

CHAPTER 141.

[ House Bill No. 637. ]

REVENUE AND TAXATION.

AN ACT relating to revenue and taxation; amending section 82.32.050, chapter 15, Laws of 1961 and RCW 82.32.050; amending section 82.32.080, chapter 15, Laws of 1961, as amended by section 6, chapter 28, Laws of 1963 extraordinary session, and RCW 82.32.080; amending section 82.32-.090, chapter 15, Laws of 1961, as amended by section 7, chapter 28, Laws of 1963 extraordinary session and RCW 82.32.090; amending section 82.32.100, chapter 15, Laws of 1961 and RCW 82.32.100; amending section 82.32.180, chapter 15, Laws of 1961, as amended by section 9, chapter 28, Laws of 1963 extraordinary session, and RCW 82.32.180; amending section 82.32.190, chapter 15, Laws of 1961 and RCW 82.32.190; amending section 82.32.340, chapter 15, Laws of 1961 and RCW 82.32.340; and adding a new section to chapter 15, Laws of 1961 and to chapter 82.32 RCW and providing an effective date.

*Be it enacted by the Legislature of the State of Washington:*

RCW 82.32.050 amended.

SECTION 1. Section 82.32.050, chapter 15, Laws of 1961 and RCW 82.32.050 are each amended to read as follows:

Excise taxes—  
Administrative provisions.  
Deficient and delinquent payments—  
Penalties and interest—  
Limitations.

If, upon examination of any returns or from other information obtained by the tax commission it appears that a tax or penalty has been paid less than that properly due, the commission shall assess against the taxpayer such additional amount found to be due and as to assessments made on and after May 1, 1965, including assessments for additional tax or penalties due prior to that date shall add thereto interest at the rate of six percent per annum from the last day of the year in which the deficiency is incurred until date of payment. The commission shall notify the taxpayer by mail of the additional amount and the same shall become due and shall be paid within ten days from the date of the notice, or within such further time as the commission may

provide. If payment is not received by the commission by the due date specified in the notice, or any extension thereof, the commission shall add a penalty of ten percent of the amount of the additional tax found due. If the commission finds that all or any part of the deficiency resulted from an intent to evade the tax payable hereunder, a further penalty of fifty percent of the additional tax found to be due shall be added.

No assessment or correction of an assessment for additional taxes due may be made by the commission more than four years after the close of the tax year, except (1) against a taxpayer who has not registered as required by this chapter, (2) upon a showing of fraud or of misrepresentation of a material fact by the taxpayer, or (3) where a taxpayer has executed a written waiver of such limitation.

SEC. 2. Section 82.32.080, chapter 15, Laws of 1961, as amended by section 6, chapter 28, Laws of 1963 extraordinary session, and RCW 82.32.080 are each amended to read as follows:

RCW 82.32.080 amended.

Payment of the tax may be made by uncertified check under such regulations as the commission shall prescribe, but, if a check so received is not paid by the bank on which it is drawn, the taxpayer, by whom such check is tendered, shall remain liable for payment of the tax and for all legal penalties, the same as if such check had not been tendered.

Payment by check—Mailing—Time extension—Deposits—Payment must accompany tax return—Penalties.

A return or remittance which is transmitted to the tax commission by United States mail shall be deemed filed or received on the date shown by the post office cancellation mark stamped upon the envelope containing it.

The tax commission, for good cause shown, may extend the time for making and filing any return, and may grant such reasonable additional time

Excise taxes—  
Administrative  
provisions.  
Payment by  
check—Time  
extension—  
Deposits—  
Payment must  
accompany  
tax return—  
Penalties.

within which to make and file returns as it may deem proper, but any permanent extension granting the taxpayer a reporting date without penalty more than ten days beyond the due date, and any extension in excess of thirty days shall be conditional on deposit with the commission of an amount to be determined by the commission which shall be approximately equal to the estimated tax liability for the reporting period or periods for which the extension is granted. In the case of a permanent extension or a temporary extension of more than thirty days the deposit shall be deposited within the state treasury with other tax funds and a credit recorded to the taxpayer's account which may be applied to taxpayer's liability upon cancellation of the permanent extension or upon reporting of the tax liability where an extension of more than thirty days has been granted.

The commission shall review the requirement for deposit at least annually and may require a change in the amount of the deposit required when it believes that such amount does not approximate the tax liability for the reporting period or periods for which the extension is granted.

The commission shall keep full and accurate records of all funds received and disbursed by it.

The commission may refuse to accept any return which is not accompanied by a remittance of the tax shown to be due thereon. When such return is not accepted, the taxpayer shall be deemed to have failed or refused to file a return and shall be subject to the procedures provided in RCW 82.32.100 and to the penalties provided in RCW 82.32.090.

