

1 NEW SECTION. **Sec. 102.** ADJUSTED GROSS INCOME. "Adjusted gross
2 income" means adjusted gross income as determined under the internal
3 revenue code.

4 NEW SECTION. **Sec. 103.** DEPARTMENT. "Department" means the state
5 department of revenue.

6 NEW SECTION. **Sec. 104.** FEDERAL BASE INCOME. "Federal base
7 income" means:

8 (1) For individuals, adjusted gross income.

9 (2) For all other persons, taxable income as determined under the
10 internal revenue code.

11 NEW SECTION. **Sec. 105.** INDIVIDUAL. "Individual" means a natural
12 person.

13 NEW SECTION. **Sec. 106.** INTERNAL REVENUE CODE. "Internal revenue
14 code" means the United States internal revenue code of 1986 and
15 amendments thereto, as existing and in effect on January 1, 1991.

16 NEW SECTION. **Sec. 107.** PERSON. "Person" includes individuals,
17 partnerships, firms, companies, fiduciaries, estates, trusts, and
18 corporations.

19 NEW SECTION. **Sec. 108.** RESIDENT. "Resident" includes: (1) An
20 individual who:

21 (a) Has resided in this state for the entire taxable year; or

22 (b) Is domiciled in this state unless the individual:

23 (i) Maintains no permanent place of abode in this state; and

24 (ii) Does maintain a permanent place of abode elsewhere; and

1 (iii) Spends in the aggregate not more than thirty days in the
2 taxable year in this state; or

3 (c) Is not domiciled in this state, but maintains a permanent place
4 of abode in this state and spends in the aggregate more than one
5 hundred eighty-three days of the taxable year in this state unless the
6 individual establishes to the satisfaction of the director of the
7 department that the individual is in the state only for temporary or
8 transitory purposes; or

9 (d) Claims the state of Washington as the individual's tax home for
10 federal income tax purposes.

11 (2) A resident estate means an estate of which a personal
12 representative was appointed by a Washington court, or, an estate the
13 administration of which is carried on in this state.

14 (3) A resident trust means a trust whose situs as determined by RCW
15 11.96.040 is within the state of Washington.

16 NEW SECTION. **Sec. 109.** TAXABLE INCOME. "Taxable income" means
17 federal base income after making the additions, subtractions,
18 apportionments, and allocations provided under this title.

19 NEW SECTION. **Sec. 110.** TAXABLE YEAR. "Taxable year" means the
20 taxpayer's taxable year as defined under the internal revenue code.

21 NEW SECTION. **Sec. 111.** TAXPAYER. "Taxpayer" means a person
22 receiving income subject to tax under this title.

23 NEW SECTION. **Sec. 112.** DEFINITION OF TERMS GENERALLY. Except as
24 provided in sections 101 through 111 of this act, any term used in this
25 title has the same meaning as when used in a comparable context in the
26 internal revenue code.

PART II

INCOME TAX--TAXABLE INCOME MODIFICATIONS

NEW SECTION. **Sec. 201.** INTRODUCTORY. In computing taxable income, modifications shall be made to the taxpayer's federal base income as required under this Part, unless the modification has the effect of duplicating an item of income or deduction.

NEW SECTION. **Sec. 202.** CARRY-OVERS. Add amounts that have been deducted in computing federal base income to the extent the amounts have been carried over from taxable years ending before the effective date of this act.

NEW SECTION. **Sec. 203.** CARRYBACKS. Add amounts that have been deducted in computing federal base income to the extent the amounts have been carried back from future taxable years.

NEW SECTION. **Sec. 204.** STATE AND LOCAL INCOME TAXES. Add taxes on or measured by net income that have been deducted under the internal revenue code in computing federal base income.

NEW SECTION. **Sec. 205.** STATE AND LOCAL OBLIGATIONS. (1) Add gross income that has been excluded under section 103 of the internal revenue code in computing federal base income, except gross income derived from obligations of the state of Washington or political subdivisions of the state of Washington.

(2) Subtract any expenses incurred in the production of amounts added under subsection (1) of this section, to the extent the expenses have not been deducted in computing federal base income.

