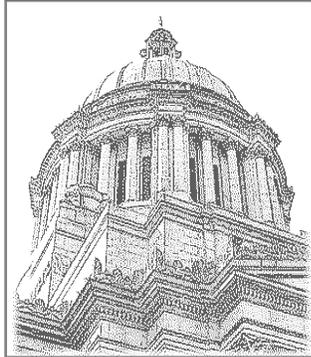


STATE OF WASHINGTON

**CITIZEN COMMISSION FOR
PERFORMANCE MEASUREMENT OF
TAX PREFERENCES**



COMMISSION MEMBERS

William A. Longbrake, *Chair*
Board of Directors, BECU

Stephen B. Miller, *Vice Chair*
Washington Education Association

James Bobst
Pacific Fibre Products, Inc.

Ruta Fanning
Retired Legislative Auditor

NON-VOTING MEMBERS

Jeanne Kohl-Welles, State Senator
Chair, Joint Legislative Audit and Review
Committee

Troy Kelley
State Auditor

*Citizen Commission for
Performance Measurement of Tax Preferences*
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AGENDA

REVISED – New Location

Friday, May 17, 2013

1:00 p.m.

John A. Cherberg Bldg.

Senate Conference Rooms A, B, C

Olympia, WA

- *1. Approval of October 29, 2012, Meeting Minutes
2. Staff Reports
 - Legislative Session Update
 - Other

2013 Reviews

3. 2013 Expedited Tax Preferences
4. Evaluation Questions Answered in 2013 JLARC Reviews

2014 Reviews

5. Discussion of 2014 List of Reviews, 2014 Preview, and 10-Year Tax Preference Review Schedule
- *6. Preliminary Approval of 2014 Tax Preference Review Schedule
(General public comment period immediately following regular Commission business.)

* *Action Item*

Please Note:

The Commission reserves the right to move agenda items as needed.



Citizen Commission for Performance Measurement of Tax Preferences

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Governor's Council of Economic Advisors

Stephen B. Miller, Vice Chair
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James Bobst
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NON-VOTING MEMBERS:

Senator Jeanne Kohl-Welles
Chair, Joint Legislative Audit & Review Committee

Troy Kelley
State Auditor

May 6, 2013

Tax Preference Commissioners:

As with last year, the focus of our May meeting will be setting the 10-year review schedule, with a specific emphasis on those preferences to be reviewed in 2014 by JLARC analysts.

Recall that when setting the 10-year schedule last year, the Commission anticipated focusing efforts each year on specific industry sectors, with 2014 being a possible year for grouping aerospace preferences.

Unlike previous years, the question of how many preferences JLARC staff can review in 2014 is not easy to answer at this time. In recent years, we have averaged about twenty-two in-depth reviews each year. Given the size, complexity, and importance of aerospace to Washington's economy, I anticipate reviewing that group of preferences will require more resources than most reviews. If this sector is selected for review in 2014, we will not be able to review as many preferences as we have in the past.

PROPOSED APPROACH FOR SETTING THE 2014 REVIEW SCHEDULE

At the May meeting, I suggest that Commissioners select 20 preferences from the 58 "Uncategorized" preferences shared with you in February (a copy of the list is included with this e-mail, along with Department of Revenue descriptions). I also suggest you make a decision to confirm whether you want the JLARC staff to evaluate the group of aerospace preferences on the attached list.

If the aerospace sector is chosen by the Commission for review, the JLARC staff will spend the next several months conducting research to identify the amount of work required to evaluate these preferences. By the September meeting, I will be able to share with you how many of the 20 "Uncategorized" preferences we will have the resources to review along with the aerospace preferences. Although I cannot give you a specific number today, I suspect it will be much less than 20.

At the meeting, JLARC and DOR staff will be available to address questions you may have on preferences under consideration for review. As with previous years, we may need additional time to research answers: this is in part the reason behind delaying final decisions until September.

Citizen Commission for Performance Measurement of Tax Preferences

May 6, 2013

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ATTACHMENTS

Attached is one file which includes a number of information pieces. It begins with the agenda, with additional items following the order of the agenda. Because there are so many items, I've provided a brief description of each and its purpose.

1. **Meeting agenda.**
2. **October 29, 2012 meeting minutes:** for approval at the May meeting
3. **2013 Expedited Preference Reviews:** at the August meeting, we will present the 2013 preferences reviewed in-depth by JLARC. The Expedited Preference Reviews are the remaining preferences on the 2013 review schedule. JLARC and DOR staff will be available at the May meeting to answer any questions you may have on the 2013 expedited reviews.
4. **2013 Full Reviews, Questions Answered:** this is a table indicating which questions we will answer with the 2013 full reviews. This was of some interest to Commissioners last year.
5. **2014 Preferences for Review, divided between aerospace and "Uncategorized":** this is the list of suggested reviews for 2014. From this list I ask that you select 20 "Uncategorized" preferences for possible review in 2014. We can finalize the list for full review in September once we've determined the resources required for possible review of the aerospace preferences.
6. **2014 Preview Document:** this is the document that contains information from DOR on all preferences currently on the 2014 list.
7. **2014-2023 Draft 10-year Review Schedule:** along with preferences for 2014, this provides the additional nine years for the required 10-year schedule.

Finally, you'll note that there are no items related to the "Staff Reports" agenda item. The focus of this item will be a recap of the legislative session as it pertains to tax preferences. We are developing that information now and will provide it at the May 17 meeting.



Citizen Commission for Performance Measurement of Tax Preferences

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Governor's Council of Economic Advisors

Stephen B. Miller, *Vice Chair*
Washington Education Association

James Bobst
Pacific Fibre Products, Inc.

