



# RULE-MAKING ORDER

**CR-103P (May 2009)**  
**(Implements RCW 34.05.360)**

**Agency:** Department of Revenue

**Permanent Rule Only**

**Effective date of rule:**

**Permanent Rules**

31 days after filing.

Other (specify) ( If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

**Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?**

Yes  No If Yes, explain:

**Purpose:** WAC 458-20-269 Waiver of public disclosure of certain new tax preferences. The Department is adopting a new rule under chapter 458-20 WAC that explains:

- Amounts claimed by taxpayers for any new tax preference are subject to public disclosure, with certain limitations, pursuant to RCW 82.32.808(7);
- Under certain circumstances, the Department may waive this public disclosure requirement;
- What the good cause waiver standard is, including the tax preferences eligible for the good cause waiver; and
- The procedure for applying for a good cause waiver and the appeal process.

**Citation of existing rules affected by this order:** None.

Repealed:

Amended:

Suspended:

**Statutory authority for adoption:** RCW 82.32.300 and 82.01.060(2)

**Other authority :**

**PERMANENT RULE (Including Expedited Rule Making)**

Adopted under notice filed as WSR 17-05-078 on February 14, 2017.

Describe any changes other than editing from proposed to adopted version:

In subsections (3)(b) and (5)(a) of the adopted version of the rule, language was added to clarify that the tax preference amount represents the amount of the tax reduced or saved by the taxpayer in a calendar year.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available.  
An analysis was not prepared.

**Date adopted:**

April 18, 2017

**NAME**

Kevin Dixon

**SIGNATURE**

**TITLE**

Rules Coordinator

**CODE REVISER USE ONLY**

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

**DATE: April 18, 2017**

**TIME: 11:58 AM**

**WSR 17-09-068**

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.**

**The number of sections adopted in order to comply with:**

<b>Federal statute:</b>	New		Amended	Repealed
<b>Federal rules or standards:</b>	New		Amended	Repealed
<b>Recently enacted state statutes:</b>	New	1	Amended	Repealed

**The number of sections adopted at the request of a nongovernmental entity:**

	New		Amended	Repealed
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**The number of sections adopted in the agency's own initiative:**

	New	1	Amended	Repealed
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

	New	1	Amended	Repealed
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**The number of sections adopted using:**

<b>Negotiated rule making:</b>	New		Amended	Repealed
<b>Pilot rule making:</b>	New		Amended	Repealed
<b>Other alternative rule making:</b>	New		Amended	Repealed

NEW SECTION

**WAC 458-20-269 Waiver of public disclosure of certain new tax preferences.** (1) **Introduction.** RCW 82.32.808(7) explains that the amount claimed by a taxpayer for any new tax preference is subject to public disclosure, with certain limitations. Under certain circumstances, the department may waive this public disclosure requirement for those new tax preferences specifically provided in chapter 13, Laws of 2013 2nd sp. sess.

(2) **Definitions.**

(a) **"New tax preference"** means a "tax preference" as defined in (b) of this subsection that initially takes effect after August 1, 2013, or a tax preference in effect as of August 1, 2013, that is expanded or extended after August 1, 2013, even if the expanding or extending amendment includes any other change to the tax preference.

(b) **"Tax preference"** means, with respect to any state tax administered by the department (except for the Washington estate and transfer tax in chapter 83.100 RCW and chapter 458-57 WAC), an exemption, exclusion, or deduction from the base of a state tax; a credit against a state tax; a deferral of a state tax; or a preferential state tax rate.

(3) **When will the department disclose new tax preference amounts?**

(a) New tax preference amounts claimed by a taxpayer that do not require a survey under RCW 82.32.585 are subject to public disclosure, upon request, twenty-four months after the taxpayer first claimed the new tax preference reportable under RCW 82.32.808(6). Taxpayers reporting a tax preference requiring a survey should refer to RCW 82.32.585 and WAC 458-20-268 Annual surveys for certain tax preferences, for those requirements.

(b) Any new tax preference, other than a tax preference requiring a survey under RCW 82.32.585, claimed by a taxpayer in a calendar year for which the amount of the tax reduced or saved is less than ten thousand dollars is not subject to public disclosure.

(4) **When may the department waive public disclosure of new tax preference amounts?**

(a) **Good cause waiver.** RCW 82.32.808 (7)(b) provides that the department may waive public disclosure of new tax preference amounts for good cause. A waiver is available only for the following new tax preferences:

(i) Paymaster services business and occupation (B&O) tax deduction (RCW 82.04.43393);

(ii) Clay targets retail sales (RCW 82.08.205) and use (RCW 82.12.205) tax exemptions;

(iii) Food flavoring products retail sales (RCW 82.08.210) and use (82.12.210) tax exemptions;

(iv) Cooperative finance organizations B&O tax deduction (RCW 82.04.43394);

(v) Investment data for investment firms retail sales (RCW 82.08.207) and use (RCW 82.12.207) tax exemptions;

(vi) Large private airplane retail sales (RCW 82.08.215) and use (RCW 82.12.215) tax exemptions;

(vii) Blood banks B&O tax exemption (RCW 82.04.324); and

(viii) Mint growers retail sales (RCW 82.08.220) and use (RCW 82.12.220) tax exemptions.

(b) **What is good cause?** Good cause is demonstrated by a reasonable showing of economic harm to a taxpayer if public disclosure of the

new tax preference amount were to occur. To make a reasonable showing of economic harm, the taxpayer must provide facts that demonstrate that economic harm is likely to occur, and not merely speculative or theoretical. Economic harm may include, but is not limited to, a quantifiable financial loss such as decreased income, lost profits, and diminished business value. It may also include a reduction in a business's goodwill or an unfair competitive advantage to the taxpayer's competitors if the tax preference information is released.

**(5) What is the process for applying for the waiver?**

(a) Taxpayers do not need to request a waiver for a new tax preference for any calendar year for which the amount of tax reduced or saved for that new tax preference is less than ten thousand dollars. Such amounts are not subject to public disclosure as described in subsection (3)(b) of this rule.

(b) Taxpayers eligible to claim a waiver of disclosure under subsection (4) of this rule may apply to the department at any time, but should note that any reported new tax preference amount is no longer confidential twenty-four months after the tax preference is first claimed as described in subsection (3)(a) of this rule.

(c) To apply for the waiver, the taxpayer must provide the department with a completed waiver request form and include a detailed explanation describing how disclosure of the new tax preference information will cause economic harm. The required waiver request form can be found on the department's web site at [dor.wa.gov](http://dor.wa.gov).

(d) Taxpayers who have their waiver requests approved prior to the date of disclosure, as described in subsection (3)(a) of this rule, will not have their new tax preference amount subject to public disclosure.

(e) An approval by the department to waive public disclosure of new tax preference information will remain in effect indefinitely unless the department has reason to believe that good cause no longer exists. If this occurs, the department will contact the taxpayer for additional information prior to any public disclosure of new tax preference information.

**(6) Denial of good cause waiver request.**

(a) Taxpayers who have their waiver requests denied may submit additional documentation to the department to support their eligibility for the waiver within thirty days of the postmark date of the department's determination. Upon receiving the additional information from the taxpayer, the department will conduct a second review and notify the taxpayer whether good cause exists. If additional documentation is not submitted, then the initial determination is considered the final determination.

(b) A final determination by the department to deny a waiver request is considered a final agency action for purposes of review under RCW 34.05.570(4) and may be appealed to superior court as provided in RCW 34.05.514.