1 NEW SECTION. **Sec. 206.** DEDUCTIONS REQUIRED BY FEDERAL LAW. (1)

2 Subtract gross income that the state is prohibited from taxing under
3 the Constitution or laws of the United States, to the extent the gross
4 income was included in computing federal base income.

5 (2) Add any expenses incurred in the production of amounts
6 subtracted under subsection (1) of this section, to the extent the
7 expenses have been deducted in computing federal base income.

8 NEW SECTION. **Sec. 207.** TAX RETURNS FOR FRACTIONAL YEAR. (1) If

9 the first taxable year of any taxpayer with respect to which a tax is
10 imposed by this title ends before December 31st of the calendar year in
11 which this title becomes effective, referred to in this section as a
12 fractional taxable year, the taxable income for the fractional taxable
13 year shall be the taxpayer's taxable income for the entire taxable
14 year, adjusted by one of the following methods, at the taxpayer's
15 election:

16 (a) The taxable income shall be multiplied by a fraction. The
17 numerator of the fraction is the number of days in the fractional
18 taxable year. The denominator of the fraction is the number of days in
19 the entire taxable year.

20 (b) The taxable income shall be adjusted, in accordance with rules
21 of the department, so as to include only such income and be reduced
22 only by such deductions as can be clearly determined from the permanent
23 records of the taxpayer to be attributable to the fractional taxable
24 year.

25 (2) If an individual taxpayer's taxable income is adjusted under
26 subsection (1) of this section, the deduction amounts allowed under
27 section 402 of this act for the taxpayer shall be reduced by
28 multiplying the amount of the exemption by a fraction. The numerator of
29 the fraction is the number of days in the taxpayer's fractional taxable

1 year. The denominator of the fraction is the number of days in the
2 entire taxable year.

3 PART III

4 INCOME TAX--DIVISION OF INCOME, MODIFICATIONS, AND CREDITS

5 NEW SECTION. **Sec. 301.** APPORTIONMENT AND ALLOCATION OF INCOME--
6 INDIVIDUALS, ESTATES, AND TRUSTS. (1) For resident individuals,
7 estates, and trusts, all income shall be apportioned and allocated to
8 this state.

9 (2) For nonresident individuals, estates, and trusts, income
10 derived from sources within this state shall be apportioned and
11 allocated to this state. For purposes of this title:

12 (a) The adjusted gross income of a nonresident derived from sources
13 within this state is the net amount of items of income, gain, loss, and
14 deduction of the nonresident's federal adjusted gross income that are
15 derived from or connected with sources in this state including any
16 distributive share of partnership income and deductions, and any share
17 of estate or trust income and deductions, including any unrelated
18 business income of an otherwise exempt trust or organization.

19 (b) Items of income, gain, loss, and deduction derived from or
20 connected with sources within this state are those items attributable
21 to the ownership or disposition of any interest in real or tangible
22 personal property in this state, and a business, trade, profession, or
23 occupation carried on within this state. The department shall issue
24 rules to provide consistency of this section with the excise tax
25 provisions.

26 (c) Deduction with respect to expenses, capital losses, and net
27 operating losses shall be based solely on income, gains, losses, and
28 deductions derived from or connected with sources in this state but

1 shall otherwise be determined in the same manner as the corresponding
2 federal deduction except as provided in this title.

3 (d) Income from intangible personal property, including annuities,
4 dividends, interest, and gains from the disposition of intangible
5 personal property, constitutes income derived from sources within the
6 state of Washington only to the extent that such income is from
7 property employed in a business, trade, profession, or occupation
8 carried on within this state: PROVIDED, That distributed and
9 undistributed income of an electing S corporation for federal tax
10 purposes derived from or connected with sources within this state is
11 income derived from sources within this state for a nonresident
12 shareholder. A net operating loss of such corporation does constitute
13 a loss or deduction connected with sources within this state for a
14 nonresident shareholder.

15 (e) Compensation paid by the United States for service in the armed
16 forces of the United States performed in this state by a nonresident
17 does not constitute income derived from sources within this state.

