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HOUSE BILL 3101

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State of Washington                      61st Legislature                      2010 Regular Session

By Representatives Chase, Wallace, and Ormsby

Read first time 01/25/10. Referred to Committee on Finance.

1            AN ACT Relating to increasing the small business credit for the  
2 business and occupation tax; amending RCW 82.04.4451 and 82.32.045; and  
3 providing an effective date.

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

5            **Sec. 1.** RCW 82.04.4451 and 1997 c 238 s 2 are each amended to read  
6 as follows:

7            (1) In computing the tax imposed under this chapter, a credit is  
8 allowed against the amount of tax otherwise due under this chapter, as  
9 provided in this section. The maximum credit for a taxpayer for a  
10 reporting period is (~~(thirty-five)~~) forty dollars, plus any increase  
11 made pursuant to subsection (5) of this section, 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 (4) The department may prepare a tax credit table consisting of tax  
4 ranges using increments of no more than five dollars and a  
5 corresponding tax credit to be applied to those tax ranges. The table  
6 shall be prepared in such a manner that no taxpayer will owe a greater  
7 amount of tax by using the table than would be owed by performing the  
8 calculation under subsections (1) through (3) of this section. A table  
9 prepared by the department under this subsection shall be used by all  
10 taxpayers in taking the credit provided in this section.

11 (5) Annually, beginning on January 1, 2012, the amount used to  
12 calculate the maximum credit for a reporting period in subsection (1)  
13 of this section is increased by the growth in the consumer price index  
14 for the state of Washington for the fiscal year that ends June 30th of  
15 the prior calendar year. If any increase under this subsection is not  
16 a multiple of one dollar, the increase is rounded to the nearest  
17 multiple of one dollar. If the consumer price index is a negative  
18 number, the maximum credit amount for the following year will remain  
19 the same as the previous year. Each year the calculation of the  
20 increase in the maximum credit must be based off what the previous  
21 year's maximum credit would have been without regard to rounding to the  
22 nearest whole dollar.

23 **Sec. 2.** RCW 82.32.045 and 2006 c 256 s 1 are each amended to read  
24 as follows:

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

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

36 (3) The department of revenue may also require verified annual

1 returns from any taxpayer, setting forth such additional information as  
2 it may deem necessary to correctly determine tax liability.

3 (4) Notwithstanding subsections (1) and (2) of this section, the  
4 department may relieve any person of the requirement to file returns if  
5 the following conditions are met:

6 (a) The person's value of products, gross proceeds of sales, or  
7 gross income of the business, from all business activities taxable  
8 under chapter 82.04 RCW, is less than (~~twenty-eight thousand dollars~~  
9 ~~per year~~) an amount equal to the maximum credit specified in RCW  
10 82.04.4451(1) multiplied by the quotient of twelve and the tax rate  
11 specified in RCW 82.04.290(2);

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

15 (c) The person is not required to collect or pay to the department  
16 of revenue any other tax or fee which the department is authorized to  
17 collect.

18 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2011.

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