Ruta Fanning
Retired Legislative Auditor

Paul Guppy
Washington Policy Center

Non-voting Members:

Senator Craig Pridemore
Chair, Joint Legislative Audit
and Review Committee

Brian Sonntag
State Auditor

Citizen Commission for Performance Measurement of Tax Preferences Meeting Minutes

October 9, 2012
John A. Cherberg Bldg.,
Senate Hearing Rm. 3
Olympia, WA

Members Present:

William A. Longbrake
James Bobst
Paul Guppy

Stephen Miller
Ruta Fanning
Sen. Craig Pridemore

Members Absent:

Brian Sonntag

Staff:

Keenan Konopaski
Mary Welsh
Peter Heineccius
Curt Rogers
Stacia Hollar, AG Staff

John Woolley
Dana Lynn
Suzanne Kelly
Matt Stoutenburg

WELCOME AND INTRODUCTIONS

Commission Chair Bill Longbrake welcomed those in attendance and called the meeting to order at 2:03 p.m. Keenan Konopaski, Legislative Auditor, introduced a new Joint Legislative Audit and Review Committee (JLARC) staff member, Matt Stoutenburg.

APPROVAL OF MEETING MINUTES

A motion was made to approve the September 14, 2012, meeting minutes.

The motion was seconded and carried.

(See TVW recording at [00:01:36](#))

ADOPTION OF 2013 COMMISSION MEETING SCHEDULE

The Commission discussed the four proposed Commission meetings scheduled for 2013.

A motion was made to adopt the 2013 Commission meeting schedule.

The motion was seconded and carried.

(See TVW recording at [00:01:58](#))

DISCUSSION AND APPROVAL OF COMMISSION COMMENTS ON 2012 TAX PREFERENCE REVIEWS

Chair Longbrake reviewed the process to approve Commission comments on the 2012 Tax Preference Reviews. The Chair noted the written comments submitted by Commissioners and solicited any additional proposals or comments from the Commissioners. The Commission discussed the 2012 Tax Preference Reviews, as well as three reviews completed in 2010. (See TVW recording at [00:04:11](#))

MOTION: The Commission acknowledges receipt of the 2012 JLARC Tax Preference Reviews of: **Annuities (Insurance Premiums Tax); Business Inventories (Property Tax); Condominium and Homeowner Maintenance Fees (Business & Occupation [B&O] Tax); Health Insurance by State Pool (Insurance Premiums Tax); Insurance Guaranty Funds (Insurance Premiums Tax); Leases Under \$250 per Year and Short Term Leases (Leasehold Excise Tax); Natural and Manufactured Gas (Sales and Use Tax); Special Fuel Use Exemptions (Fuel Tax); and Urban Passenger Transit Fuel (Sales and Use Tax)**. The Commission has provided a forum for discussion and public comment on these recommendations. The Commission endorses the JLARC recommendations for these preferences. The Commission does not have additional comments to append to the 2012 JLARC reports related to these preferences.

The motion was seconded and carried.

(See TVW recording at [00:05:25](#))

MOTION: The Commission acknowledges receipt of the 2012 JLARC Tax Preference Review of **Ferry Boats (Sales and Use Tax)**. The Commission has provided a forum for discussion and public comment on this review. The Commission does not endorse the JLARC recommendation for this review and provides the following additional comments.

Commission Comment: The Commission does not endorse the recommendation to continue the preference and encourages the Legislature to review and clarify the public policy intent of the preference.

Rationale: The JLARC staff study infers the public policy objective is to support state and local governments by reducing the cost of building and repairing ferry vessels owned and operated by state or local government entities. The principal beneficiary of this preference is Washington State Ferries. If the preference were terminated, state and local government entities that operate ferries in Washington would have to pay sales and use tax, which presumably would be a burden on state and local entities' finances. However, because state and local entities that operate ferries charge fees to users of ferries, it would be possible for those entities to raise user fees to recover the amount of sales and use tax. Thus, in effect, this preference is a subsidy that reduces the fees paid by users of ferries. The Commission recommends that the Legislature review and clarify the public policy objective of this preference and determine whether the intent of the preference is to subsidize public use of ferries. If that is not the public policy intent, the Legislature should consider terminating this preference.

The motion was seconded and carried.

(See TVW recording at [00:07:55](#))

Citizen Commission for Performance Measurement of Tax Preferences

October 9, 2012

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MOTION: The Commission acknowledges receipt of the 2012 JLARC Tax Preference Reviews of: **Fish Tax Differential Rates (Enhanced Food Fish Tax)**; **Precious Metals and Bullion (B&O Tax)**; **Precious Metals and Bullion (Sales and Use Tax)**; and **Solar Energy and Silicon Product Manufacturers (B&O Tax)**. The Commission has provided a forum for discussion and public comment on these reviews. The Commission endorses the JLARC recommendations for these reviews, and does not have additional comments.

The motion was seconded and carried.

(See TVW recording at [00:14:08](#))

MOTION: The Commission acknowledges receipt of the 2012 JLARC Tax Preference Review of **Biotechnology Manufacturing (Sales and Use Tax)**. The Commission has provided a forum for discussion and public comment on this review. The Commission does not endorse the JLARC recommendation for this review and provides the following additional comments.

Commission Comment: The Commission does not endorse the recommendation that the Legislature should review and clarify this tax preference and recommends that the Legislature take no action and allow this preference to expire in 2017, as scheduled.

Rationale: The JLARC audit staff was unable to determine the impact, if any, this preference has had on encouraging investment and creating jobs. Additionally, there is no evidence that this industry needs this preference for unique competitive conditions. No testimony was provided by beneficiaries in support of continuing this tax preference.