18 (f) If a business, trade, profession, or occupation is carried on
19 partly within and partly without this state, the determination of net
20 income derived or connected with sources within this state as provided
21 in this section, shall be made by apportionment and allocation under
22 chapter 82.56 RCW.

23 NEW SECTION. **Sec. 302.** ESTATES, TRUSTS, AND BENEFICIARIES. (1)
24 The taxable incomes of estates, trusts, and beneficiaries thereof shall
25 be computed by including a share of the modifications under Part II and
26 sections 301 and 302 of this act and the credits allowed under section
27 403 of this act.

28 Each taxpayer's share of a modification or credit is the amount of
29 modification or credit multiplied by a fraction. The numerator of the

1 fraction is the taxpayer's share of the distributable net income of the
2 estate or trust. The denominator of the fraction is the total
3 distributable net income of the estate or trust. The fraction shall
4 never be greater than one.

5 (2) As used in this section, "distributable net income" means
6 distributable net income as defined in the internal revenue code. If
7 an estate or trust has no federal distributable net income, the term
8 means the income of the estate or trust which is distributed or is
9 required to be distributed during the taxable year under local law or
10 the terms of the estate or trust instrument.

11 (3) Any portion of a modification that is not included in
12 calculating the taxable incomes of the beneficiaries shall be included
13 in calculating the taxable income of the trust or estate.

14 PART IV

15 INCOME TAX--RATES AND CREDITS

16 NEW SECTION. **Sec. 401.** PERSONAL INCOME TAX IMPOSED. (1) A
17 regular tax and an additional tax are imposed on taxable income of
18 individuals, estates, and trusts as provided in this section.

19 (2) The standard deductions and personal exemptions provided in
20 section 402 of this act are allowed in computing taxable income for the
21 regular tax. The regular tax is equal to taxable income multiplied by
22 the rate of four and one-tenth percent.

23 (3) A deduction of one hundred thousand dollars is allowed in
24 computing taxable income for the additional tax. The additional tax is
25 equal to taxable income multiplied by the rate of two and four-tenths
26 percent.

27 (4) The taxes imposed in this section shall never be less than
28 zero.

1 NEW SECTION. **Sec. 402.** STANDARD DEDUCTION--PERSONAL EXEMPTION.

2 The following standard deductions and personal exemption deductions are
3 allowed in determining the regular tax under section 401(2) of this
4 act:

5 (1) The standard deduction for an individual is:

6 (a) Fifteen thousand dollars for a joint return or a surviving
7 spouse;

8 (b) Thirteen thousand two hundred dollars for a head of household;

9 (c) Nine thousand dollars for an individual who is not married and
10 who is not a surviving spouse or head of household;

11 (d) Seven thousand five hundred dollars for a married individual
12 filing a separate return.

13 (2) A personal exemption deduction in the amount of three thousand
14 seven hundred fifty dollars is allowed for each individual for whom a
15 personal exemption deduction is allowed for federal income tax
16 purposes.

17 (3) The deductions from adjusted gross income allowed under this
18 section for individual taxpayers who are not residents of this state
19 for the entire taxable year shall be reduced by multiplying the amount
20 of the deductions by a fraction. The numerator of the fraction is the
21 taxpayer's adjusted gross income attributable to sources within the
22 state of Washington. The denominator of the fraction is the taxpayer's
23 adjusted gross income from all sources. The fraction shall never be
24 greater than one.

25 NEW SECTION. **Sec. 403.** CREDIT FOR INCOME TAXES DUE ANOTHER

26 JURISDICTION. (1) The intent of this section is to prevent double
27 taxation of income potentially subject to tax in both Washington and
28 another jurisdiction.

1 (2) As used in this section, "another jurisdiction" means another
2 state or foreign country, or a political subdivision of another state
3 or foreign country.

4 (3) A resident individual, estate, or trust is allowed a credit
5 against the tax imposed under this title, equal to the lesser of:

6 (a) The amount of tax paid to another jurisdiction on net income
7 derived from sources within the other jurisdiction; or

8 (b) The amount of tax due under this title, before application of
9 credits allowable by this title, multiplied by a fraction. The
10 numerator of the fraction is the amount of the taxpayer's adjusted
11 gross income subject to tax in the other jurisdiction. The denominator
12 of the fraction is the taxpayer's total adjusted gross income as
13 modified under Part II of this act. The fraction shall never be
14 greater than one.

