
SENATE BILL 5004

State of Washington 60th Legislature 2007 Regular Session

By Senators Carrell, Kilmer and Schoesler

Read first time 01/08/2007. Referred to Committee on Ways & Means.

1 AN ACT Relating to reducing the reporting requirements and business
2 and occupation tax on small business; amending RCW 82.32.030,
3 82.32.045, and 82.04.4451; and creating a new section.

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

5 **Sec. 1.** RCW 82.32.030 and 1996 c 111 s 2 are each amended to read
6 as follows:

7 (1) Except as provided in subsection (2) of this section, if any
8 person engages in any business or performs any act upon which a tax is
9 imposed by the preceding chapters, he or she shall, under such rules as
10 the department of revenue shall prescribe, apply for and obtain from
11 the department a registration certificate. Such registration
12 certificate shall be personal and nontransferable and shall be valid as
13 long as the taxpayer continues in business and pays the tax accrued to
14 the state. In case business is transacted at two or more separate
15 places by one taxpayer, a separate registration certificate for each
16 place at which business is transacted with the public shall be
17 required. Each certificate shall be numbered and shall show the name,
18 residence, and place and character of business of the taxpayer and such
19 other information as the department of revenue deems necessary and

1 shall be posted in a conspicuous place at the place of business for
2 which it is issued. Where a place of business of the taxpayer is
3 changed, the taxpayer must return to the department the existing
4 certificate, and a new certificate will be issued for the new place of
5 business. No person required to be registered under this section shall
6 engage in any business taxable hereunder without first being so
7 registered. The department, by rule, may provide for the issuance of
8 certificates of registration to temporary places of business.

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

12 (a) A person's value of products, gross proceeds of sales, or gross
13 income of the business, from all business activities taxable under
14 chapter 82.04 RCW, is less than (~~twelve~~) twenty-four thousand dollars
15 per year;

16 (b) The person's gross income of the business from all activities
17 taxable under chapter 82.16 RCW is less than (~~twelve~~) twenty-four
18 thousand dollars per year;

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

22 (d) The person is not otherwise required to obtain a license
23 subject to the master application procedure provided in chapter 19.02
24 RCW.

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

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

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

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

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

7 (a) The person's value of products, gross proceeds of sales, or
8 gross income of the business, from all business activities taxable
9 under chapter 82.04 RCW, is less (~~((than twenty-eight thousand dollars))~~)
10 per year than the maximum credit under RCW 82.04.4451 for a year
11 divided by the tax rate for other business services under RCW
12 82.04.290(2);

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

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

19 **Sec. 3.** RCW 82.04.4451 and 1997 c 238 s 2 are each amended to read
20 as follows:

21 (1) In computing the tax imposed under this chapter, a credit is
22 allowed against the amount of tax otherwise due under this chapter, as
23 provided in this section. The maximum credit for a taxpayer for a
24 reporting period is (~~((thirty-five))~~) seventy dollars multiplied by the
25 number of months in the reporting period, as determined under RCW
26 82.32.045.

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

30 (3) When the amount of tax otherwise due under this chapter exceeds
31 the maximum credit, a reduced credit is allowed equal to twice the
32 maximum credit, minus the tax otherwise due under this chapter, but not
33 less than zero.

34 (4) The department may prepare a tax credit table consisting of tax
35 ranges using increments of no more than five dollars and a
36 corresponding tax credit to be applied to those tax ranges. The table
37 shall be prepared in such a manner that no taxpayer will owe a greater

1 amount of tax by using the table than would be owed by performing the
2 calculation under subsections (1) through (3) of this section. A table
3 prepared by the department under this subsection (~~shall~~) must be used
4 by all taxpayers in taking the credit provided in this section.

5 (5) Beginning in calendar year 2008, the department shall increase
6 the monthly dollar amount under subsection (1) of this section in use
7 for that calendar year by the consumer price index. If any increase
8 under this subsection is not a multiple of one dollar, the increase
9 must be rounded to the next lowest multiple of one dollar. The monthly
10 amount determined under this subsection must be used for reporting
11 periods in the next calendar year.

12 (6) "Consumer price index" means the consumer price index compiled
13 by the bureau of labor statistics, United States department of labor
14 for the state of Washington. If the bureau of labor statistics
15 develops more than one consumer price index for areas within the state,
16 the index covering the greatest number of people, covering areas
17 exclusively within the boundaries of the state, and including all items
18 must be used as the consumer price index in this section.

19 NEW SECTION. Sec. 4. Section 3 of this act applies to the entire
20 reporting period for reporting periods ending after July 1, 2007.

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