The motion was seconded and carried.

(See TVW recording at [00:15:38](#))

MOTION: The Commission acknowledges receipt of the 2012 JLARC Tax Preference Review of **Commuting Programs (Multiple Taxes)**. The Commission has provided a forum for discussion and public comment on this review. The Commission does not endorse the JLARC recommendation for this review and provides the following additional comments.

Commission Comment: The Commission does not endorse the recommendation that the Legislature should review and clarify the public policy objective of the preference and determine whether it is necessary any longer to encourage trip reduction activities. The Commission recommends that the Legislature allow the preference to expire as scheduled on June 30, 2013.

Rationale: The Legislature did not specify a public policy purpose for this preference. JLARC staff inferred from the record that the implied public policy purpose is to encourage businesses to provide financial incentives to their employees who participate in commute trip reduction programs. This preference may no longer be essential to achieve the implied public policy objective because many businesses offer trip reduction financial incentives to employees as a standard component of their employee benefit programs. In 1994, the Department of Revenue stated that many firms already had commute trip reduction programs in place and tax credits were not expected to generate significantly higher participation in such programs. The Commission believes that

Citizen Commission for Performance Measurement of Tax Preferences

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expiration of this preference would be unlikely to result in a material reduction in businesses' provision of trip reduction financial incentives to employees.

The motion was seconded and carried.

(See TVW recording at [00:20:34](#))

MOTION: The Commission acknowledges receipt of the 2012 JLARC Tax Preference Reviews of **High Technology R&D (Sales and Use Tax)** and **High Technology R&D (B&O Tax)**. The Commission has provided a forum for discussion and public comment on these reviews. The Commission does not endorse the JLARC recommendation for this review and provides the following additional comments.

Commission Comment: The Commission does not endorse the recommendation that the Legislature review and clarify this tax preference and recommends that the Legislature allow the B&O tax credit and sales and use tax deferral/waiver to expire in 2015, as scheduled.

Rationale: The JLARC audit staff study provided substantive evidence that these tax preferences created approximately 454 new jobs between 2004 and 2009 at an overall cost in terms of foregone tax revenue of approximately \$20.5 million per year or \$45,000 per job. However, new earnings per job were estimated to amount to \$25,000. Even allowing for measurement errors, it is clear that the cost of these preferences greatly exceeds the estimated benefits. Industry representatives provided general information in support of these tax preferences. However, they did not provide tangible evidence to refute the findings of the JLARC staff study nor did they provide alternative evidence of a direct link between these tax preferences and significant job creation.

Industry representatives testified that competition from other states to attract high technology R&D companies is intense, but provided no evidence that investment in high technology R&D would decline meaningfully if this tax preference were terminated.

An industry representative testified that these preferences are important for industry profitability. However, since most participants in this industry are neither fledgling nor facing unique short-term competitive pressures, financially supporting the industry through these tax preferences appears to be of little or no value.

The Legislature's objective to create "quality" employment opportunities in the state might be achieved more cost effectively in other ways such as partnering with the high technology R&D industry to provide educational and training programs that develop human resources skills needed by the industry.

The motion was seconded and carried.

(See TVW recording at [00:29:20](#))

MOTION: The Commission acknowledges receipt of the 2012 JLARC Tax Preference Review of **Insurance Producers, Title Insurance Agents, and Surplus Line Brokers (B&O Tax)**. The Commission has provided a forum for discussion and public comment on this review. The Commission endorses the JLARC recommendation for this review and provides the following additional comments.

Commission Comment: The Commission endorses the recommendation that the Legislature should review and clarify the public policy purpose of the preference and unless there is a compelling reason for a differential rate, the Legislature

Citizen Commission for Performance Measurement of Tax Preferences

October 9, 2012

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should increase the tax rate to provide equivalent tax treatment with businesses with similar agent/sub-agent relationships.

Rationale: The JLARC staff study documents numerous changes in this tax preference between its initiation in 1935 and the most recent change in 2009. Beginning in 1995 the Legislature has reduced the tax rate on insurance commissions from 1.172% of insurance commissions to 0.484%. The Legislature provided no economic or competitive rationale for the reductions in the tax rate. Over the same time period, the Legislature has reduced the tax rate on real estate commissions from 2.13% to 1.80%. It should be noted that pyramiding of B&O taxes applies to insurance agents but not to real estate agents, pursuant to a 1992 state Supreme Court case that ruled that insurance agents are not entitled to the same exemption that removed tax pyramiding for real estate agents. Adjusting the current insurance commissions tax rate for pyramiding results in a combined B&O tax rate of 0.726% compared to 1.80% for real estate services. In public testimony, representatives of insurance agents pointed out that commission rates are established by insurance companies. Thus, there are limitations on how agents can recover costs directly from policyholders if there is an increase in the insurance commissions B&O tax rate. However, no evidence was provided for why a lower tax rate relative to similar agent/sub-agent relationships in other industries is appropriate.

The motion was seconded and carried.

(See TVW recording at [00:36:33](#))

MOTION: The Commission acknowledges receipt of the 2012 JLARC Tax Preference Reviews of **Stevedoring (B&O Tax)** and **International Charter and Freight Brokers (B&O Tax)**. The Commission has provided a forum for discussion and public comment on these reviews. The Commission does not endorse the JLARC recommendations for these reviews and provides the following additional comments.

Commission Comment: The Commission does not endorse the JLARC staff recommendation to review and clarify these two preferences and recommends that the Legislature should terminate both of these preferential tax rates.

