

# HOUSE BILL REPORT

## EHB 2680

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*As Amended by the Senate*

**Title:** An act relating to the improvement of the administration of the assessment and collection of taxes.

**Brief Description:** Modifying provisions for the assessment and collection of taxes.

**Sponsor(s):** Representatives J. Kohl, Brumsickle and Fraser; by request of Department of Revenue.

**Brief History:**

Reported by House Committee on:  
Revenue, January 31, 1992, DPA;  
Passed House, February 13, 1992, 94-2;  
Amended by Senate.

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**HOUSE COMMITTEE ON  
REVENUE**

**Majority Report:** *Do pass as amended.* Signed by 14 members: Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Belcher; Carlson; Day; J. Kohl; Leonard; Morris; Morton; Rust; Silver; and Van Luven.

**Staff:** Robin Appleford (786-7093).

**Background:** The retail sales tax is generally remitted by the seller of the taxed good or service to the Department of Revenue (DOR) by the 25th of each month following the tax period in which the purchase was made. In cases where a buyer has failed to pay sales tax to the seller, DOR may proceed directly against the buyer for collection of the tax, and may assess penalties and interest against the buyer from the time the tax is due. In this case, the statutory due date is set at the 15th day of the month instead of the 25th.

When a taxpayer believes his or her tax assessment is too high, the taxpayer may appeal to DOR for a refund. If DOR rejects the appeal, the taxpayer may appeal to the Thurston County Superior Court. Within 10 days of filing the appeal, the taxpayer must file a \$200 bond with the superior court. The intent of the bond requirement is to cover court costs if the appeal is not sustained.

Emergency lodging provided to homeless persons by eligible organizations is exempt from local option hotel/motel taxes. The statute states that the taxes do not apply to lodging provided for a period of 30 days.

The state leasehold excise tax is imposed on property used for private purposes that is also exempt from property taxation. The tax is collected by public entities that lease property to private parties. Currently, the tax must be remitted to DOR by the 15th of each month following the period in which the tax is collected.

**Summary of Bill:** Various statutes are repealed or amended to correct statutory references. The statute extending the hotel/motel tax exemption to homeless organizations is changed to clarify that the taxes do not apply to lodging provided for a period of less than 30 days. The requirement that taxpayers file a \$200 bond is removed.

The statutory due date for remittance of retail sales tax collections due from the buyer is changed from the 15th to the 25th of the month following the tax collection period. The date for remittance of the state leasehold excise tax is changed from the 15th of the month to the last day of the month following the tax collection period.

**EFFECT OF SENATE AMENDMENT(S):** The definition of a renegotiated lease for purposes of the leasehold excise tax is expanded to include leases that have a consumer price index escalator clause. A method is prescribed for calculating senior citizen tax relief under the leasehold excise tax that would provide the same percentage tax relief to a leasehold excise taxpayer as for a property owner. It is specified that the standard excise tax appeal rights apply to appeals under the leasehold excise tax.

Clothing sold at cost to federally exempt non-profit organizations who donate the clothing to low-income persons is exempt from sales and use tax. Sales of items reasonably necessary for the operation of "free hospitals" are exempt from sales and use tax. Free hospitals are defined as hospitals that do not charge any patient for health care provided by the hospital.

Wholesale or retail sales of unprocessed fish, shellfish, and fish eggs caught outside state waters are exempt from state business and occupation tax.

DOR may exempt certain persons from the requirement to file tax returns or pay a registration fee to DOR. Registration with DOR is not required if a person:

- 1) Has gross income below \$1,000 per month;
- 2) Is not required to collect or pay to DOR any other tax administered by DOR; and
- 3) Is not required to register under the master licensing program.

**Fiscal Note:** Available.

**Effective Date:** July 1, 1992.

**Testimony For:** This bill repeals obsolete statutes, makes technical changes and improves tax administration procedures.

**Testimony Against:** None.

**Witnesses:** Dennis Okamoto, Department of Revenue (in favor).

**VOTE ON FINAL PASSAGE:**

Yeas 94; Nays 2; Excused 2

Nays: Representatives Bray, Ludwig

Excused: Representatives Basich, Wineberry