15 (4) If the laws of another jurisdiction contain a provision
16 exempting a resident of Washington from net income taxes on income
17 derived from sources in that jurisdiction, the director is authorized
18 to enter into a reciprocal agreement with that jurisdiction providing
19 a similar tax exemption for residents of that jurisdiction for income
20 derived from sources within Washington.

21 (5) The amount of tax credits received by any taxpayer under this
22 section shall not exceed the total amount of tax due, and there shall
23 be no carryback or carryforward of any unused credits.

24 NEW SECTION. **Sec. 404.** DUAL RESIDENCE. If an individual is
25 regarded as a resident both of this state and another jurisdiction for
26 state personal income tax purposes, the department shall reduce the tax
27 on that portion of the individual's income that is subjected to tax in
28 both jurisdictions solely by virtue of dual residence, if the other
29 taxing jurisdiction allows a similar reduction. The reduction shall

1 equal the lower of the two taxes applicable to the income taxed twice,
2 multiplied by a fraction. The numerator of the fraction is the tax
3 imposed by this state on the income taxed twice. The denominator of the
4 fraction is the tax imposed by both jurisdictions on the income taxed
5 twice. The fraction shall never be greater than one.

6 PART V

7 INCOME TAX--WITHHOLDING AND ESTIMATED TAX

8 NEW SECTION. **Sec. 501.** EMPLOYER WITHHOLDING--REQUIREMENTS. (1)

9 Every employer making a payment of wages or salaries earned in this
10 state, regardless of the place where the payment is made, and who is
11 required by the internal revenue code to withhold taxes, shall deduct
12 and withhold tax as prescribed by the department by rule. The rules
13 prescribed shall reasonably reflect the annual tax liability under this
14 title of the employee under this title. Every employer making such a
15 deduction and withholding shall furnish to the employee a record of the
16 amount of tax deducted and withheld from the employee on forms provided
17 by the department.

18 (2) If the employee is a resident of this state and earns income
19 from personal services entirely performed in another state that imposes
20 an income tax on the income, and the employer withholds income taxes
21 under the laws of the state in which the income is earned, the employer
22 is not required to withhold any tax imposed by this title on the income
23 if the laws of the state in which the income is earned allow a similar
24 exemption for its residents who earn income in this state.

25 NEW SECTION. **Sec. 502.** LIABILITY OF EMPLOYER FOR TAX WITHHELD.

26 Any person required to deduct and withhold the tax imposed by this
27 title is liable to the department for the payment of the amount

1 deducted and withheld, and is not liable to any other person for the
2 amount of tax deducted and withheld under this title or for the act of
3 withholding. The amount of tax so deducted and withheld shall be held
4 to be a special fund in trust for this state.

5 NEW SECTION. **Sec. 503.** CREDIT FOR TAX WITHHELD--HOW CLAIMED. The
6 amount deducted and withheld as tax under section 501 of this act
7 during any taxable year shall be allowed as a credit against the tax
8 imposed for the taxable year by this title. If the liability of any
9 individual for taxes, interest, penalties, or other amounts due the
10 state of Washington is less than the total amount of the credit that
11 the individual is entitled to claim under this section, the individual
12 is entitled to a refund from the department in the amount of the excess
13 of the credit over the amounts otherwise due. If any individual
14 entitled to claim a credit under this section is not otherwise required
15 by this title to file a return, a refund may be obtained in the amount
16 of the credit by filing a return, with applicable sections completed,
17 to claim the refund. No credit or refund is allowed under this section
18 unless the credit or refund is claimed on a return filed for the
19 taxable year for which the amount was deducted and withheld.

20 NEW SECTION. **Sec. 504.** WITHHOLDING--FAILURE TO PAY OR COLLECT--
21 PENALTIES. (1) The tax required by this title to be collected by the
22 employer shall be deemed to be held in trust by the employer until paid
23 to the department.

