

# FINAL BILL REPORT

## SSB 5358

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Synopsis as Enacted

**Brief Description:** Improving tax and licensing laws administered by the department of revenue, but not including changes to tax laws that are estimated to affect state or local tax collections as reflected in any fiscal note prepared and approved under the process established in chapter 43.88A RCW.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Schoesler and Ranker).

**Senate Committee on Ways & Means**  
**House Committee on Finance**

**Background:** When legislation is enacted, it frequently contains references to other statutes. These references may become erroneous due to changes made to the referenced statutes by other legislation enacted during the same legislative session. In addition, statutes sometimes include provisions that are limited in time and these provisions become obsolete with the passage of time. Additionally, administrative agencies from time to time suggest statutory revisions for the purpose of increasing clarity or improving administration.

**Summary:** Part 1: Providing Reasonable Tools for the Effective Administration of the Public Utilities District (PUD) Privilege Tax. Makes certain general administrative provisions of the tax code applicable to the PUD privilege tax, including:

- authority to issue assessments and refunds;
- requiring electronic filing and payment;
- penalty and interest provisions;
- provisions for internal review of assessments and other actions of the Department of Revenue (DOR);
- provisions for contesting taxes in court;
- providing for the confidentiality of PUD privilege tax information;
- closing agreement authority;
- requiring PUDs to report tax due, rather than information which DOR then uses to calculate tax due;
- PUD tax distributions by the state to counties, cities, fire protection districts, and library districts must be reduced to account for taxes previously distributed to these jurisdictions and subsequently refunded to a PUD;
- extends to PUDs a waiver of late payment penalty once every 24 months; and

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- allows the Department to enter into closing agreements concerning taxes imposed outside of the excise tax code.

Part 2: Pet Adoption Fees. A clarification is made so that pet adoption fees paid to local governments, humane societies, and non-profit animal rescue organizations are not subject to sales tax and are subject to business and occupation (B&O) tax under the Service and Other Activities classification.

Part 3: Technical Corrections to 2015 Legislation. Conflicting expiration dates in 2015 legislation are fixed to allow nonresident entities to obtain nonresident vessel permits.

Changes to economic nexus made in 2015 legislation are clarified and do not affect businesses that already established nexus in 2015.

Part 4: Automated Sales Suppression Devices. DOR personnel are allowed to lawfully possess voluntarily surrendered sales suppression devices. Currently, the law only allows the DOR to possess those devices that were seized by DOR or law enforcement.

Part 5: Miscellaneous Technical Corrections. Corrections to update internal references to other statutes are made.

An obsolete B&O tax credit for new employment positions created in a rural county is repealed. No credit could be earned or taken after December 31, 2010.

A reference to master application is changed to business license application to reflect current terminology.

A redundant version of RCW 82.04.280 is eliminated. Since 2003, there have been two codified versions of this statute. Originally the two statutes had slightly different language, but subsequent amendments have addressed that problem.

An August 20th deadline is provided for final assessment roll of utility companies' property tax, which is consistent with a Department of Revenue rule.

An August 20th deadline is provided for final assessment roll operating property owned by private car companies.

Part 6: Estate Tax Return Filing Relief. Estates do not need to file an estate tax return if the gross estate is equal to or less than the filing threshold of \$2,129,000.

Part 7: Licensing Information. Business licensing information is protected from disclosure by amending the licensing statute to clarify that DOR may not disclose licensing information to be used for commercial purposes.

Part 8: Background Investigations. The Director of DOR must establish background investigation policies applicable to current and prospective DOR employees and contractors who are or may be authorized to access federal tax information. Such policies must require a

criminal history record check through the Washington State Patrol and the Federal Bureau of Investigation.

Part 9: Revised Timber Harvest Estimate Deadline. The deadline for DOR to provide an estimate to each county and taxing district within the county of the amount of public forest land available for timber harvesting within the county is extended to October 1st. The current deadline is August 30th of each year, however, DOR does not always have sufficient boundary information to meet this deadline.

Part 10: Electronic Communication of Confidential Property Tax Information. Confidential property tax information is allowed to be provided electronically to any authorized person.

Part 11: Miscellaneous. Tax transparency provisions do not apply to this act.

**Votes on Final Passage:**

Senate	49	0	
House	96	0	(House amended)
Senate	48	1	(Senate concurred)

**Effective:** July 23, 2017  
January 1, 2018 (Sections 101, 103, 104, 105, 106, 107, 108, and 109)  
April 1, 2018 (Section 102)