
SUBSTITUTE HOUSE BILL 2215

State of Washington

54th Legislature

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By House Committee on Finance (originally sponsored by Representatives Boldt, B. Thomas, Schoesler, Pennington, Mastin, Koster, Carrell, Campbell, Smith, Huff, L. Thomas, Elliot, Thompson, Cooke, Goldsmith, Backlund, Hargrove and Benton)

Read first time 01/16/96.

1 AN ACT Relating to small business tax relief; amending RCW
2 82.04.4451, 82.32.045, and 82.16.040; reenacting and amending RCW
3 82.32.030; adding a new section to chapter 82.04 RCW; and providing an
4 effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 82.04.4451 and 1994 sp.s. c 2 s 1 are each amended to
7 read as follows:

8 (1) In computing the tax imposed under this chapter, a credit is
9 allowed against the amount of tax otherwise due under this chapter, as
10 provided in this section. The maximum credit for a taxpayer for a
11 reporting period is (~~(thirty-five)~~) fifty dollars multiplied by the
12 number of months in the reporting period, as determined under RCW
13 82.32.045.

14 (2) When the amount of tax otherwise due under this chapter is
15 equal to or less than the maximum credit, a credit is allowed equal to
16 the amount of tax otherwise due under this chapter.

17 (3) When the amount of tax otherwise due under this chapter exceeds
18 the maximum credit, a reduced credit is allowed equal to twice the

1 maximum credit, minus the tax otherwise due under this chapter, but not
2 less than zero.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
4 to read as follows:

5 (1) In computing the tax imposed under this chapter, a new business
6 may claim a credit under this section or under RCW 82.04.4451, but may
7 not claim a credit under both this section and RCW 82.04.4451. A
8 credit is allowed for a new business during its first thirty-six months
9 of operation against the amount of tax otherwise due under this
10 chapter, as provided in this section. The maximum credit for a
11 taxpayer for a reporting period is one hundred dollars multiplied by
12 the number of months in the reporting period, as determined under RCW
13 82.32.045.

14 (2) When the amount of tax otherwise due under this chapter is
15 equal to or less than the maximum credit, a credit is allowed equal to
16 the amount of tax otherwise due under this chapter.

17 (3) When the amount of tax otherwise due under this chapter exceeds
18 the maximum credit, a reduced credit is allowed equal to twice the
19 maximum credit, minus the tax otherwise due under this chapter, but not
20 less than zero.

21 (4) As used in this section:

22 (a) "New business" means a business that obtained or was required
23 to obtain a registration certificate under RCW 82.32.030 for the first
24 time during the thirty-six months immediately preceding the date on
25 which exemption is first claimed under this chapter.

26 (b) "New business" does not include:

27 (i) A business that has been restructured, reorganized, or
28 transferred, unless the majority of the activities to be conducted
29 after restructuring, reorganization, or transferral are significantly
30 different from the activities previously conducted;

31 (ii) A new branch location or other facility except by an existing
32 out-of-state entity first doing business in this state;

33 (iii) A business that is substantially similar to a business
34 currently operated, or operated within the past five years, by the same
35 principals.

36 The department may require a new business to certify its status as
37 part of its master business application, or with the first tax return
38 claiming exemption under this section.

1 **Sec. 3.** RCW 82.32.030 and 1994 sp.s. c 7 s 446 and 1994 sp.s. c 2
2 s 2 are each reenacted and amended to read as follows:

3 (1) Except as provided in subsection (2) of this section, if any
4 person engages in any business or performs any act upon which a tax is
5 imposed by the preceding chapters, he or she shall, under such rules as
6 the department of revenue shall prescribe, apply for and obtain from
7 the department a registration certificate. Such registration
8 certificate shall be personal and nontransferable and shall be valid as
9 long as the taxpayer continues in business and pays the tax accrued to
10 the state. In case business is transacted at two or more separate
11 places by one taxpayer, a separate registration certificate for each
12 place at which business is transacted with the public shall be
13 required. Each certificate shall be numbered and shall show the name,
14 residence, and place and character of business of the taxpayer and such
15 other information as the department of revenue deems necessary and
16 shall be posted in a conspicuous place at the place of business for
17 which it is issued. Where a place of business of the taxpayer is
18 changed, the taxpayer must return to the department the existing
19 certificate, and a new certificate will be issued for the new place of
20 business. No person required to be registered under this section shall
21 engage in any business taxable hereunder without first being so
22 registered. The department, by rule, may provide for the issuance of
23 certificates of registration to temporary places of business.

24 (2) Unless the person is a dealer as defined in RCW 9.41.010,
25 registration under this section is not required if the following
26 conditions are met:

27 (a) A person's value of products, gross proceeds of sales, or gross
28 income of the business, from all business activities taxable under
29 chapter 82.04 RCW, is less than twelve thousand dollars per year;

30 (b) The person's gross income of the business from all activities
31 taxable under chapter 82.16 RCW is less than twelve thousand dollars
32 per year;

33 (c) The person is not required to collect or pay to the department
34 of revenue any other tax or fee which the department is authorized to
35 collect; and

36 (~~(e)~~) (d) The person is not otherwise required to obtain a
37 license subject to the master application procedure provided in chapter
38 19.02 RCW.

1 **Sec. 4.** RCW 82.32.045 and 1983 2nd ex.s. c 3 s 63 are each amended
2 to read as follows:

3 (1) Except as otherwise provided in this chapter, payments of the
4 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16 RCW,
5 along with reports and returns on forms prescribed by the department,
6 are due monthly within twenty-five days after the end of the month in
7 which the taxable activities occur.

8 (2) The department of revenue may relieve any taxpayer or class of
9 taxpayers from the obligation of remitting monthly and may require the
10 return to cover other longer reporting periods, but in no event may
11 returns be filed for a period greater than one year. For these
12 taxpayers, tax payments are due on or before the last day of the month
13 next succeeding the end of the period covered by the return.

14 (3) The department of revenue may also require verified annual
15 returns from any taxpayer, setting forth such additional information as
16 it may deem necessary to correctly determine tax liability.

17 (4) The department may relieve any person of the requirement to
18 file returns if the following conditions are met:

19 (a) The person's value of products, gross proceeds of sales, or
20 gross income of the business, from all business activities taxable
21 under chapter 82.04 RCW, is less than twenty-four thousand dollars per
22 year;

23 (b) The person's gross income of the business from all activities
24 taxable under chapter 82.16 RCW is less than twenty-four thousand
25 dollars per year; and

26 (c) The person is not required to collect or pay to the department
27 of revenue any other tax or fee which the department is authorized to
28 collect.

29 **Sec. 5.** RCW 82.16.040 and 1961 c 15 s 82.16.040 are each amended
30 to read as follows:

31 The provisions of this chapter shall not apply to persons engaging
32 in one or more businesses taxable under this chapter whose total gross
33 income is less than (~~five hundred~~) two thousand dollars for a monthly
34 period or portion thereof. Any person claiming exemption under this
35 section may be required to file returns even though no tax may be due.
36 If the total gross income for a taxable monthly period is (~~five~~
37 ~~hundred~~) two thousand dollars, or more, no exemption or deductions
38 from the gross operating revenue is allowed by this provision.

1 NEW SECTION. **Sec. 6.** This act shall take effect July 1, 1996.

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