
Finance Committee

HB 1742

Brief Description: Concerning nontax statutes administered by the department of revenue.

Sponsors: Representative Wylie; by request of Department of Revenue.

Brief Summary of Bill

This bill:

- authorizes the Department of Revenue (DOR) to waive a delinquency fee for business licenses;
- authorizes the DOR to waive a late penalty for businesses reporting unclaimed property; and
- authorizes the DOR to enter settlement agreements with unclaimed property holders.

Hearing Date: 2/21/23

Staff: Kristina King (786-7190).

Background:

Business License Delinquency Fees.

All business licenses must be renewed by their expiration dates. For late renewals, the DOR imposes a delinquency fee. The fee is the lesser of \$150 or 50 percent of a base comprised of the licensee's renewal fee minus corporate licensing taxes, corporation annual report fee, and any interest fees or penalties charged for late taxes or corporate renewals. The delinquency fee is added to the renewal fee paid by the licensee before a business license is renewed. The DOR must waive or cancel the delinquency fee if the DOR determines that the licensee failed to renew, due to an undisputable error or failure by the DOR.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Unclaimed Property.

Unclaimed property refers to a property being held by an organization that has not had contact with the owner for an extended period. Typical unclaimed property includes bank accounts, insurance proceeds, stocks, bonds, mutual funds, safe deposit box contents, utility and phone company deposits, and uncashed checks. Unclaimed property does not include real estate, vehicles, and most other physical property. The DOR administers an unclaimed property program to seek rightful owners of unclaimed property. Holders must generally report and pay any unclaimed property to the DOR.

In 2022 Engrossed Substitute Senate Bill 5531, repealed the Uniform Unclaimed Property Act and replaced it, in part, with the Revised Uniform Unclaimed Property Act which became effective January 1, 2023.

Late and Assessment Penalties

The DOR has the authority to waive a late penalty and assessment penalty for unclaimed property reports and assessments if the failure to deliver or pay property timely was the result of circumstances beyond the holder's control.

Settlement Agreements

Through December 31, 2022, the DOR has statutory authority to enter into settlement agreements with holders of unclaimed property. Effective January 1, 2023, the DOR does not have express authority to enter into unclaimed property settlement agreements.

Summary of Bill:

Business License Delinquency Fees.

In addition to the DOR's authority to waive a delinquency fee due to an undisputable error or failure by the DOR, the DOR must waive the delinquency fee if the licensee requests the waiver and has timely renewed all business licenses and paid the applicable fees for a period of 24 months immediately preceding the period covered by the renewal application for which the waiver is being requested.

Late and Assessment Penalties for Unclaimed Property.

The DOR's authority to waive a late penalty and assessment penalty is expanded to allow the DOR to waive the fees if the holder has timely filed all required reports and delivered or paid the property associated with those reports for the immediately preceding 24 months.

Settlement Agreements.

The DOR is authorized to enter into settlement agreements with holders of unclaimed property.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.