



# Citizen Commission for Performance Measurement of Tax Preferences

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**NON-VOTING MEMBERS:**

**Representative Derek Stanford**  
Chair, Joint Legislative Audit  
and Review Committee

**Pat McCarthy**  
State Auditor

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November 1, 2017

The Honorable Representative Kristine Lytton  
The Honorable Representative Timm Ormsby  
The Honorable Senator John Braun

The Honorable Representative Terry Nealey  
The Honorable Representative Bruce Chandler  
The Honorable Senator Kevin Ranker

## Re: 2017 Tax Preference Reviews

I am pleased to forward to you the comments that the Citizen Commission for Performance Measurement of Tax Preferences (Commission) **unanimously** adopted for this year's review of tax preferences.

We adopted the same position as the Legislative Auditor for 10 of the 13 recommendations he issued. For the three preferences where we make a different recommendation:

- Electric Power Sold in Rural Areas: we recommend the Legislature review and clarify its public policy objective for the preference.
- Electricity for Electrolytic Processors: we recommend the Legislature continue this preference.
- Vessel Deconstruction: we recommend the Legislature clarify its objective with the understanding that the preference be continued.

The full text of our comments, as well as summaries of the JLARC staff's analysis and recommendations are attached and linked [here](#).

Tax preference reviews provide valuable information as the Legislature considers whether specific preferences are meeting the Legislature's policy objectives. With this year's report, there are now 11 years of tax preference evaluations available to the Legislature, comprising over 250 individual reviews.

I urge you to consider this year's and previous years' recommendations and comments on tax preference statutes in the upcoming legislative session.

Future reviews will cover diverse policy topics including agriculture in 2018, aerospace in 2019, tribal taxation in 2020, and medical services in 2021.

To better focus resources, the Commission recently reduced the number of agriculture related reviews in 2018. This will allow the JLARC staff to begin work on the complex aerospace preferences now, with the goal of pursuing more in-depth analysis in that area.

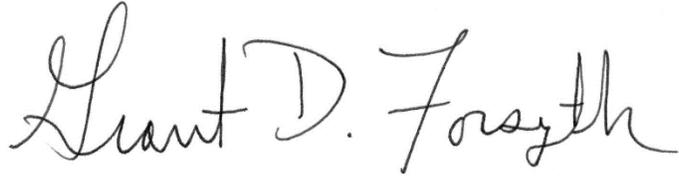
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As Chair of the Citizen Commission, I would be pleased to discuss the Commission's position and comments with you and any interested legislators.

Sincerely,

A handwritten signature in black ink that reads "Grant D. Forsyth". The signature is written in a cursive style with a large, prominent "G" and "F".

Grant D. Forsyth, Chair

Citizen Commission for Performance Measurement of Tax Preferences

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cc: All Legislators  
Keenan Konopaski, Legislative Auditor  
David Schumacher, Director, Office of Financial Management  
Vikki Smith, Director, Department of Revenue  
Brian Bonlender, Director, Department of Commerce

Additional information on all 11 years of tax preference reviews can be found at:

[www.citizentaxpref.wa.gov/reports.htm](http://www.citizentaxpref.wa.gov/reports.htm).

A recording of this year's public testimony is posted [here](#), and written testimony we received is posted [here](#) (please select the 9/7/17 meeting to see written testimony).