Rationale: The apparent original intent of providing a preferential tax rate in 1979 was to maintain an equivalent tax burden after a U.S. Supreme Court decision eliminated the tax exemption of certain stevedoring activities. While the industry has argued that the preferential rate is justified for competitive reasons, the industry has never provided substantiation for this claim. In testimony provided to the Commission by a representative of these industries, no substantive evidence was provided that elimination of this preference would harm the competitiveness of Washington's ports materially. In response to a question during public testimony, an industry representative acknowledged no competing west coast ports in the U.S. receive a similar tax break. The JLARC staff study indicated that it is unclear that the preferential B&O tax rate has had any role in making Washington's ports more competitive. Therefore, the Commission recommends that the Legislature stop supporting these industries financially by terminating the preferential tax rates.

The motion was seconded and carried.

(See TVW recording at [00:39:50](#))

Citizen Commission for Performance Measurement of Tax Preferences

October 9, 2012

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MOTION: The Commission acknowledges receipt of the 2012 JLARC Tax Preference Review of **Travel Agents and Tour Operators (B&O Tax)**. The Commission has provided a forum for discussion and public comment on this review. The Commission does not endorse the JLARC recommendation for this review and provides the following additional comments.

Commission Comment: The Commission does not endorse the JLARC audit staff recommendation to review and clarify the preference and recommends that the Legislature terminate the preferential tax rate for travel agents and tour operators.

Rationale: JLARC audit staff documented that circumstances in the travel industry have changed since this preference was established. Based on the JLARC staff analysis, it appears there are no longer competitive reasons to continue the preference and thus retention of the preference simply increases commissions for travel agents. Moreover, administrative considerations, which prompted the Department of Revenue to request the Legislature extend the preference to tour operators, no longer exist. Because there is no apparent compelling reason any longer for preferential tax treatment, the Legislature should terminate this preference.

The motion was seconded and carried.

(See TVW recording at [00:44:11](#))

MOTION: The Commission acknowledges receipt of the 2012 JLARC Tax Preference Review of **Minor Final Assembly Completed in Washington (B&O Tax)**. The Commission has provided a forum for discussion and public comment on this review. The Commission endorses the JLARC recommendation for this review, and does not have additional comments.

The motion was seconded and carried.

(See TVW recording at [00:47:11](#))

MOTION: *NOTE: During consideration of this item, Commissioner Bobst declared a conflict of on this issue because his employer operates an interstate trucking company.*

A motion was made to append an additional comment to the Commission's previous comments on the 2010 JLARC Tax Preference Reviews of:

**Interstate Transportation - Through Freight (Public Utility Tax);
Interstate Transportation - In-State Portion (Public Utility Tax); and
Interstate Transportation - Shipments to Ports (Public Utility Tax).**

2012 Additional Commission Comment: The Commission notes that the Legislature took no action on the Commission's recommendation, and notes that the fiscal impact of these preferences exceeds \$100 million per biennium. The Commission therefore recommends that the Legislature mandate JLARC to conduct an economic impact study of the preferences and appropriate sufficient resources to conduct this study. After the 2013 session, if the Legislature has taken no action the Commission will consider whether to schedule these preferences for further review.

The motion was seconded and carried.

(See TVW recording at [00:49:03](#))

Citizen Commission for Performance Measurement of Tax Preferences

October 9, 2012

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The Commission also discussed making comments of a more general nature, not related to specific tax preferences.

MOTION: The Commission will incorporate the Legislative Auditor's responses to the Commission Chair's questions regarding the Pew Center's report into JLARC's 2012 report to the Legislature.

The motion was seconded and carried.

(See TVW recording at [01:36:52](#))

The Commission discussed and deferred further consideration of proposed suggestions to improve the effectiveness of using tax preferences. (See TVW recording at [01:38:56](#))

MOTION: The Commission endorses the JLARC staff recommendations to the Department of Revenue and the Office of Financial Management contained in the 2012 Tax Preferences report.

The motion was seconded and carried.

(See TVW recording at [02:02:48](#))

PUBLIC COMMENT

No members of the public signed up to testify. (See TVW recording at [02:05:20](#))

PRESENTING COMMISSION COMMENTS TO THE LEGISLATURE

John Woolley, JLARC staff, informed Commissioners that their comments would be incorporated into the final version of the 2012 Tax Preference Reviews, which will then be presented at the January 2013 JLARC meeting, as well as at a joint House and Senate fiscal committee meeting during session.

In addition to distributing the report and comments to the Legislature, the Commission discussed the possibility of meeting with individual legislators to communicate the Commission's comments. At the request of Chair Longbrake, Commissioner Fanning agreed to work with staff to request meetings with legislators. (See TVW recording at [02:05:31](#))

Chair Longbrake adjourned the meeting at 4:12 p.m.

2013 Regular Session: Summary of Select Bills Related to Tax Preferences

Prepared by JLARC staff May 2013

Related to Overall Tax Preference Policy

ESB 5843: An act related to strengthening the review of the Legislature's goals for tax preferences.

As passed Senate:

- Bills enacting/extending/expanding preferences must establish policy goals and related metrics/data for the tax preference review process.
- Preferences must include expiration dates.
- Expiration dates not required on bills clarifying ambiguity/making technical correction.

As passed House:

- By default, all tax preferences expire 10 years after effective date (unless the legislation specifies a different date or clarifies an ambiguity/makes technical correction).
- Bills enacting a new preference must:
 - Identify one of six categories of legislative purpose:
 1. Induce certain designated behavior.
 2. Improve industry competitiveness.
 3. Create or retain jobs.
 4. Reduce structural inefficiency in tax structure.
 5. Tax relief for certain businesses.
 6. General purpose not identified above.
 - Include additional details on legislative purpose.
 - Include specific clear, relevant, and ascertainable metrics/data for JLARC to measure effectiveness.
- Taxpayers must report the amount of the preference claimed (claim not considered confidential).
- JLARC staff to provide recommendations on appropriate data and metrics for the six categories of legislative purpose.

