

HOUSE BILL REPORT

SSB 6051

As Reported by House Committee On:

Finance

Title: An act relating to the payment of excise taxes.

Brief Description: Decreasing the payment period for excise taxes.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kohl-Welles, Winsley, Fairley, Poulsen and Kline).

Brief History:

Committee Activity:

Finance: 4/16/03, 4/26/03 [DP].

Brief Summary of Substitute Bill

- Requires taxpayers with total tax liability greater than \$4,800 in a calendar year to report and pay taxes by the 20th of the month rather than the 25th.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 5 members: Representatives Gombosky, Chair; McIntire, Vice Chair; Conway, Morris and Santos.

Minority Report: Do not pass. Signed by 4 members: Representatives Cairnes, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern and Roach.

Staff: Rick Peterson (786-7150).

Background:

The Department of Revenue (DOR) collects the state's major excise taxes, such as the retail sales and the business and occupation tax. The taxes collected by DOR are reported on the combined excise tax return. Taxpayers reporting on this form whose estimated tax liability is greater than \$4,800 a year are required to pay taxes by the 25th of each month for activity in the previous month. Taxpayers whose estimated tax liability is between \$4,800 and \$1,050 a year are required to pay quarterly. Taxpayers whose

estimated tax liability is less than \$1,050 a year are required to pay annually. Quarterly and annual taxpayers are required to pay taxes by the end of the month following the end of the reporting period. To be timely, the returns must be postmarked by the due date.

Summary of Bill:

Taxpayers with total tax liability greater than \$4,800 in a calendar year are required to report and pay taxes by the 20th of the month rather than the 25th.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2003.

Testimony For: This will bring in revenue that is needed in the budget without raising taxes. The bill requires taxes to be remitted five days earlier. The idea was suggested by a constituent that runs a business.

Testimony Against: With this bill the state is taking away funds from smaller retailers. This is a new tax on retailers. Retailers incur expenses in collecting the state's sales tax. Two-thirds of the states provide reimbursement to retailers for collecting sales tax. Washington does not. The cost of this bill on an average small retailer is \$361 per year. Many of the sales are made through credit arrangements. The banks discount the amount paid to retailers when a credit card is used. The discount applies to both the sales price and the tax. So the retailer must pay the full amount of the tax on the transaction even when they never receive the full amount of the tax from the bank.

Testified: (In support) Senator Kohl-Wells, prime sponsor.

(Opposed) Mark Johnson, National Federation of Independent Business; and Jan Gee, Washington Retail Association and Washington Food Industry.