



Washington State Senior Citizens' Lobby

Senior Citizens' Lobby Officers, Board of Directors and Members:

On Thursday, April 14, 2011, the following Senate Democrats; Sens. Phil Rockefeller, D-Kitsap County, Tracey Eide, D-Federal Way, Kevin Ranker, D-San Juan Island, Ed Murray, D-Seattle and Jeanne Kohl-Welles, D-Seattle, announced five bills that aim to end or modify preferential tax treatment enjoyed by various businesses and industries. They were joined by other Senate Democrats who have already dropped proposals with the same intent.

*Note - The thirteen (13) bill below have been added to the Washington State Senior Citizens' Lobby web site under **2011 LEG Bills Tax Exemptions, proposed legislation**, please click on www.waseniorlobby.org

SB 5944 (Murray) -- Offers a referendum to give voters the opportunity to decide whether the closure of tax loopholes should count as "raising taxes" under Initiative 1053 and therefore be subject to the two-thirds vote requirement for passage in the Legislature.

"I-1053 not only makes it nearly impossible for the Legislature to raise general taxes, but it makes it makes it nearly impossible for us to close unfair tax loopholes," said Murray. "I'm not sure that this is what the voters intended, so this simply poses the question to them: 'Should it be harder to close tax breaks for banks than it is to cut health care for kids?' "

SB 5945 (Rockefeller) -- Gives all preferential Business & Occupation (B&O) tax rates currently on the books a 'haircut' of 25 percent. The bill also repeals tax breaks for investment income of non-financial firms and for mortgage interest earned by banks, and would generate \$338 million in the next biennium.

"If all we do in this session is adopt a balanced budget, that in my opinion is not enough," said Rockefeller. "In a time when cuts are hitting everybody who receives public services as well as those who deliver them, we must call upon the people benefit from tax breaks to share in the sacrifice."

SB 5932 (Kohl-Welles) -- Eliminates the B&O tax exemption on onetime membership initiation dues or fees for all businesses other than non-profit organizations. The \$4.5 million in savings each biennium would be directed to the Department of Human and Social Services for the purpose of providing hearing aids and eyeglasses for adults enrolled in state medical assistance programs.

"Only 17 percent of tax breaks currently on the books have ever been reviewed," said Kohl-Welles. "Without thoughtful and comprehensive consideration of all newly proposed exemptions and careful review of existing exemptions, it is impossible for legislators to determine whether taxpayers are being well served by the current system."

SB 5946 (Ranker) -- Business owners and corporate officers are not held personally liable for a host of financial liabilities, including B&O tax, use tax, public utility tax and other excise taxes. This bill increases accountability within the existing tax structure and holds responsible parties liable for these obligations as well. It would save the state \$15 million in the coming biennium.

"It's only fair that those who owe tax revenue pay up," said Ranker. "Unfortunately, our current policy puts the state last in line, forgoing collection of millions in revenue. This bill is a tool to remedy this oversight and encourage tax compliance."

SB 5947 (Eide) -- Ends certain livestock tax exemptions, including two loopholes providing heating and outfitting of chicken coups and one provision subsidizing artificial insemination of livestock. Closing the exemptions would save the state \$2.5 million in the coming biennium.

"My colleagues this year have spoken at great length to priorities of government - and I agree with this sentiment. I know I am not alone in thinking that when it comes to priorities, housing and keeping our children warm ought to outweigh that of our chickens. It's a simple choice to me," said Eide.

Additional tax exemption proposals that have been introduced include:

- **SB 5816 (Sen. Maralyn Chase)** -- Funds the Basic Health Plan through the closing of certain tax expenditures.
- **SB 5922 (Chase)** -- Audits tax expenditures through examining the net benefit of expenditures.
- **SB 5831 (Chase)** -- Lists tax breaks in the governor's budget and the coinciding programs they support.
- **SB 5044 (Rockefeller)** -- Tightens the tax preference review process
- **SB 5857 (Kohl-Welles)** -- Requires review of tax preferences as part of each two-year budget cycle.
- **SB 5926 (Sen. Karen Kaiser)** -- Reinstates the sales tax on out-of-state shoppers to partially restore cuts to in-home health care hours for Medicaid recipients.
- **SB 5937 (Sen. Paull Shin)** -- Temporarily raises the state sales and use tax by 1 percent for a total of 7.5 percent.
- **SJM 8009 (Sen. Debbie Regala)** -- Asks Congress to adopt the Main Street Fairness Act to allow states to collect sales/use tax on remote sales.

For additional links on tax exemptions, please see below:

State Democrats continue fight to end tax breaks, please click on

<http://www.theolympian.com/2011/04/15/1617188/state-democrats-continue-fight.html>

Democrats unveil plan to cut tax exemptions, including a public vote, please click on

<http://www.kitsapsun.com/news/2011/apr/14/democrats-unveil-plan-to-cut-tax-exemptions-a/>

Dems Declare War on Tax Exemptions - Plan to Take it to Voters in November, please click

on <http://www.washingtonstatewire.com/home/8785->

[dems-declare-war-on-tax-exemptions-%E2%80%93-plan-to-take-it-to-voters-in-november.htm](http://www.washingtonstatewire.com/home/8785-dems-declare-war-on-tax-exemptions-%E2%80%93-plan-to-take-it-to-voters-in-november.htm)