Modifying Existing Preferences

2SHB 1663: An act relating to extending the sales and use tax exemption for hog fuel used to produce electricity, steam, heat, or biofuel

As passed House:

- Extends exemption to 2024.
- Expresses intent is to promote retention of relatively high wage jobs in the counties where facilities that purchase and use hog fuel are located, with the Legislature hoping to retain 75% of the jobs at each facility.
- JLARC to review and report by October 2019.
- Taxpayers must complete annual survey for each facility owned and operated in state. The annual survey information must include information needed for JLARC to complete its review.
- If a taxpayer closes a facility and such closure results in a loss of jobs, DOR must recover amount claimed in the previous two years.

ESHB 2038: An act relating to investing in the education legacy trust account.

As passed House:

- Eliminates preferential rate for travel agents.
- Eliminates preferential rate for resellers of prescription drugs.
- Repeals sales/use tax exemption for bottled water.
- Changes nonresident sales/use tax exemption into remittance program.
- Narrows B&O high tech R&D credit to businesses with annual gross income of \$10 million or less.
- Repeals sales/use deferral for tax high tech R&D.
- Repeals PUT deduction on in-state portion of interstate transportation and provides apportionment rules.
- Narrows B&O and sales/use exemptions for import commerce to aerospace products.
- Repeals use tax exemption for extracted fuel.
- In addition to tax preference changes, permanently extends 0.3 percent B&O surtax on service businesses.

ESSB 5024: Transportation Budget

As passed Legislature:

- Extends Commute Trip Reduction Credit to July 1, 2014, and reduces total credit from \$2.75M to \$1.5M.

Bills Establishing New Preferences

E2SHB 1437: An act relating to small farms under the current use property tax

As passed House:

- Establishes pilot program in Thurston County under the current use program for home sites on qualifying farms less than 20 acres.
- JLARC to report on impact on property tax collections.

SHB 1158: An act relating to the taxation of honey beekeepers.

As passed House:

- Establishes a sales/use tax exemption for purchases of honeybee food, with an expiration date of July 2016.
- Expresses legislative intent that the preference will not be extended when data indicates that honey bee colony survivorship has improved.
- JLARC is to include in its review whether Washington state taxes are a disproportionately large percentage of commercial beekeepers operational or capital costs.
- Establishes a work group to address challenges facing honey bee industry. Work group's report is to include proposed changes to industry's tax structure.

E2SHB 1301: An act relating to creating clean energy jobs in Washington state through renewable energy incentives

As passed House:

- Provides a public utility tax credits to light and power businesses for renewable energy.
- Includes performance milestones for both credits.
- The preferences expire in June 2023.

JLARC COMMITTEE ADDENDA TO 2012 TAX PREFERENCE REVIEWS

At the February 20, 2013 JLARC meeting the Committee approved this report for distribution and adopted two addenda to the report.

NOTE: Addendum #2 reflects the views of the individual sponsors listed below. It does not reflect the views of all members of the Committee.

Committee Addendum #1

The Committee notes that its action to distribute the **2012 Tax Preference Performance Reviews: Proposed Final Report** does not imply the Committee agrees or disagrees with auditor recommendations or the recommendations of the Citizen Commission for Performance Measurement of Tax Preferences.

Statute directs the auditors and the Citizen Commission to make recommendations on tax preferences. Action to pursue or not pursue the auditor and Citizen Commission recommendations takes place in the policy-making forum outside of JLARC. The role of performance audit reviews and recommendations is to help inform the Legislature's decisions.

Committee Addendum #2

Sponsors:

Rep. Cathy Dahlquist

Rep. Gary Alexander

Rep. Kathy Haigh

Sen. Mike Hewitt

Sen. Janéa Holmquist Newbry

Rep. Ed Orcutt

Rep. Hans Zeiger

While we respect the work performed by the Auditor and the Tax Preference Commission, we reach different conclusions and would make different recommendations as to certain policies.

Specifically:

1. With respect to the B&O Tax Rate for Stevedoring and International Charter and Freight Brokers we recommend that the rate **CONTINUE WITHOUT MODIFICATION**. These preferences lower costs and are one tool for increasing the competitiveness of our ports, which are major sources of jobs and economic growth.
2. With respect to the B&O Tax Rate for Insurance Producers, Title Insurance Agents, and Surplus Line Brokers we recommend that the rate **CONTINUE WITHOUT MODIFICATION**. This preference a) offsets the impact of pyramiding taxation on insurance producer commissions paid by locally owned and operated insurance businesses and b) minimizes the competitive disadvantages faced by Washington insurance producers who compete with out-of-state, non-commissioned direct selling insurance companies.

State of Washington
Joint Legislative Audit & Review Committee (JLARC)

2013 Expedited Tax Preferences

May 2013

This report contains information on 48 tax preferences selected for expedited review. The information is primarily from the Department of Revenue (DOR), but also may include information on preferences previously reviewed by JLARC staff.

Upon request, this document is available in alternative formats for persons with disabilities.

Joint Legislative Audit and Review Committee

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Cathy Dahlquist

Kathy Haigh, *Assistant Secretary*

Ed Orcutt

Larry Springer

Derek Stanford

Kevin Van De Wege

Hans Zeiger

Legislative Auditor

Keenan Konopaski

Audit Authority

The Joint Legislative Audit and Review Committee (JLARC) works to make state government operations more efficient and effective. The Committee is comprised of an equal number of House members and Senators, Democrats and Republicans.