RCW 82.32.090  
amended.

SEC. 3. Section 82.32.090, chapter 15, Laws of 1961, as amended by section 7, chapter 28, Laws of 1963 extraordinary session, and RCW 82.32.090 are each amended to read as follows:

If payment of any tax due is not received by the tax commission by the twenty-fifth day of the month in which the tax becomes due, there shall be assessed a penalty of two percent of the amount of the tax; and if the tax is not received within forty days of the due date, there shall be assessed a total penalty of ten percent of the amount of the tax; and if the tax is not received within seventy days of the due date, there shall be assessed a total penalty of twenty percent of the amount of the tax. No penalty so added shall be less than two dollars.

Late payment  
—Penalties.

If a warrant be issued by the tax commission for the collection of taxes, increases, and penalties, there shall be added thereto a penalty of five percent of the amount of the tax, but not less than five dollars.

Notwithstanding the foregoing, the aggregate of penalties imposed under this chapter for failure to file a return, late payment of any tax, increase, or penalty, or issuance of a warrant shall not exceed twenty-five percent of the tax due, or seven dollars, whichever is greater.

SEC. 4. Section 82.32.100, chapter 15, Laws of 1961 and RCW 82.32.100 are each amended to read as follows:

RCW 82.32.100  
amended.

If any person fails or refuses to make any return or to make available for examination the records required by this chapter, the tax commission shall proceed, in such manner as it may deem best, to obtain facts and information on which to base its estimate of the tax; and to this end the commission may examine the books, records, and papers of any such person and may take evidence, on oath, of any person, relating to the subject of inquiry.

Failure to file  
returns—  
Assessment of  
tax by  
commission—  
Penalties.

As soon as the commission procures such facts and information as it is able to obtain upon which to base the assessment of any tax payable by any person who has failed or refused to make a return,

Excise taxes—  
Administrative  
provisions.  
Failure to file  
returns—  
Assessment of  
tax by  
commission—  
Penalties.

it shall proceed to determine and assess against such person the tax and penalties due, but such action shall not deprive such person from appealing to the superior court as hereinafter provided. To the assessment the commission shall add, the penalties provided in RCW 82.32.090. The commission shall notify the taxpayer by mail of the total amount of such tax, penalties, and interest, and the total amount shall become due and shall be paid within ten days from the date of such notice.

No assessment or correction of an assessment may be made by the commission more than four years after the close of the tax year, except (1) against a taxpayer who has not registered as required by this chapter, (2) upon a showing of fraud or of misrepresentation of a material fact by the taxpayer, or (3) where a taxpayer has executed a written waiver of such limitation.

RCW 82.32.180  
amended.

SEC. 5. Section 82.32.180, chapter 15, Laws of 1961, as amended by section 9, chapter 28, Laws of 1963 extraordinary session, and RCW 82.32.180 are each amended to read as follows:

Court appeal  
—Procedure.

Any person, except one who has failed to keep and preserve books, records, and invoices as required in this chapter and chapter 82.24, having paid any tax as required and feeling aggrieved by the amount of the tax may appeal to the superior court of Thurston county, within the time limitation for a refund provided in this chapter, or within thirty days after the date of the notice denying a hearing, or within thirty days after the due date of the notice of the amount of any adjustment of tax liability authorized by the commission in the order provided in RCW 82.32.160, or within thirty days after the due date established by the order provided in RCW 82.32.160 if no adjustment is authorized, or within thirty days after the date of the order provided in RCW 82.32.170. In the appeal the taxpayer shall set

forth the amount of the the tax imposed upon him which he concedes to be the correct tax and the reason why the tax should be reduced or abated. The appeal shall be perfected by serving a copy of the notice of appeal upon the tax commission within the time herein specified and by filing the original thereof with proof of service with the clerk of the superior court of Thurston county. Within ten days after filing notice of appeal, the taxpayer shall file with the clerk of the superior court a good and sufficient surety bond payable to the state in the sum of two hundred dollars, conditioned to diligently prosecute the appeal and pay the state all costs that may be awarded if the appeal of the taxpayer is not sustained.

The trial in the superior court on the appeal shall be de novo and without the necessity of any pleadings other than the notice of appeal. The burden shall rest upon the taxpayer to prove that the tax as paid by him is incorrect, either in whole or in part, and to establish the correct amount of the tax. In such proceeding the taxpayer shall be deemed the plaintiff, and the state, the defendant; and both parties shall be entitled to subpoena the attendance of witnesses as in other civil actions and to produce evidence that is competent, relevant, and material to determine the correct amount of the tax that should be paid by the taxpayer. Either party shall be allowed to appeal to the supreme court in the same manner as other civil actions are appealed to that court.

