

May 2021 Meeting

Date May 26, 2021

Attendees The following people attended the meeting via WebEx or on the phone:

Technical Advisory Group

Katie Baird
Doug Conrad
Lucy Dadayan
Rachelle Harris
Rachel Knutson
Jeff Mitchell
Andy Nicholas
Pete Parcels
Rick Peterson
Kriss Sjoblom

Department of Revenue

Preston Brashers
Sara del Moral
Braden Fraser
Steven Lee
Valerie Torres

**Corporate
Modeling /
Washington
Nexus &
Apportionment**

Presenter: Preston Brashers

Preston explained Washington nexus standards and apportionment. These influence the corporate modeling because we assume similar apportionment to Washington under a Corporate Income/Net Receipts, Value-added tax, and Margins tax modeling.

Question: More examples of throw out income.

Answer: Consider a business performing an apportionable activity where the gross receipts could be attributed to many states, including Washington. If the activity is only subject to a gross receipts tax or corporate income tax in four of those states (perhaps because nexus standards aren't met in the other states), then the receipts that would otherwise be attributed to all the other states would be thrown out of the denominator in the apportionment calculation. The business's Washington apportionment would be determined based on Washington's share of the four states' receipts.

2021-23 Budget Proviso

Presenter: Valerie Torres

Discussed the 2021-2023 budget proviso, the Department's modeling, and the TSWG's public/business outreach.

Comment: On the tax shift, I have read all the documents; the confidence intervals are very wide. This is going to be hard to pin down.

Comment: The one tax studied in detail is the Corporate Income Tax, but that is only one of many taxes that businesses pay. There is an argument that the taxes on business shift in some way to consumers. However, with the uncertainty, the way to handle this is to acknowledge the uncertainty and do several different analyses based on various assumptions. To show how the uncertainty shows up in the results.

TSWG Scenarios

Presenter: Valerie Torres

Discussed the six scenarios the Tax Structure Work Group plans to use in the discussion statewide on ways the tax structure of Washington could change.

Note: The TSWG will post the final scenarios to their website on approximately June 2.

Next Meeting

August 18, 2021 9:00 – 11:00 am