JLARC's non-partisan staff auditors, under the direction of the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other analyses assigned by the Legislature and the Committee.

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2013 Expedited Tax Preferences

May 2013



STATE OF WASHINGTON

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REPORT SUMMARY

What Is a Tax Preference?

Tax preferences are exemptions, exclusions, or deductions 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. Washington has over 630 tax preferences.

Why a JLARC Review of Tax Preferences?

Legislature Creates a Process to Review Tax Preferences

In 2006, the Legislature enacted Engrossed House Bill 1069 (RCW 43.136) to establish an orderly process for the review of tax preferences. The Legislature expressly stated that periodic reviews of tax preferences are needed to determine if their continued existence or modification serves the public interest.

Specific roles in the process are assigned to two different entities. The responsibility of scheduling tax preferences, holding public hearings, and commenting on the reviews is assigned to the Citizen Commission for Performance Measurement of Tax Preferences. The responsibility for conducting the reviews under performance audit standards is assigned to the staff of the Joint Legislative Audit and Review Committee (JLARC).

Citizen Commission Sets the Schedule

Statute directs the Citizen Commission to develop a schedule to accomplish a review of tax preferences at least once every ten years. The Commission is directed to omit certain tax preferences from the schedule, such as those required by constitutional law.

As it establishes the review schedule, the Commission may group preferences for review by type of industry, economic sector, or policy area. The Commission also schedules tax preferences that have a statutory expiration date before the preference expires.

Statute permits the Commission to recommend an *expedited review* process for any tax preference. Such reviews are based primarily on information provided by the Department of Revenue. In some instances, JLARC staff may have previously reviewed the preference. For these previously reviewed preferences, the information contained in this report comes from the JLARC staff reviews and is noted as such.

2013 Expedited Reviews

In September 2012, the Commission adopted its sixth ten-year schedule for the tax preference reviews. The schedule for 2013 includes a total of 71 tax preferences under the business and occupation tax, sales tax, use tax, property tax, leasehold excise tax, insurance premium tax, real estate excise tax, watercraft excise tax, oil spill tax, and the enhanced food fish tax. Of these tax preferences, the Commission scheduled 48 tax preferences for the expedited review process. This report addresses those 48 tax preferences. JLARC's full reviews of the remaining tax preferences as scheduled by the Commission are included in a separate report, scheduled for release in July 2013.

Next Steps

Each year, the Commission holds meetings to consider all tax preference reviews. For 2013, meetings are scheduled in May, August, September, and October. After analyzing preference reviews and taking public testimony, the Commission may elect to add specific comments to any of the 71 preferences under review. Those comments will be formally adopted and incorporated into the reviews in October.

ALTERNATIVE FUEL VEHICLES (SALES AND USE TAX)

Current statutes: RCW [82.08.809](#); [82.12.809](#)

Department of Revenue 2012 Tax Exemption Report (p. 211):

Description: Retail sales & use tax does not apply to sales of new passenger cars and light duty trucks which are powered exclusively by a clean-burning, alternative fuel such as natural gas, propane, hydrogen or electricity. In 2010 the exemption was expanded to include qualifying used passenger cars, light duty trucks and medium duty passenger vehicles which were modified after the initial purchase to be exclusively powered by a clean alternative fuel. This exemption is scheduled to expire on July 1, 2015.

Purpose: To encourage the sale of alternative fuel vehicles.

Category/Year Enacted: Other. 2005, modified in 2010

Primary Beneficiaries: Firms that sell, and customer that purchase, alternative fuel vehicles.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 238	\$ 243	\$ 249	\$ 255
Local taxes	\$ 83	\$ 85	\$ 87	\$ 89

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

BASEBALL STADIUMS (LEASEHOLD EXCISE TAX)

Current statute: RCW [82.29A.130\(14\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 24):

Description: Leasehold tax exemption is allowed for all interests in the public or entertainment areas of a professional baseball stadium located in Seattle. The facility must have natural turf, a retractable roof, seating capacity of at least 40,000, be located in King County, and have been completed after January 1, 1995, to be eligible for the exemption. The exemption does not extend to nonpublic areas of the stadium such as locker rooms and private offices used exclusively by the lessee.

Purpose: To encourage construction and operation of Safeco Field.

Category/Year Enacted: Business incentive. 1995

Primary Beneficiaries: The Seattle Mariners.

Possible Program Inconsistency: Other leases of publicly owned sports facilities are subject to leasehold tax if the lessee has exclusive use of the facility. However, many leases of sports facilities are considered as a license to use the facility rather than an exclusive lease, and therefore leasehold tax does not apply.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 55	\$ 56	\$ 57	\$ 58
Local taxes	\$ 48	\$ 49	\$ 50	\$ 51

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

BASEBALL STADIUMS (SALES AND USE TAX)

Current statute: RCW [36.100.090](#)

Department of Revenue 2008 Tax Exemption Report (p. 265):

Description: State/local retail sales/use tax was deferred on construction of a public baseball stadium. The stadium must be owned and operated by a public facilities district, and the facility must have a retractable roof and natural turf. Deferred sales tax on construction is repayable over a ten year period, starting on the fifth year after completion. Safeco Field was completed in January, 2000 and the repayments of deferred sales/use tax began in FY 2006.

Purpose: To encourage construction of a stadium for professional baseball in King County.

