



2021 Legislative Update Business Advisory Council Presentation

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Presentation Objectives

- Provide an update on DOR's Agency Request Legislation
- Provide an overview of this year's revenue bills
- Q&A



Agency Request Legislation





Agency Request Legislation

HB 1095 – Emergency Grants Bill

Status: **Passed House and Senate**

SB 5220 – Salmon Recovery Bill

Status: **Passed House and Senate**

HB 1539 – Bad Debt Bill

Status: **Legislation still being debated**



Other Legislation

SB 5251 – Technical Clean Up Bill

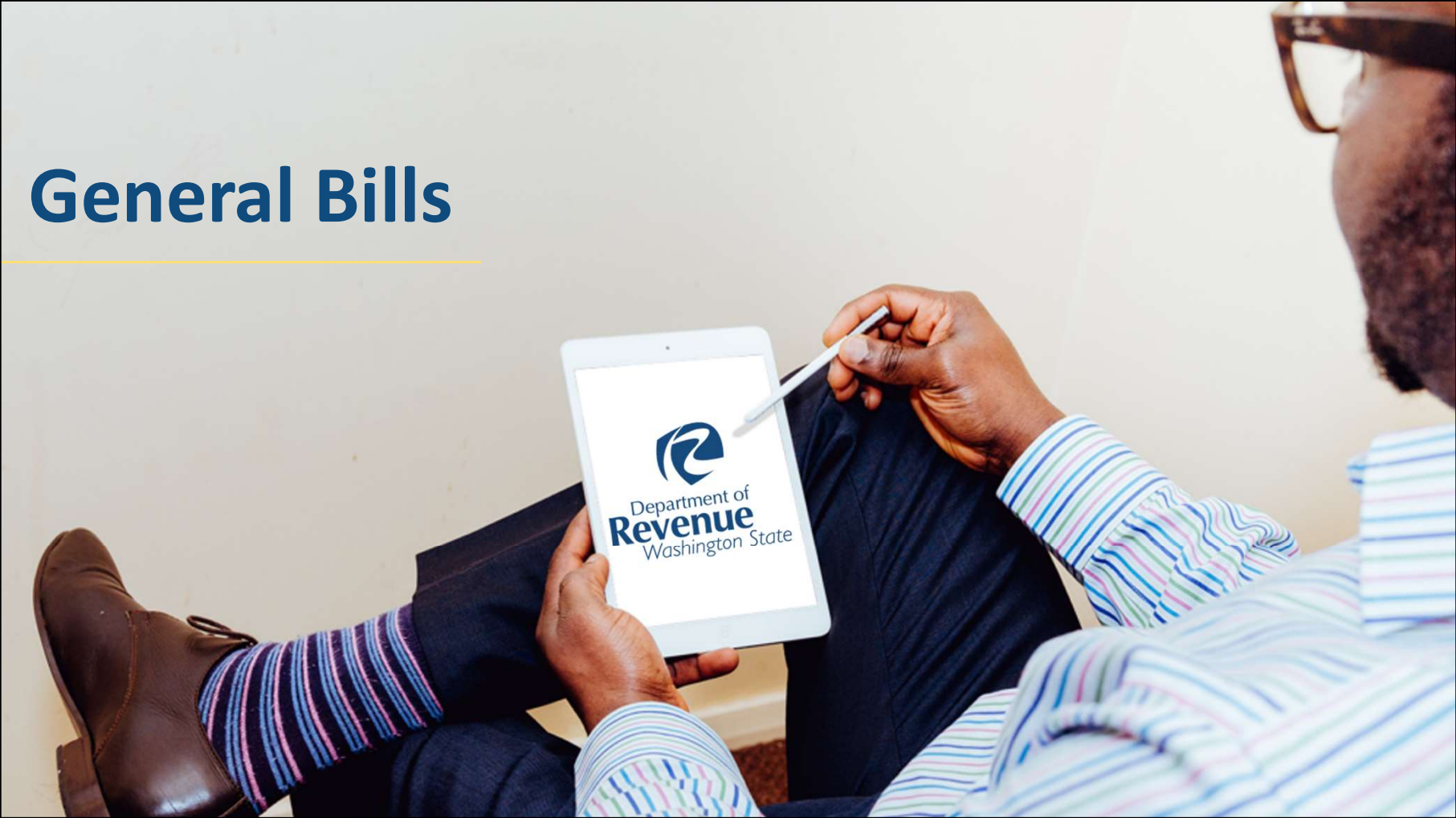
Status: **Passed House and Senate**



Department of
Revenue
Washington State



General Bills





New Taxes, Programs, and Preferences



Property Taxes

Bills from this past Legislative Session





New Taxes, Programs, and Preferences

HB 1297 - Working Families Tax Credit

Makes changes to the current Working Families Tax Credit program in three significant ways:

1. Funds the implementation of the Working Families Tax Credit.
2. Expands the eligible individuals to those who would otherwise qualify for the federal Earned Income Tax Credit (EITC) but filed their federal tax return using an Individual Taxpayer Identification Number (ITIN) instead of a social security number (SSN).
3. Modifies the amount of the credit that an eligible individual is entitled to receive, and incorporates a phase-out system for the refunds as an individual's income increases.