24 (2) In case any employer, or a responsible person within the
25 meaning of section 6672 of the internal revenue code, fails to collect
26 the tax imposed by this title or having collected the tax fails to pay
27 it to the department, the employer or responsible person shall,
28 nevertheless, be personally liable to the state for the amount of the

1 tax. The interest and penalty provisions of chapter 82.32 RCW apply to
2 this section.

3 NEW SECTION. **Sec. 505.** ESTIMATED TAX IMPOSED--DUE DATE OF
4 ESTIMATED TAXES--AMOUNT OF ESTIMATED TAX--UNDERPAYMENT PENALTY. (1)
5 Each taxpayer who is required by the internal revenue code to make
6 payment of estimated taxes shall pay to the department on forms
7 prescribed by the department the estimated taxes due under this title.

8 (2) The provisions of the internal revenue code relating to the
9 determination of reporting periods and due dates of payments of
10 estimated tax apply to the estimated tax payments due under this
11 section.

12 (3) The amount of the estimated tax shall be the annualized tax
13 divided by the number of months in the reporting period. No estimated
14 tax shall be due if the annualized tax is less than five hundred
15 dollars. The provisions of RCW 82.32.050 and 82.32.090 shall apply to
16 underpayments of estimated tax but shall not apply to underpayments if
17 the tax remitted to the department under this Part is either ninety
18 percent of the tax shown on the return or one hundred percent of the
19 tax shown on the previous year's tax return.

20 (4) For purposes of this section, the annualized tax is the
21 taxpayer's projected tax liability for the taxable year as computed
22 under section 6654 of the internal revenue code and the regulations
23 thereunder.

24 PART VI
25 INCOME TAX--ADMINISTRATION AND ENFORCEMENT

26 NEW SECTION. **Sec. 601.** METHOD OF ACCOUNTING. (1) A taxpayer's
27 method of accounting for purposes of the tax imposed under this title

1 shall be the same as the taxpayer's method of accounting for federal
2 income tax purposes. If no method of accounting has been regularly
3 used by a taxpayer for federal income tax purposes or if the method
4 used does not clearly reflect income, tax due under this title shall be
5 computed by a method of accounting that in the opinion of the
6 department fairly reflects income.

7 (2) If a person's method of accounting is changed for federal
8 income tax purposes, it shall be similarly changed for purposes of this
9 title.

10 NEW SECTION. **Sec. 602.** PERSONS REQUIRED TO FILE RETURNS. (1)
11 All taxpayers shall file with the department, on forms prescribed by
12 the department, an income tax return for each taxable year. An
13 individual owing no tax for a taxable year is not required to file a
14 return for that year. Each person required to file a return under this
15 title shall, without assessment, notice, or demand, pay any tax due
16 thereon to the department on or before the date fixed for the filing of
17 the return.

18 (2) The department may by rule require that certain taxpayers file,
19 on forms prescribed by the department, informational returns for any
20 period.

21 (3) In the event an adjustment to a taxpayer's federal return is
22 made by the taxpayer or the internal revenue service, the taxpayer
23 shall, within ninety days of the final determination of the adjustment
24 by the internal revenue service or within thirty days of the filing of
25 a federal return adjusted by the taxpayer, file with the department on
26 forms prescribed by the department, a corrected return reflecting the
27 adjustments as finally determined. The taxpayer shall pay any
28 additional tax due resulting from the finally determined internal
29 revenue service adjustment or a taxpayer adjustment without notice and

1 assessment. Notwithstanding any provision of this title or any other
2 title to the contrary, the period of limitation for the collection of
3 the additional tax, interest and penalty due as a result of an
4 adjustment by the taxpayer or a finally determined internal revenue
5 service adjustment shall begin at the later of thirty days following
6 the final determination of the adjustment or the date of the filing of
7 the corrected return.