Category/Year Enacted: Business incentive. 1995

Primary Beneficiaries: The public facilities district that operates Safeco Field and the professional baseball team that plays its home games in the stadium.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ (2,473)	\$ (2,473)	\$ (2,473)	\$ (2,473)
Local taxes	\$ (799)	\$ (799)	\$ (799)	\$ (799)

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No; the deferred taxes are already being repaid

BIODIESEL AND ALCOHOL FUEL PRODUCTION FACILITIES (LEASEHOLD EXCISE TAX)

Current statute: RCW [82.29A.135\(1\)\(a\)-\(d\),\(2\)](#)

JLARC 2008 Tax Preference Reviews ([p. 139](#)):

Description: Provides a leasehold excise tax exemption for property used primarily in manufacturing alcohol fuel, biodiesel fuel, and biodiesel feedstock. The preference was originally scheduled to expire December 31, 2009, but the Legislature extended the expiration date to December 31, 2015.

Purpose: The Legislature did not state a public policy objective for this preference. JLARC infers that the policy objective may have been to 1) promote production of renewable fuels in Washington; 2) reduce air pollution and greenhouse gas emissions; and 3) develop new, alternative markets for Washington oilseeds.

Year Enacted: 1980

2008 Legislative Auditor Recommendation: Continue and modify expiration date because the preference is beginning to meet the inferred public policy objectives of encouraging new production of biofuels in Washington and developing new markets for oilseeds.

2008 Citizen Commission Comment: Endorses without comment.

Estimated Beneficiary Savings: \$559,000 in the 2009-11 Biennium

BIODIESEL AND ALCOHOL FUEL PRODUCTION FACILITIES (PROPERTY TAX)

Current statute: RCW [84.36.635](#)

JLARC 2008 Tax Preference Reviews ([p. 139](#)):

Description: Provides a property tax exemption for building, machinery, equipment, and other personal property used in manufacturing alcohol fuel, biodiesel fuel, and biodiesel feedstock. The preference was originally scheduled to expire December 31, 2009, but the Legislature extended the expiration date to December 31, 2015.

Purpose: The Legislature did not state a public policy objective for this preference. JLARC infers that the policy objective may have been to 1) promote production of renewable fuels in Washington; 2) reduce air pollution and greenhouse gas emissions; and 3) develop new, alternative markets for Washington oilseeds.

Year Enacted: 2003

2008 Legislative Auditor Recommendation: Continue and modify expiration date because the preference is beginning to meet the inferred public policy objectives of encouraging new production of biofuels in Washington and developing new markets for oilseeds.

2008 Citizen Commission Comment: Endorses without comment.

Estimated Beneficiary Savings: \$264,000 in the 2009-11 Biennium

BIODIESEL AND E85 FUEL DISTRIBUTION (SALES AND USE TAX)

Current statutes: RCW [82.08.955](#); [82.12.955](#)

Department of Revenue 2012 Tax Exemption Report (p. 213):

Description: Exemption from retail sales/use tax is allowed for machinery and equipment which is used directly to facilitate the retail sale of biodiesel blend or E85 motor fuel. Biodiesel is derived from vegetable oils or animal fats. E85 is a blend of ethanol and hydrocarbon in which the ethanol portion is comprised of from 75 to 85 percent denatured fuel ethanol. The exemption also includes fuel delivery vehicles, as well as labor or services for repairing such vehicles and repair and replacement parts. This exemption is scheduled to expire on July 1, 2015.

Purpose: To encourage fuel dealers to sell biodiesel and alcohol fuels.

Category/Year Enacted: Business incentive. 2003

Primary Beneficiaries: Dealers and distributors of alternative fuels.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 10	\$ 10	\$ 10	\$ 10
Local taxes	\$ 4	\$ 4	\$ 4	\$ 4

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

BIODIESEL AND E85 FUEL SALES (B&O TAX)

Current statute: RCW [82.04.4334](#)

Department of Revenue 2012 Tax Exemption Report (p. 93):

Description: Deduction from B&O tax is provided for income from the sale or distribution of biodiesel or E85 motor fuel. Biodiesel fuel is derived from vegetable oils or animal fats. E85 fuel is a blend of ethanol and hydrocarbon in which the ethanol portion is comprised of from 75 to 85 percent denatured fuel ethanol. This deduction is scheduled to expire on July 1, 2015.

Purpose: To encourage the production and sale of alternative fuels.

Category/Year Enacted: Business incentive. 2003, amended in 2006.

Primary Beneficiaries: Dealers of alternative fuels.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 88	\$ 91	\$ 94	\$ 97
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

BOATS UNDER 16 FEET (WATERCRAFT EXCISE TAX)

Current statute: RCW [82.49.020\(3\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 32):

Description: Certain vessels are exempt from the 0.5 percent state watercraft excise tax: military or other boats owned by the federal government; state/local government vessels; boats with less than 10 horsepower motors; boats < 16 feet in length with no motor; all human-powered boats; vessels in the state temporarily for repair; and documented vessels that are primarily engaged in interstate commerce.

Purpose: The exemption of commercial vessels is intended to avoid creating an impermissible burden on interstate commerce and to recognize the prohibition against directly taxing the federal government. The exemption of small and human-powered boats is intended to minimize administrative costs.

Category/Year Enacted: Individuals. 1983

Primary Beneficiaries: Owners of small boats.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)*:

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 2,570	\$ 2,663	\$ 2,764	\$ 2,869
Local taxes	\$ 0	\$ 0	\$ 0	\$ 0

*Estimates reflect only boats under 16 feet in length and human-powered boats.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes; however administration costs could be high to locate and register small, privately-owned watercraft

BONNEVILLE POWER ADMIN PROGRAM (B&O TAX)

Current statute: RCW [82.04.310\(4\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 47):

Description: B&O tax exemption is provided for amounts received in the form of credits against power contracts with the Bonneville Power Administration (BPA) or funds provided by the BPA for the purpose of implementing energy conservation programs. The credit expires for funds received after June 30, 2015.

Purpose: To encourage energy conservation.