New Taxes, Programs, and Preferences

SB 5096 - Capital gains tax

Creates a tax on the sale or exchange by individuals of long-term capital assets allocated to Washington. The taxable amount is an individual's Washington capital gains.

After exempting certain capital gains based on the type of asset sold or exchanged, a standard exemption is available in the amount of \$250,000 for either an individual filer or spouses or domestic partners filing jointly.

Deductions are provided for long-term capital gains from the sale of a qualified family-owned small business and charitable donations to qualifying institutions.

Credits are provided to avoid instances of double taxation.





New Taxes, Programs, and Preferences

HB 1477 - National 988 hotline system

Implements the national 988 hotline system to enhance and expand behavioral health crisis response and suicide prevention services statewide by imposing an excise tax on certain telecommunications services such as landlines, VOIP lines, cell phone lines, and prepaid cell phone lines.

The initial tax rate is 24 cents per line per month.





New Taxes, Programs, and Preferences

SB 5000 - Hydrogen fuel cell vehicle sales and use tax exemption program

Creates a sales and use tax exemption for sales and leases of new and used hydrogen fuel cell powered electric passenger cars, light trucks, and medium-duty passenger vehicles.





New Taxes, Programs, and Preferences



Property Taxes

Bills from this past Legislative Session





Property Taxes

SB 5454 - Property tax relief related to natural disasters

Creates a new property tax exemption for improvements to single-family dwellings that have been damaged in a natural disaster.





Property Taxes

HB 1309 - Levy Certifications

Revises the property tax levy certification timeline by:

- Extending the due date for a county legislative authority (CLA) to certify the levy amounts to the county assessor (assessor) from November 30th to December 15th when certifying the county levies.
- Extending the due date from November 30th to the first Monday in December for a CLA to certify levy amounts to the assessor for all districts who certify levies to the CLA.





Property Taxes

HB 1332 - Property tax deferral due to COVID-19

Requires county treasurers to grant a deferral of 2021 property tax payments for certain businesses via a payment plan if that request is made by April 30, 2021 and allows county treasurers up until June 30, 2021 to process requests.

To be eligible the owner must demonstrate at least a 25% loss of revenue in 2020, compared to calendar year 2019.





Property Taxes

HB 1410 - Protecting taxpayers from home foreclosure due to delinquent property taxes

As it relates to residential properties with four or fewer units per taxable parcel, this bill would:

- Eliminate property tax delinquency penalties; and
- Reduce annual interest on delinquent property taxes to 9%





Property Taxes

HB 1438 - Deductible health expenses for qualifying for property tax exemptions and deferrals

Expands the medical expenses that can be deducted when calculating disposable income for the purpose of qualifying for senior citizens and people with disabilities property tax exemption and deferral programs.





Property Taxes

SB 5287 - Affordable housing incentives

Creates changes to the Multi-Family Tax Exemption (MFTE). Specifically, the bill creates two new 20-year property tax exemptions for projects in certain cities for projects that:

- Promote permanent affordable homeownership with a nonprofit or government partner; or
- Commit to renting at least 20% of their housing units to low-income households for 99 years.

The bill also allows for 12-year extensions to the existing 8-year and 12-year MFTE exemptions if the projects meet affordability requirements.





Property Taxes

HB 1189 - Authorizing tax increment financing for local governments

This bill establishes a tax increment financing (TIF) program that finances public improvements within a designated area by using increased revenues from local property taxes generated within that area.

In considering whether to designate an increment area, the legislative body of the local government must prepare a project analysis and submit it to the Washington State Treasurer's Office (WST) for review and comments.





Property Taxes

HB 1386 - Modifying the property tax exemption for the value of new construction of industrial/manufacturing facilities in targeted urban areas

The bill makes revisions to the 10-year local property tax exemption for the value of new construction improvements for industrial or manufacturing facilities in targeted urban areas.



Thank you!

