in arrangements or transactions that take
34 advantage of the provisions of this section to unfairly avoid taxes
35 under this chapter.

36 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04
37 RCW to read as follows:

38 (1) In computing the tax imposed under this chapter, an eligible
39 new business is entitled to a credit under this section. The amount

1 of the credit under this section is equal to the tax otherwise due
2 under this chapter for the person's initial taxable year.

3 (2) Persons who believe they will qualify for the credit under
4 this section and whose reporting frequency for the taxes imposed
5 under this chapter is less than annual may claim the credit under
6 this section on each of the person's tax returns for the person's
7 initial taxable year. However, as soon as any person claiming the
8 credit under this section has reported a gross taxable amount of at
9 least two hundred fifty thousand dollars in the initial year, the
10 person may no longer claim the credit under this section and must
11 also correct its prior tax returns to eliminate the credit claimed
12 under this section on the original tax returns.

13 (3) The definitions in this subsection apply throughout this
14 section unless the context clearly requires otherwise.

15 (a) "Eligible new business" means a new business that is exempt
16 from the provisions of section 3 of this act and whose gross taxable
17 amount for the initial taxable year is less than two hundred fifty
18 thousand dollars.

19 (b) "Gross taxable amount" means a person's combined gross income
20 of the business and value of any products manufactured or extracted,
21 from engaging in business activities within this state, less the
22 amount of any gross proceeds of sales of products manufactured or
23 extracted by the person to the extent that such gross proceeds of
24 sales are included both in the person's gross income of the business
25 and value of products manufactured or extracted.

26 (c) "Initial taxable year" means the first year in which the
27 eligible new business engages within this state in business
28 activities taxable under this chapter.

29 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.04
30 RCW to read as follows:

31 (1) By August 1, 2022, and each even-numbered year thereafter,
32 the department must estimate what the amount of collections under
33 this chapter for the two previous completed calendar years would have
34 been had the changes in this act not been enacted. The requirements
35 for the calculations of the estimated collections for a calendar year
36 under this subsection are:

37 (a) The department must use the actual business and occupation
38 tax collections for calendar year 2019 as the baseline;

1 (b) The department must adjust the calendar year 2019 baseline by
2 the total percentage change in state personal income from calendar
3 year 2019 to the calendar year for which the department is
4 calculating the estimated collections for this subsection;

5 (c) The department must use the total percentage change in state
6 personal income as reported by the economic and revenue forecast
7 council, utilizing the most recent forecast available at the time the
8 calculation is made.

9 (2) By August 1, 2022, and each even-numbered year thereafter,
10 the department must calculate the adjusted actual collections under
11 this chapter for the previous two calendar years. The requirements
12 for the calculations for the adjusted actual collections in this
13 subsection are:

14 (a) The department must deduct from the actual collections for a
15 calendar year the amount of collections resulting from the imposition
16 of a surcharge under this act;

17 (b) The department must add an adjustment restoring any decrease
18 in collections resulting from changes to the tax imposed under this
19 chapter since December 31, 2019, excluding this act. If available,
20 the department must use the most recent fiscal note reflecting the
21 legislation as enacted in calculating the adjustment; and

22 (c) The department must add an adjustment deducting any increase
23 in collections resulting from changes to the tax imposed under this
24 chapter since December 31, 2019, excluding this act. If available,
25 the department must use the most recent fiscal note reflecting the
26 legislation as enacted in calculating the adjustment.

27 (3) By August 1, 2022, and each even-numbered year thereafter,
28 the department must calculate the surcharge rate that would have been
29 required for the two previous calendar years in order for tax
30 collections under this chapter to have been within one percent of the
31 estimate calculated pursuant to subsection (1) of this section for
32 those years. For the next two calendar years, the surcharge rate must
33 be the lesser of the surcharge rate from the previous calendar year
34 and the surcharge rate calculated under this section for the next two
35 calendar years; however, the surcharge rate must not be less than
36 zero nor more than the maximum established in subsection (6) of this
37 section.

