
SENATE BILL 6017

State of Washington

66th Legislature

2019 Regular Session

By Senators Nguyen, Wellman, Kuderer, Hasegawa, Lovelett, Salomon,
and Saldaña

1 AN ACT Relating to providing progressive tax reform by imposing
2 an excise tax on annual compensation in excess of one million
3 dollars; adding a new chapter to Title 50A RCW; and prescribing
4 penalties.

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

6 NEW SECTION. **Sec. 1.** DEFINITIONS. The definitions in this
7 section apply throughout this chapter unless the context clearly
8 requires otherwise.

9 (1) "Commissioner" means the commissioner of the department
10 defined in subsection (2) of this section.

11 (2) "Department" has the same meaning as in RCW 50A.04.010.

12 (3) "Employee" means an individual who is in the employment of an
13 employer. The term "employee" includes individuals who are self-
14 employed, sole proprietors, members of a limited liability company,
15 partners of a partnership, governors as defined in RCW 23.95.105, and
16 any other employer.

17 (4) "Employer" has the same meaning as in RCW 50A.04.010. For
18 purposes of this chapter, an individual can be both an employer and
19 an employee.

20 (5) "Employment" means personal service, of whatever nature, as
21 known to the common law or any other legal relationship performed for

1 wages or under any contract calling for the performance of personal
2 services, written or oral, express or implied. The term "employment"
3 includes an individual's entire service performed within or without
4 or both within and without this state, if:

5 (a) The service is localized in this state; or

6 (b) The service is not localized in any state, but some of the
7 service is performed in this state; and

8 (i) The base of operations of the employee is in this state, or
9 if there is no base of operations, then the place from which such
10 service is directed or controlled is in this state; or

11 (ii) The base of operations or place from which such service is
12 directed or controlled is not in any state in which some part of the
13 service is performed, but the individual's residence is in this
14 state.

15 (6) "Service is localized in this state" has the same meaning as
16 provided in RCW 50.04.120.

17 (7) "Wage" or "wages" has the same meaning as provided in RCW
18 50A.04.010.

19 NEW SECTION. **Sec. 2.** EXCESS COMPENSATION TAX. (1) Beginning

20 January 1, 2020, the department must assess for each employee in
21 employment of an employer an excess compensation tax on the employer
22 based on the amount of an employee's wages at the rates established
23 in subsection (2) of this section. Each employer must remit the tax
24 to the department in a manner specified by the department.

25 (2) (a) (i) **Tier I.** Wages received by an employee from an employer
26 during a calendar year that exceed \$999,999.99 but that do not exceed
27 \$4,999,999.99 must be taxed at a rate of five percent.

28 (ii) **Tier II.** Wages received by an employee from an employer
29 during a calendar year that exceed \$4,999,999.99 but that do not
30 exceed \$9,999,999.99 must be taxed at a rate of seven and one-half
31 percent.

32 (iii) **Tier III.** Wages received by an employee from an employer
33 during a calendar year that exceed \$9,999,999.99 must be taxed at a
34 rate of ten percent.

35 (b) In the payment of any taxes, a fractional part of a cent is
36 disregarded unless it amounts to one-half cent or more, in which case
37 it is increased to one cent.

1 NEW SECTION. **Sec. 3.** EMPLOYER REQUIREMENTS. Employer
2 requirements for this chapter are the same as the requirements in RCW
3 50A.04.080 (1) through (3).

4 NEW SECTION. **Sec. 4.** EMPLOYER PENALTIES. (1) Employers are
5 subject to the penalties in RCW 50A.04.090 (1), (4), and (5).

6 (2) An employer who willfully fails to remit the full amount of
7 the tax when due is liable, in addition to the full amount of the tax
8 due and amounts assessed interest under section 6 of this act to a
9 penalty equal to the tax and interest.

10 (3) Any moneys under this section must be deposited into the
11 general fund of the state.

12 NEW SECTION. **Sec. 5.** PROCESSES. To the extent not inconsistent
13 with the provisions of this chapter, the following statutes govern
14 the administration of the excess compensation tax act: RCW
15 50A.04.080, 50A.04.090, 50A.04.125, 50A.04.130, 50A.04.135,
16 50A.04.145, 50A.04.155 through 50A.04.185, 50A.04.265, 50A.04.500,
17 50A.04.505, 50A.04.515, 50A.04.520, 50A.04.530 through 50A.04.580,
18 and 50A.04.595.