8 NEW SECTION. **Sec. 603.** DUE DATE FOR FILING A RETURN--EXTENSIONS--
9 INTEREST AND PENALTIES. The due date of a return required to be filed
10 with the department shall be the due date of the federal income tax
11 return or informational return for federal income tax purposes. The
12 department shall have the authority to grant extensions of times by
13 which returns required to be filed by this title may be submitted. The
14 department shall also have the authority to grant extensions of time to
15 pay tax with regard to taxes imposed by this title. Interest at the
16 rate as specified in RCW 82.32.050 shall accrue during any extension
17 period and the interest and penalty provisions of chapter 82.32 RCW
18 shall apply to late payments and deficiencies. Notwithstanding the
19 limitation of RCW 82.32.090, in the case of the late filing of an
20 informational return, there shall be imposed a penalty the amount of
21 which shall be established by the department by rule. The penalty
22 shall not exceed fifty dollars per month for a maximum of ten months.
23 RCW 82.32.105 shall apply to this section.

24 NEW SECTION. **Sec. 604.** JOINT RETURN. (1) If the federal income
25 tax liabilities of both spouses are determined on a joint federal
26 return for the taxable year, they shall file a joint return under this
27 title.

1 (2) If neither spouse is required to file a federal income tax
2 return for the taxable year, a joint return shall be filed under this
3 title under the same conditions under which a joint return may be filed
4 for purposes of the federal income tax.

5 (3) If the federal income tax liability of either spouse is
6 determined on a separate federal return for the taxable year, they
7 shall file separate returns under this title.

8 (4) In any case in which a joint return is filed under this
9 section, the liability of the husband and wife is joint and several,
10 unless the spouse is relieved of liability under section 6013 of the
11 internal revenue code.

12 NEW SECTION. **Sec. 605.** RECORDS--RETURNS. (1) Every taxpayer and
13 every person required to deduct and withhold the tax imposed under this
14 title shall keep records, render statements, make returns, file
15 reports, and perform other acts as the department requires by rule.
16 Each return shall be made under penalty of perjury and on forms
17 prescribed by the department. The department may require other
18 statements and reports be made under penalty of perjury and on forms
19 prescribed by the department. The department may require any taxpayer
20 and any person required to deduct and withhold the tax imposed under
21 this title to furnish to the department a correct copy of any return or
22 document that the taxpayer has filed with the internal revenue service
23 or received from the internal revenue service.

24 (2) All books and records and other papers and documents required
25 to be kept under this title are subject to inspection by the department
26 at all times during business hours of the day.

27 NEW SECTION. **Sec. 606.** PROVISIONS OF INTERNAL REVENUE CODE
28 CONTROL. (1) To the extent possible without being inconsistent with

1 this title, all of the provisions of the internal revenue code relating
2 to the following subjects apply to the taxes imposed under this title:

3 (a) Time of payment of tax deducted and withheld under section 501
4 of this act;

5 (b) Liability of transferees;

6 (c) Time and manner of making returns, extensions of time for
7 filing returns, verification of returns, and the time when a return is
8 deemed filed.

9 (2) The department by rule may provide modifications and exceptions
10 to the provisions listed in subsection (1) of this section, if
11 reasonably necessary to facilitate the prompt, efficient, and equitable
12 collection of tax under this title.

13 **Sec. 607.** RCW 41.40.380 and 1989 c 360 s 27 are each amended to
14 read as follows:

15 EXEMPTION FROM TAXATION AND JUDICIAL PROCESS--EXCEPTIONS--
16 ASSIGNABILITY--DEDUCTIONS AUTHORIZED. (1) Subject to subsections (2)
17 and (3) of this section, the right of a person to a pension, an
18 annuity, or retirement allowance, any optional benefit, any other right
19 accrued or accruing to any person under the provisions of this chapter,
20 the various funds created by this chapter, and all moneys and
21 investments and income thereof, are hereby exempt from any state,
22 county, municipal, or other local tax, and shall not be subject to
23 execution, garnishment, attachment, the operation of bankruptcy or
24 insolvency laws, or other process of law whatsoever, and shall be
25 unassignable.

