

SENATE BILL REPORT

SB 6206

As Reported by Senate Committee On:
Ways & Means, February 9, 2010

Title: An act relating to authorizing extensions of the due dates for filing tax incentive accountability reports and surveys with the department of revenue.

Brief Description: Authorizing extensions of the due dates for filing tax incentive accountability reports and surveys with the department of revenue.

Sponsors: Senators Haugen and Kilmer.

Brief History:

Committee Activity: Ways & Means: 2/02/10, 2/08/10, 2/09/10 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hewitt, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pflug, Pridemore, Regala and Rockefeller.

Staff: Dianne Criswell (786-7433)

Background: Some tax incentive programs require the taxpayer claiming the tax preference to file an annual form (either a report or a survey). Tax incentives that are industry-specific (like programs adopted for aerospace, aluminum smelters, semiconductors sectors) require the recipient to file an annual report. Tax incentives that apply more broadly require the recipient to file an annual survey.

Taxpayers filing these annual reports and surveys report on activity related to the legislative intent of adopting the tax preference, such as job creation, economic activity, and quality of employee compensation. This data is compiled and studied by various entities, like the Department of Revenue, the Citizens' Commission for the Performance Measurement of Tax Preferences, and the fiscal committees of the Legislature.

If a taxpayer fails to file a required report or survey by the due date then the business cannot claim the benefit and may have to repay any deferred taxes (the penalty for failure to file

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varies by tax program). Under current law, the only grounds to extend the filing due date or to waive or cancel penalties for failure to file a required report or survey is circumstances beyond the control of the taxpayer. Circumstances beyond the control of the taxpayer does not include misunderstandings or mistakes; rather, it relates to circumstances such as the death of the taxpayer, fire or other casualty, or fraud or other employee crime for which a police report was obtained.

Summary of Bill: A 90-day extension of the filing date is allowed for annual accountability reports or surveys for taxpayers who:

- make a request for a filing extension in writing; and
- have timely filed all earlier annual reports and surveys.

No taxpayer may be granted more than one 90-day extension.

This extension applies to surveys and reports due in calendar year 2011 and thereafter.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is a common sense proposal to allow a filing extension for the reports and surveys we require businesses to submit. It makes compliance easier for honest taxpayers, because it allows a limited exception for businesses which have otherwise made their filing deadlines. There are a lot of innocent errors and the businesses required to file should have a one-time extension.

Persons Testifying: PRO: Senator Haugen, prime sponsor; Amber Carter, Association of Washington Business.