38 (4) By September 1, 2022, and each even-numbered year thereafter,
39 the department must notify the economic and revenue forecast council

1 of the surcharge rate being proposed for the next two calendar years
2 and as calculated in subsection (3) of this section.

3 (5) If the economic and revenue forecast council approves the
4 surcharge adjustment pursuant to section 6 of this act, the
5 department must adjust the rate by emergency rule and must publish
6 the adjusted surcharge rate on its public web site.

7 (6) The surcharge imposed in any calendar year must not be less
8 than zero and must not exceed the greater of:

9 (a) Six percent; or

10 (b) The final surcharge adopted by the department pursuant to
11 section 3 of this act.

12 (7) Any adjustment to the surcharge rate made under this section
13 must:

14 (a) Be no more than the amount necessary to achieve revenue
15 neutrality for business and occupation tax collections in the
16 biennium based on the estimate in subsection (1) of this section and
17 collections in subsection (2) of this section;

18 (b) Be carried to the fourth decimal place; and

19 (c) Take effect on the first day of the ensuing odd-numbered year
20 and only after approval by the economic and revenue forecast council.

21 **Sec. 6.** RCW 82.33.010 and 2012 1st sp.s. c 8 s 2 are each
22 amended to read as follows:

23 (1) The economic and revenue forecast council is hereby created.
24 The council shall consist of two individuals appointed by the
25 governor, the state treasurer, and four individuals, one of whom is
26 appointed by the chairperson of each of the two largest political
27 caucuses in the senate and house of representatives. The chair of the
28 council shall be selected from among the four caucus appointees. The
29 council may select such other officers as the members deem necessary.

30 (2) The council shall employ an economic and revenue forecast
31 supervisor to supervise the preparation of all economic and revenue
32 forecasts and the presentation of state budget outlooks. As used in
33 this chapter, "supervisor" means the economic and revenue forecast
34 supervisor. Approval by an affirmative vote of at least five members
35 of the council is required for any decisions regarding employment of
36 the supervisor. Employment of the supervisor shall terminate after
37 each term of three years. At the end of the first year of each three-
38 year term the council shall consider extension of the supervisor's
39 term by one year. The council may fix the compensation of the

1 supervisor. The supervisor shall employ staff sufficient to
2 accomplish the purposes of this section.

3 (3) The economic and revenue forecast council shall oversee the
4 preparation of and approve, by an affirmative vote of at least five
5 members, the official, optimistic, and pessimistic state economic and
6 revenue forecasts prepared under RCW 82.33.020. If the council is
7 unable to approve a forecast before a date required in RCW 82.33.020,
8 the supervisor shall submit the forecast without approval and the
9 forecast shall have the same effect as if approved by the council.

10 (4) The economic and revenue forecast council shall oversee the
11 preparation of and approve, by an affirmative vote of at least five
12 members, the state budget outlook prepared under RCW 82.33.060. If
13 the council is unable to approve a state budget outlook before a date
14 required in RCW 82.33.060, the supervisor shall submit the outlook
15 prepared under RCW 82.33.060 without approval and the outlook shall
16 have the same effect as if approved by the council.

17 (5) The economic and revenue forecast council must adopt and make
18 available any estimates of state personal income needed to perform
19 the calculations in section 5 of this act.

20 (6) By September 30, 2022, and each even-numbered year thereafter
21 the economic and revenue forecast council must consider and approve,
22 by an affirmative vote of at least five members, any change to the
23 surcharge rate recommended by the department of revenue pursuant to
24 section 5 of this act.

25 (7) A councilmember who does not cast an affirmative vote for
26 approval of the official economic and revenue forecast or the state
27 budget outlook may request, and the supervisor shall provide, an
28 alternative economic and revenue forecast or state budget outlook
29 based on assumptions specified by the member including, for purposes
30 of the state budget outlook, revenues to and expenditures from
31 additional funds.