26 (2) This section shall not be deemed to prohibit a beneficiary of
27 a retirement allowance from authorizing deductions therefrom for
28 payment of premiums due on any group insurance policy or plan issued
29 for the benefit of a group comprised of public employees of the state

1 of Washington or its political subdivisions and which has been approved
2 for deduction in accordance with rules and regulations that may be
3 promulgated by the state health care authority and/or the department of
4 retirement systems, and this section shall not be deemed to prohibit a
5 beneficiary of a retirement allowance from authorizing deductions
6 therefrom for payment of dues and other membership fees to any
7 retirement association or organization the membership of which is
8 composed of retired public employees, if a total of three hundred or
9 more of such retired employees have authorized such deduction for
10 payment to the same retirement association or organization.

11 (3) Subsection (1) of this section shall not prohibit the
12 department of retirement systems from complying with (a) a wage
13 assignment order for child support issued pursuant to chapter 26.18
14 RCW, (b) an order to withhold and deliver issued pursuant to chapter
15 74.20A RCW, (c) a notice of payroll deduction issued pursuant to RCW
16 26.23.060, (d) a mandatory benefits assignment order issued pursuant to
17 chapter 41.50 RCW, or (e) any administrative or court order expressly
18 authorized by federal law.

19 (4) Subsection (1) of this section does not exempt any pension or
20 other benefit received under this chapter from tax under Title 82A RCW
21 (Parts I through V of this act and sections 601 through 606 and 608
22 through 610 of this act), nor does it prohibit the department of
23 retirement systems from complying with the tax withholding requirements
24 of that title.

25 NEW SECTION. Sec. 608. REFUNDS OF OVERPAYMENTS--OTHER
26 ADMINISTRATIVE PROVISIONS. (1) The department shall refund all taxes
27 improperly paid or collected.

28 (2) The following sections apply to the administration of taxes
29 imposed under this title: RCW 82.32.020, 82.32.050, 82.32.060,

1 82.32.070, 82.32.090, 82.32.100, 82.32.105, 82.32.110, 82.32.120,
2 82.32.130, 82.32.140, 82.32.150, 82.32.160, 82.32.170, 82.32.180,
3 82.32.190, 82.32.200, 82.32.210, 82.32.220, 82.32.230, 82.32.235,
4 82.32.237, 82.32.240, 82.32.245, 82.32.260, 82.32.265, 82.32.300,
5 82.32.310, 82.32.320, 82.32.330, 82.32.340, 82.32.350, 82.32.360, and
6 82.32.380.

7 NEW SECTION. **Sec. 609.** RULES. The department may adopt rules
8 under chapter 34.05 RCW for the administration and enforcement of this
9 title. The rules, to the extent possible without being inconsistent
10 with this title, shall follow the internal revenue code and the
11 regulations and rulings of the United States department of the treasury
12 with respect to the federal income tax. The department may adopt as a
13 part of these rules any portions of the internal revenue code and
14 treasury department regulations and rulings, in whole or in part.

15 NEW SECTION. **Sec. 610.** CRIMES. (1) Any person who knowingly
16 attempts to evade the tax imposed under this title or payment thereof
17 is guilty of a class C felony as provided in chapter 9A.20 RCW.

18 (2) Any person required to collect tax imposed under this title who
19 knowingly fails to collect, truthfully account for, or pay over the tax
20 is guilty of a class C felony as provided in chapter 9A.20 RCW.

21 (3) Any person who knowingly fails to pay tax, pay estimated tax,
22 make returns, keep records, or supply information, as required under
23 this title, is guilty of a gross misdemeanor as provided in chapter
24 9A.20 RCW.

25 NEW SECTION. **Sec. 611.** CODIFICATION. Parts I through V of this
26 act and sections 601 through 606, and 608 through 610 of this act shall
27 constitute a new title, to be codified as Title 82A RCW.

PART VII

INCOME TAX--APPEALS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Sec. 701. RCW 82.03.130 and 1989 c 378 s 4 are each amended to read as follows:

APPEALS TO BOARD--JURISDICTION AS TO TYPES OF APPEALS. The board shall have jurisdiction to decide the following types of appeals:

(1) Appeals taken pursuant to RCW 82.03.190.

(2) Appeals from a county board of equalization pursuant to RCW 84.08.130.

