

SENATE BILL REPORT

SB 6508

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 5, 1992

Brief Description: Providing tax amnesty.

SPONSORS: Senators McDonald, Niemi and Craswell

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6508 be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Amondson, Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, M. Kreidler, Metcalf, Murray, Newhouse, Niemi, Owen, Rinehart, L. Smith, West, and Williams.

Staff: Terry Wilson (786-7715)

Hearing Dates: March 5, 1992

BACKGROUND:

As a low-cost means of collecting delinquent taxes and improving long-term compliance with tax codes, many states have conducted tax amnesty programs. According to the Federation of Tax Administrators, amnesties have been conducted by 35 states and have generated over \$1.5 billion in revenues.

SUMMARY:

A taxpayer who pays to the Department of Revenue during the period July 1, 1992, through September 30, 1992, deficient, delinquent, unreported, or otherwise unpaid taxes for which liability accrued under Title 82 RCW before January 1, 1992, is not subject to any civil or criminal penalties for the taxes paid or for failure to register with the department if:

- (a) The taxpayer completes and files an amnesty tax return with the department;
- (b) The taxpayer pays all tax and interest as determined on the amnesty tax return; and
- (c) The taxpayer agrees not to contest any taxes paid with the amnesty return and agrees not to pursue any administrative or judicial proceeding for a refund or correction of the tax.

The program applies to all taxpayers whether or not the taxpayer is under audit and whether or not the amount due is subject to a pending administrative or judicial proceeding, other than a criminal proceeding.

An additional penalty equal to 30 percent of the tax due is imposed on liabilities for which amnesty is available and which remain unpaid after the amnesty period. Liabilities under appeal are exempt. The department is authorized to waive this penalty for good cause.

The department is required to report to the legislative fiscal committees by January 1, 1994, on the effectiveness of the amnesty program.

EFFECT OF PROPOSED SUBSTITUTE:

Application of the additional penalty is clarified.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR: None

TESTIMONY AGAINST: None

TESTIFIED: No one