It shall not be necessary for the taxpayer to protest against the payment of any tax or to make any demand to have the same refunded or to petition the commissioner for a hearing in order to appeal to the superior court, but no court action or proceeding of any kind shall be maintained by the

taxpayer to recover any tax paid, or any part thereof, except as herein provided.

RCW 82.32.190  
amended.

SEC. 6. Section 82.32.190, chapter 15, Laws of 1961 and RCW 82.32.190 are each amended to read as follows:

Excise taxes—  
Administrative  
provisions.  
Stay of collec-  
tion pending  
suit.

The tax commission, by its order, may hold in abeyance the collection of tax from any taxpayer or any group of taxpayers when a question bearing on their liability for tax hereunder is pending before the courts: *Provided*, That the commission may impose such conditions as may be deemed just and equitable and shall require the payment of interest at the rate of one-half of one percent of the amount of the tax for each thirty days or portion thereof from the date upon which such tax became due.

RCW 82.32.340  
amended.

SEC. 7. Section 82.32.340, chapter 15, Laws of 1961 and RCW 82.32.340 are each amended to read as follows:

Charge off of  
uncollectible  
taxes or  
penalties—  
Destruction  
of files.

Any tax or penalty which the tax commission deems to be uncollectible, may be transferred from accounts receivable, subject to approval by the director of budget, to a suspense account and cease to be accounted an asset: *Provided*, That any item transferred shall continue to be a debt due the state from the taxpayer and may at any time within twelve years from the filing of a warrant covering such amount with the clerk of the superior court be transferred back to accounts receivable for the purpose of collection: *Provided further*, The commission may charge off as finally uncollectible any tax or penalty which it deems uncollectible at any time after twelve years from the date of the filing of a warrant covering such tax and penalty with the clerk of the superior court after the commission and the attorney general are satisfied that there are no available and lawful means by which such tax or penalty may thereafter be collected.

After any tax or penalty has been charged off as finally uncollectible under the provisions of this section, the commission may destroy any or all files and records pertaining to the liability of any taxpayer for such tax or penalty.

The commission, subject to the approval of the director of budget, may at the expiration of five years after the close of any taxable year, destroy any or all files and records pertaining to the tax liability of any taxpayer for such taxable year, who has fully paid all taxes, penalties and interest for such taxable year, or any preceding taxable year for which such taxes, penalties and interest have been fully paid.

SEC. 8. There is added to chapter 15, Laws of 1961 and to chapter 82.32 RCW a new section to read as follows: New section.

If the commission finds that the payment by a taxpayer of a tax less than that properly due or the failure of a taxpayer to pay any tax by the due date was the result of circumstances beyond the control of the taxpayer, the commission shall waive or cancel any interest or penalties imposed under this chapter with respect to such tax. The tax commission shall prescribe rules for the waiver or cancellation of interest or penalties imposed by this chapter. Notwithstanding the foregoing the amount of any interest which has been waived, canceled or refunded prior to May 1, 1965 shall not be reassessed according to the provisions of this chapter. Waiver or cancellation of interest or penalties, when—Rules—No reassessment for prior interest waived or cancelled.

SEC. 9. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. Severability.

SEC. 10. This act is necessary for the immediate preservation of the public peace, health and safety, Emergency.



the support of the state government and its existing public institutions, and shall take effect July 1, 1965.

Passed the House April 14, 1965.

Passed the Senate April 13, 1965.

Approved by the Governor April 22, 1965.

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CHAPTER 142.

[ Senate Bill No. 101. ]

STATE EMPLOYEE SUGGESTION AWARDS BOARD.

AN ACT relating to state government; establishing a suggestion awards board; and providing for the payment of cash awards to certain state employees.

*Be it enacted by the Legislature of the State of Washington:*

SECTION 1. As used in this act:

Employee suggestion awards board. Definitions.

(1) "Board" means the employee suggestion awards board.

(2) "Employee suggestion program" means the program developed by the board under subsection (2) of section 2 of this act.

(3) "Secretary" means the secretary of the employee suggestion program.

Board established—Members—Chairman—Secretary—Duties—Rules and regulations.

SEC. 2. (1) There is hereby established the employee suggestion awards board. The board shall consist of three state officers or state employees appointed by the governor, to serve at his pleasure. The members of the board shall elect one member as chairman. The governor shall appoint a state officer or state employee to serve as secretary of the employee suggestion program.

(2) The board shall formulate, establish and maintain an employee suggestion program to encourage and reward meritorious suggestions by state employees that will promote efficiency and economy