

HB 2318 - DIGEST

Provides that a one percent tax is imposed on the taxable income of: (1) Individuals; and

(2) Partnerships, limited liability companies, associations, and trusts, the beneficial interest in which is not represented by transferable shares, whose gross interest and dividend income from all sources exceeds three thousand dollars during the taxable year.

Provides that the following exemptions may be deducted from taxable income: (1) Three thousand dollars for each individual taxpayer;

(2) Three thousand dollars for each individual taxpayer's spouse if the taxpayer is entitled to an exemption for the spouse under section 151(b) of the internal revenue code.

Declares that the tax imposed under this title does not apply to: (1) Interest and dividend income received by an employee benefit plan as defined by the employee retirement income security act of 1974, 29 U.S.C. Sec 1002(3), or any successor act enacted for the purpose of regulating employee benefit plans, or an individual retirement arrangement, keogh plan, or any other arrangement pursuant to which payment of federal tax on the income thereof and of the plan sponsors, participants, and beneficiaries is deferred; either to the plan or arrangement or to its sponsors, participants, or beneficiaries, irrespective of when or whether all or any portion of such income is accumulated or expended for the benefit of, or distributed in any form or manner to, such sponsors, participants, or beneficiaries;

(2) Any amount received from the sale, exchange, or transfer of either a share of corporate stock or any other transferable share under this title, whether by way of liquidation, redemption, or otherwise, and irrespective of the identity of the parties to the sale, exchange, or transfer;

(3) Any distribution of capital, whether in liquidation or otherwise, but accumulated profits shall not be regarded as capital;

(4) Any amount received and used by any educational, religious, or charitable organization incorporated or organized in this state, for the purposes for which it is established as long as none of the income or profits of the organization is divided among stockholders or members or is used for purposes other than those for which it is established, or which is received by any trustee for the use of the state or any of its political subdivisions, or for the use of the organization for these purposes;

(5) Income accumulated in an employee benefit plan, as defined by the employment retirement income security act of 1974, 29 U.S.C. Sec. 1002(3), as amended, or in a trust comprising a part of such a plan.

Provides that any person who knowingly attempts to evade the tax imposed under this act or payment thereof is guilty of a class C felony as provided in chapter 9A.20 RCW.

Provides that any person required to collect tax imposed under this act who knowingly fails to collect, truthfully account for, or pay over the tax is guilty of a class C felony as provided in

chapter 9A.20 RCW.

Provides that any person who knowingly fails to pay tax, pay estimated tax, make returns, keep records, or supply information, as required under this act, is guilty of a gross misdemeanor as provided in chapter 9A.20 RCW.