19 NEW SECTION. **Sec. 6.** DELINQUENCY—ACCRUAL OF INTEREST. If taxes
20 are not paid on the date on which they are due and payable as
21 prescribed by the commissioner, the whole or part thereof remaining
22 unpaid must bear interest at the rate of one percent per month or
23 fraction thereof from and after such date until payment plus accrued
24 interest is received by the commissioner. The date as of which
25 payment of taxes, if mailed, is deemed to have been received may be
26 determined by such rules as the commissioner may prescribe. Interest
27 collected pursuant to this section must be paid into the general fund
28 of the state. Interest may not accrue on taxes from any estate in the
29 hands of a receiver, executor, administrator, trustee in bankruptcy,
30 common law assignee, or other liquidating officer subsequent to the
31 date when such receiver, executor, administrator, trustee in
32 bankruptcy, common law assignee, or other liquidating officer
33 qualifies as such, but taxes accruing with respect to employment of
34 persons by any receiver, executor, administrator, trustee in
35 bankruptcy, common law assignee, or other liquidating officer become
36 due and draw interest in the same manner as taxes due from other
37 employers. Where adequate information has been furnished to the

1 department and the department has failed to act or has advised the
2 employer of no liability or inability to decide the issue, interest
3 may be waived.

4 NEW SECTION. **Sec. 7.** COLLECTION BY DISTRAINT, SEIZURE, AND SALE
5 —PROCEDURE. The commissioner, upon making a distraint, must seize the
6 property and must make an inventory of the property distrained, a
7 copy of which must be mailed to the owner of such property or
8 personally delivered to him or her, and must specify the time and
9 place when such property must be sold. A notice specifying the
10 property to be sold and the time and place of sale must be posted in
11 at least two public places in the county wherein the seizure has been
12 made. The time of sale may be not less than ten nor more than twenty
13 days from the date of posting of such notices. The sale may be
14 adjourned from time to time at the discretion of the commissioner,
15 but not for a time to exceed in all sixty days. The sale must be
16 conducted by the commissioner or his or her authorized representative
17 who proceeds to sell such property by parcel or by lot at a public
18 auction, and who may set a minimum price to include the expenses of
19 making a levy and of advertising the sale, and if the amount bid for
20 such property at the sale is not equal to the minimum price so fixed,
21 the commissioner or his or her representative may declare such
22 property to be purchased by the department for such minimum price. In
23 such event the delinquent account must be credited with the amount
24 for which the property has been sold. Property acquired by the
25 department as prescribed in this section may be sold by the
26 commissioner or his or her representative at public or private sale,
27 and the amount realized must be placed in the general fund of the
28 state. In all cases of sale, as provided in this section, the
29 commissioner must issue a bill of sale or a deed to the purchaser and
30 such bill of sale or deed is prima facie evidence of the right of the
31 commissioner to make such sale and conclusive evidence of the
32 regularity of his or her proceeding in making the sale, and must
33 transfer to the purchaser all right, title, and interest of the
34 delinquent employer in said property. The proceeds of any such sale,
35 except in those cases wherein the property has been acquired by the
36 department, must be first applied by the commissioner in satisfaction
37 of the delinquent account, and out of any sum received in excess of
38 the amount of delinquent taxes, interest, and penalties the
39 administration fund must be reimbursed for the costs of distraint and

1 sale. Any excess that thereafter remains in the hands of the
2 commissioner must be refunded to the delinquent employer. Sums so
3 refundable to a delinquent employer may be subject to seizure or
4 distraint in the hands of the commissioner by any other taxing
5 authority of the state or its political subdivisions.

6 NEW SECTION. **Sec. 8.** UNCOLLECTIBLE ACCOUNTS. The commissioner
7 may charge off as uncollectible and no longer an asset of the general
8 fund of the state, any delinquent taxes, interest, penalties, or
9 credits if the commissioner is satisfied that there are no cost-
10 effective means of collecting the taxes, interest, penalties,
11 credits, or benefit overpayments.

12 NEW SECTION. **Sec. 9.** DEPOSITING FUNDS. Moneys received by the
13 state under this chapter must be deposited in the general fund of the
14 state.

15 NEW SECTION. **Sec. 10.** PROCUREMENT EXEMPTION. The department is
16 exempt from the requirements of chapter 39.26 RCW until July 1, 2020,
17 for purposes of implementing chapter 50A.--- RCW (the new chapter
18 created in section 12 of this act).

19 NEW SECTION. **Sec. 11.** SHORT TITLE. This act may be known and
20 cited as the excess compensation tax act.

21 NEW SECTION. **Sec. 12.** CODIFICATION. Sections 1 through 11 of
22 this act constitute a new chapter in Title 50A RCW.

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