(3) Appeals by an assessor or landowner from an order of the director of revenue made pursuant to RCW 84.08.010 and 84.08.060, if filed with the board of tax appeals within thirty days after the mailing of the order, the right to such an appeal being hereby established.

(4) Appeals by an assessor or owner of an intercounty public utility or private car company from determinations by the director of revenue of equalized assessed valuation of property and the apportionment thereof to a county made pursuant to chapter 84.12 RCW and 84.16 RCW, if filed with the board of tax appeals within thirty days after mailing of the determination, the right to such appeal being hereby established.

(5) Appeals by an assessor, landowner, or owner of an intercounty public utility or private car company from a determination of any county indicated ratio for such county compiled by the department of revenue pursuant to RCW 84.48.075: PROVIDED, That

(a) Said appeal be filed after review of the ratio under RCW 84.48.075(3) and not later than fifteen days after the mailing of the certification; and

1 (b) The hearing before the board shall be expeditiously held in
2 accordance with rules prescribed by the board and shall take precedence
3 over all matters of the same character.

4 (6) Appeals from the decisions of sale price of second class
5 shorelands on navigable lakes by the department of natural resources
6 pursuant to RCW 79.94.210.

7 (7) Appeals from urban redevelopment property tax apportionment
8 district proposals established by governmental ordinances pursuant to
9 RCW 39.88.060.

10 (8) Appeals from interest rates as determined by the department of
11 revenue for use in valuing farmland under current use assessment
12 pursuant to RCW 84.34.065.

13 (9) Appeals from revisions to stumpage value tables used to
14 determine value by the department of revenue pursuant to RCW 84.33.091.

15 (10) Appeals from denial of tax exemption application by the
16 department of revenue pursuant to RCW 84.36.850.

17 (11) Appeals relating to income tax deficiencies and refunds
18 including penalties and interest under Title 82A RCW (Parts I through
19 V of this act and sections 601 through 606 and 608 through 610 of this
20 act).

21 **Sec. 702.** RCW 82.03.140 and 1988 c 222 s 4 are each amended to
22 read as follows:

23 ELECTION OF FORMAL OR INFORMAL HEARING. In all appeals over which
24 the board has jurisdiction under RCW 82.03.130, a party taking an
25 appeal may elect either a formal or an informal hearing, such election
26 to be made according to rules of practice and procedure to be
27 promulgated by the board: PROVIDED, That nothing shall prevent the
28 assessor or taxpayer, as a party to an appeal pursuant to RCW
29 84.08.130, within twenty days from the date of the receipt of the

1 notice of appeal, from filing with the clerk of the board notice of
2 intention that the hearing be a formal one: PROVIDED, HOWEVER, That
3 nothing herein shall be construed to modify the provisions of RCW
4 82.03.190: AND PROVIDED FURTHER, That upon an appeal under RCW
5 82.03.130 (5) or (6), the director of revenue may, within ten days from
6 the date of its receipt of the notice of appeal, file with the clerk of
7 the board notice of its (~~intention that the hearing be held pursuant~~
8 ~~to chapter 34.04 RCW~~) election of a formal hearing. In the event that
9 appeals are taken from the same decision, order, or determination, as
10 the case may be, by different parties and only one of such parties
11 elects a formal hearing, a formal hearing shall be granted.

12 PART VIII

13 MISCELLANEOUS

14 NEW SECTION. Sec. 801. SEVERABILITY CLAUSE. If any provision of
15 this act or its application to any person or circumstance is held
16 invalid, the remainder of the act or the application of the provision
17 to other persons or circumstances is not affected.

18 NEW SECTION. Sec. 802. CAPTIONS AND HEADINGS. Captions and part
19 headings as used in this act constitute no part of the law.

20 NEW SECTION. Sec. 803. Parts I through VII of this act shall take
21 effect January 1, 1992, if the proposed amendment to Article VII of the
22 state Constitution authorizing an income tax is validly submitted and
23 is approved and ratified by the voters at a general election held in
24 November 1991. If the proposed amendment is not so approved and
25 ratified, this act shall be null and void in its entirety.