32 ~~((+6+))~~ (8) Members of the economic and revenue forecast council
33 shall serve without additional compensation but shall be reimbursed
34 for travel expenses in accordance with RCW 44.04.120 while attending
35 sessions of the council or on official business authorized by the
36 council. Nonlegislative members of the council shall be reimbursed
37 for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

38 **Sec. 7.** RCW 34.05.328 and 2011 c 298 s 21 and 2011 c 149 s 1 are
39 each reenacted and amended to read as follows:

1 (1) Before adopting a rule described in subsection (5) of this
2 section, an agency must:

3 (a) Clearly state in detail the general goals and specific
4 objectives of the statute that the rule implements;

5 (b) Determine that the rule is needed to achieve the general
6 goals and specific objectives stated under (a) of this subsection,
7 and analyze alternatives to rule making and the consequences of not
8 adopting the rule;

9 (c) Provide notification in the notice of proposed rule making
10 under RCW 34.05.320 that a preliminary cost-benefit analysis is
11 available. The preliminary cost-benefit analysis must fulfill the
12 requirements of the cost-benefit analysis under (d) of this
13 subsection. If the agency files a supplemental notice under RCW
14 34.05.340, the supplemental notice must include notification that a
15 revised preliminary cost-benefit analysis is available. A final cost-
16 benefit analysis must be available when the rule is adopted under RCW
17 34.05.360;

18 (d) Determine that the probable benefits of the rule are greater
19 than its probable costs, taking into account both the qualitative and
20 quantitative benefits and costs and the specific directives of the
21 statute being implemented;

22 (e) Determine, after considering alternative versions of the rule
23 and the analysis required under (b), (c), and (d) of this subsection,
24 that the rule being adopted is the least burdensome alternative for
25 those required to comply with it that will achieve the general goals
26 and specific objectives stated under (a) of this subsection;

27 (f) Determine that the rule does not require those to whom it
28 applies to take an action that violates requirements of another
29 federal or state law;

30 (g) Determine that the rule does not impose more stringent
31 performance requirements on private entities than on public entities
32 unless required to do so by federal or state law;

33 (h) Determine if the rule differs from any federal regulation or
34 statute applicable to the same activity or subject matter and, if so,
35 determine that the difference is justified by the following:

36 (i) A state statute that explicitly allows the agency to differ
37 from federal standards; or

38 (ii) Substantial evidence that the difference is necessary to
39 achieve the general goals and specific objectives stated under (a) of
40 this subsection; and

1 (i) Coordinate the rule, to the maximum extent practicable, with
2 other federal, state, and local laws applicable to the same activity
3 or subject matter.

4 (2) In making its determinations pursuant to subsection (1)(b)
5 through (h) of this section, the agency must place in the rule-making
6 file documentation of sufficient quantity and quality so as to
7 persuade a reasonable person that the determinations are justified.

8 (3) Before adopting rules described in subsection (5) of this
9 section, an agency must place in the rule-making file a rule
10 implementation plan for rules filed under each adopting order. The
11 plan must describe how the agency intends to:

12 (a) Implement and enforce the rule, including a description of
13 the resources the agency intends to use;

14 (b) Inform and educate affected persons about the rule;

15 (c) Promote and assist voluntary compliance; and

16 (d) Evaluate whether the rule achieves the purpose for which it
17 was adopted, including, to the maximum extent practicable, the use of
18 interim milestones to assess progress and the use of objectively
19 measurable outcomes.

20 (4) After adopting a rule described in subsection (5) of this
21 section regulating the same activity or subject matter as another
22 provision of federal or state law, an agency must do all of the
23 following:

24 (a) Coordinate implementation and enforcement of the rule with
25 the other federal and state entities regulating the same activity or
26 subject matter by making every effort to do one or more of the
27 following:

28 (i) Deferring to the other entity;

29 (ii) Designating a lead agency; or

30 (iii) Entering into an agreement with the other entities
31 specifying how the agency and entities will coordinate implementation
32 and enforcement.

