



King County

Lloyd Hara
King County Assessor

News Release

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Amnesty for unreported business personal property taxes

King County Council passes new ordinance aimed at increasing fairness and equity in personal property taxes; Penalties waived through July 1

The King County Council this week passed a new ordinance aimed at increasing fairness and equity in the administration and collection of business personal property taxes. The ordinance creates an amnesty period through July 1 in which owners of unreported business personal property have the opportunity to come forward and list their property without penalty.

"I applaud the King County Council for adopting this personal property amnesty ordinance. This new law will encourage fairness and equity in our personal property program by increasing the number of people listing their business personal property and paying taxes on it," said King County Assessor Lloyd Hara.

"This is a 'win-win' for everyone," said County Council Chair Larry Gossett. "We want to encourage and support small businesses at all times, who may not be aware of the law. This provides a penalty-free opportunity to educate business owners about their obligations and ensure the County receives their payments."

"This is a great and unique opportunity to assist small businesses," said Councilmember Kathy Lambert, who co-sponsored the ordinance. "For those concerned about the financial penalties for not reporting, this is a one-time opportunity to come current on personal property taxes without an additional fine. The state provided a similar amnesty last year, which helped nearly 8,900 businesses and collected more than \$320 million. We know small businesses are enduring tough economic times, so we hope they will take advantage of this offer."

"Our region's businesses are struggling. This program will not only provide some much needed relief but also help our companies meet their responsibility to their region," said County Councilmember Joe McDermott, who chairs the Budget Committee.

"This amnesty program gives King County business owners an opportunity to comply with state law without incurring a penalty," said King County Executive Dow Constantine.

The administration of business personal property in Washington State is accomplished through a self-reporting system. Businesses that have personal

property subject to taxation are required by law to report that property to their local County Assessor. Businesses that do not self-report their personal property are subject to a penalty of up to 25 percent in the aggregate against the total tax liability if they are discovered by the Assessor.

The ordinance adopted by the County Council waives the penalty if the businesses come forward by July 1 and list their personal property and pay any taxes due by September 1. The Washington State Legislature made this local-option personal property amnesty program available to counties this year through the adoption of HB 2149.

“We hope that any business owner that has unreported personal property will take advantage of this amnesty period. We also hope to use this amnesty ordinance as an opportunity to educate business owners about business personal property reporting requirements. Some business owners may not even know that they are supposed to pay taxes on business personal property,” Hara said.

Corporations are required to pay taxes on taxable personal property, including machinery, equipment, and supplies of businesses and farms, state-assessed commercial boats, and most operating property of public utilities. Items that are exempt include household goods, intangible personal property, and business inventories. Farm machinery is exempt from the state levy but subject to local levies.

Owners of business personal property are required to list the items, their acquisition cost, and the year acquired with the county assessor each year. The assessor then determines the current assessed value. The assessor can collect back taxes for up to three years on unreported personal property.

With the passage of this ordinance, personal property staff from the Assessor’s Office will be visiting random businesses in-person to provide information about personal property taxes and to work with business owners not currently paying to come into compliance with the law.

This effort is aimed at increasing fairness and equity in property tax collection by helping to ensure that personal property taxes are paid by those that should be paying. This will distribute the tax burden more fairly, and will reduce the tax rate for all taxpayers, including those that *are* currently paying their personal property taxes as required by law. In addition, it will help to even the playing field for all businesses, as those that are not paying personal property taxes have a competitive advantage (more discretionary resources) than those that are.

The King County Assessor administers approximately 36,000 personal property accounts. These accounts total just under \$18 billion in assessed value.

Business owners with questions about this personal property amnesty program should call 206-296-5126. The general number for the King County Assessor’s Office is 206-296-7300.

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