33 If the agency is unable to comply with this subsection (4)(a),
34 the agency must report to the legislature pursuant to (b) of this
35 subsection;

36 (b) Report to the joint administrative rules review committee:

37 (i) The existence of any overlap or duplication of other federal
38 or state laws, any differences from federal law, and any known
39 overlap, duplication, or conflict with local laws; and

1 (ii) Make recommendations for any legislation that may be
2 necessary to eliminate or mitigate any adverse effects of such
3 overlap, duplication, or difference.

4 (5)(a) Except as provided in (b) of this subsection, this section
5 applies to:

6 (i) Significant legislative rules of the departments of ecology,
7 labor and industries, health, revenue, social and health services,
8 and natural resources, the employment security department, the forest
9 practices board, the office of the insurance commissioner, and to the
10 legislative rules of the department of fish and wildlife implementing
11 chapter 77.55 RCW; and

12 (ii) Any rule of any agency, if this section is voluntarily made
13 applicable to the rule by the agency, or is made applicable to the
14 rule by a majority vote of the joint administrative rules review
15 committee within forty-five days of receiving the notice of proposed
16 rule making under RCW 34.05.320.

17 (b) This section does not apply to:

18 (i) Emergency rules adopted under RCW 34.05.350;

19 (ii) Rules relating only to internal governmental operations that
20 are not subject to violation by a nongovernment party;

21 (iii) Rules adopting or incorporating by reference without
22 material change federal statutes or regulations, Washington state
23 statutes, rules of other Washington state agencies, shoreline master
24 programs other than those programs governing shorelines of statewide
25 significance, or, as referenced by Washington state law, national
26 consensus codes that generally establish industry standards, if the
27 material adopted or incorporated regulates the same subject matter
28 and conduct as the adopting or incorporating rule;

29 (iv) Rules that only correct typographical errors, make address
30 or name changes, or clarify language of a rule without changing its
31 effect;

32 (v) Rules the content of which is explicitly and specifically
33 dictated by statute;

34 (vi) Rules that set or adjust fees under the authority of RCW
35 19.02.075 or that set or adjust fees or rates pursuant to legislative
36 standards, including fees set or adjusted under the authority of RCW
37 19.80.045;

38 (vii) Rules of the department of social and health services
39 relating only to client medical or financial eligibility and rules
40 concerning liability for care of dependents; ((~~or~~))

1 (viii) Rules of the department of revenue that adopt a uniform
2 expiration date for reseller permits as authorized in RCW 82.32.780
3 and 82.32.783 ; or

4 (ix) Rules of the department of revenue authorized in section 3
5 of this act.

6 (c) For purposes of this subsection:

7 (i) A "procedural rule" is a rule that adopts, amends, or repeals
8 (A) any procedure, practice, or requirement relating to any agency
9 hearings; (B) any filing or related process requirement for making
10 application to an agency for a license or permit; or (C) any policy
11 statement pertaining to the consistent internal operations of an
12 agency.

13 (ii) An "interpretive rule" is a rule, the violation of which
14 does not subject a person to a penalty or sanction, that sets forth
15 the agency's interpretation of statutory provisions it administers.

16 (iii) A "significant legislative rule" is a rule other than a
17 procedural or interpretive rule that (A) adopts substantive
18 provisions of law pursuant to delegated legislative authority, the
19 violation of which subjects a violator of such rule to a penalty or
20 sanction; (B) establishes, alters, or revokes any qualification or
21 standard for the issuance, suspension, or revocation of a license or
22 permit; or (C) adopts a new, or makes significant amendments to, a
23 policy or regulatory program.

24 (d) In the notice of proposed rule making under RCW 34.05.320, an
25 agency must state whether this section applies to the proposed rule
26 pursuant to (a)(i) of this subsection, or if the agency will apply
27 this section voluntarily.

28 (6) By January 31, 1996, and by January 31st of each even-
29 numbered year thereafter, the office of regulatory assistance, after
30 consulting with state agencies, counties, and cities, and business,
31 labor, and environmental organizations, must report to the governor
32 and the legislature regarding the effects of this section on the
33 regulatory system in this state. The report must document:

34 (a) The rules proposed to which this section applied and to the
35 extent possible, how compliance with this section affected the
36 substance of the rule, if any, that the agency ultimately adopted;

37 (b) The costs incurred by state agencies in complying with this
38 section;

1 (c) Any legal action maintained based upon the alleged failure of
2 any agency to comply with this section, the costs to the state of
3 such action, and the result;

4 (d) The extent to which this section has adversely affected the
5 capacity of agencies to fulfill their legislatively prescribed
6 mission;

7 (e) The extent to which this section has improved the
8 acceptability of state rules to those regulated; and

9 (f) Any other information considered by the office of financial
10 management to be useful in evaluating the effect of this section.

11 NEW SECTION. **Sec. 8.** (1)(a) A taskforce on business and
12 occupation tax fairness is established. The task force is composed of
13 the following twelve members:

14 (i) A representative of the governor's office;

15 (ii) A representative of the department of revenue;

16 (iii) A representative of the department of commerce;

17 (iv) A representative from each of the two largest caucuses of
18 the senate, who must be appointed by the president of the senate; and

19 (v) A representative from each of the two largest caucuses of the
20 house of representatives, who must be appointed by the speaker of the
21 house of representatives.

22 (b) The governor must appoint the remaining five members of the
23 task force, taking into consideration representation from: Large
24 businesses, small and independent businesses, advocates of policies
25 advancing the interests of economic security and social opportunity,
26 and persons with expertise in Washington state tax law and policy in
27 an academic or private sector setting.

28 (c) The task force may seek input or collaborate with any other
29 parties it deems necessary.

30 (d) The terms of legislative members of the task force continue
31 until such members no longer wish to serve on the task force or no
32 longer serve in the legislature, whichever occurs first. A
33 legislative vacancy must be filled by the appointment of a legislator
34 from the same legislative chamber and caucus as the original
35 appointment. The appropriate appointing authority must make the
36 appointment within thirty days of the vacancy occurring.

37 (2) The task force must choose its chair from among its
38 membership. The task force meets at the call of the chair. The chair

1 of the task force must cause all meeting notices and task force
2 documents to be sent to the task force members.

3 (3) The department of revenue must provide staff support for the
4 task force.

5 (4) Legislative members of the task force are reimbursed for
6 travel expenses in accordance with RCW 44.04.120. Nonlegislative
7 members of the task force, except those representing an employer or
8 organization, are entitled to be reimbursed for travel expenses in
9 accordance with RCW 43.03.050 and 43.03.060.

10 (5) The task force must:

11 (a) Review existing business and occupation tax preferences to
12 determine whether any are no longer needed as a result of the
13 enactment of this act;

14 (b) Make decisions by a simple majority of the task force; and

15 (c) Provide a report, in compliance with RCW 43.01.036, to the
16 appropriate fiscal committees of the house of representatives and
17 senate by January 1, 2022.

18 (6) The report required in subsection (5) of this section may
19 include:

20 (a) Recommendations for the elimination of business and
21 occupation tax preferences;

22 (b) Additional or alternative options for improving the fairness
23 of the business and occupation tax or replacing the business and
24 occupation tax with a more equitable business activities tax;

25 (c) Recommendations for future legislative oversight of the
26 department of revenue's implementation of this act; and

27 (d) A minority report if the task force does not reach complete
28 agreement on the contents of the report.

29 NEW SECTION. **Sec. 9.** RCW 82.04.4451 (Credit against tax due—
30 Maximum credit—Table) and 2010 1st sp.s. c 23 s 1102, 1997 c 238 s 2,
31 & 1994 sp.s. c 2 s 1 are each repealed.

32 NEW SECTION. **Sec. 10.** This act may be known and cited as the
33 small business tax fairness act.

34 NEW SECTION. **Sec. 11.** RCW 82.32.805 and 82.32.808 do not apply
35 to this act.

1 NEW SECTION. **Sec. 12.** Sections 2, 4, 8, and 9 of this act take
2 effect January 1, 2020.

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