Category/Year Enacted: Business incentive. 2010

Primary Beneficiaries: Washington electric utility companies.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 340	\$ 357	\$ 313	\$ 328
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

COMPETITIVE TELEPHONE SERVICE (SALES AND USE TAX)

Current statute: RCW [82.04.050\(1\)\(a\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 170):

Description: Retail sales/use tax does not apply to purchases of tangible personal property made for the purpose of providing the property to consumers as part of a competitive telephone service.

Purpose: To avoid the possibility of double taxation of the same product.

Category/Year Enacted: Business incentive. 1981

Primary Beneficiaries: Providers of telecommunication services.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 22,889	\$ 23,347	\$ 23,814	\$ 24,290
Local taxes	\$ 8,323	\$ 8,490	\$ 8,659	\$ 8,833

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

COMPREHENSIVE CANCER CENTERS (B&O TAX)

Current statute: RCW [82.04.4265](#)

Department of Revenue 2012 Tax Exemption Report (p. 75):

Description: Receipts by comprehensive cancer centers are exempt from B&O tax to the extent the amounts are exempt from federal income tax.

Purpose: To encourage cancer research.

Category/Year Enacted: Nonprofit - health or social welfare. 2005

Primary Beneficiaries: One entity.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): It is believed that only one entity benefits from this exemption and therefore the impact cannot be disclosed.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

COMPREHENSIVE CANCER CENTERS (SALES AND USE TAX)

Current statutes: RCW [82.08.808](#); [82.12.808](#)

Department of Revenue 2012 Tax Exemption Report (p. 207):

Description: Exemption from retail sales/use tax is provided for the sale of medical supplies, chemicals, or materials to a comprehensive cancer center. The exemption does not extend to construction, office equipment, administrative supplies or vehicles.

Purpose: To encourage cancer research.

Category/Year Enacted: Nonprofit – health or social welfare. 2005

Primary Beneficiaries: One entity.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): It is believed that only one entity benefits from this exemption and therefore the impact cannot be disclosed.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

CORE DEPOSITS AND TIRE FEES (SALES AND USE TAX)

Current statutes: RCW [82.08.036](#); [82.12.038](#)

Department of Revenue 2008 Tax Exemption Report (p. 258):

Description: The value of returnable products accepted by vendors for recycling or remanufacturing is exempt from retail sales/use tax. Also, the statute excludes from the measure of sales/use tax the amount of the \$1.00 tire assessment imposed under RCW 70.95.510. (The tire tax was re-imposed for a five year period, starting July 1, 2005.)

Purpose: The exemption for core charges (items returned for recycling/remanufacturing) is unnecessary since these items are considered to be trade-ins which are already exempt. The exemption for the tire fee affirms that the sales tax was not intended to apply to receipts that represent payment of another tax.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Purchasers of rebuilt auto parts and tire dealers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 252	\$ 262	\$ 270	\$ 0
Local taxes	\$ 79	\$ 82	\$ 84	\$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No

DRUG DELIVERY SYSTEMS (SALES AND USE TAX)

Current statutes: RCW [82.08.935](#); [82.12.935](#)

Department of Revenue 2012 Tax Exemption Report (p. 208):

Description: Disposable devices used to deliver drugs for human use are exempt from retail sales/use tax. This includes items such as syringes, tubing and catheters. (Note: these devices were previously exempt from sales/use tax. However, the wording of this exemption was necessary to conform to the Streamline Sales and Use Tax Agreement.)

Purpose: To lessen the cost of drug delivery systems.

Category/Year Enacted: Individuals. 2003; previously these were exempt under RCW 82.08.0281.

Primary Beneficiaries: Hospitals, physicians, and patients.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 422	\$ 422	\$ 422	\$ 422
Local taxes	\$ 156	\$ 156	\$ 156	\$ 156

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

FISH CLEANING (B&O TAX)

Current statute: RCW [82.04.2403](#)

Department of Revenue 2012 Tax Exemption Report (p. 45):

Description: B&O tax exemption is provided for the cleaning of fresh-water fish. Cleaning is defined as the removal of the head, fins, or viscera from the fish without further processing.

Purpose: To support the fresh-water fishing industry.

Category/Year Enacted: Business incentive. 1994

Primary Beneficiaries: A very small number of firms benefit from this exemption.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 13	\$ 13	\$ 13	\$ 13
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

FORECLOSURE RELOCATION ASSISTANCE (REAL ESTATE EXCISE TAX)

Current statute: RCW [82.45.030\(3\)](#)

Not Included in the Department of Revenue Tax Exemption Report

Statutory Text (enacted in 2011, :

(3) As used in this section, "total consideration paid or contracted to be paid" includes money or anything of value, paid or delivered or contracted to be paid or delivered in return for the sale, and shall include the amount of any lien, mortgage, contract indebtedness, or other incumbrance, either given to secure the purchase price, or any part thereof, or remaining unpaid on such property at the time of sale.

Total consideration shall not include the amount of any outstanding lien or incumbrance in favor of the United States, the state, or a municipal corporation for taxes, special benefits, or improvements. *(emphasis added)*

When a transfer or conveyance is made by deed in lieu of foreclosure to satisfy a deed of trust, total consideration shall not include the amount of any relocation assistance provided to the transferor.

FOREST DERIVED BIOMASS (B&O TAX)

Current statute: RCW [82.04.4494](#)

Department of Revenue 2012 Tax Exemption Report (p. 122):

Description: B&O tax credit is allowed for each harvested green ton of forest-derived biomass that is sold, transferred or used for the production of electricity, steam, heat, or bio-fuel. The amount of the credit is phased in as follows: (1) harvests during FY 2011, FY 2012, and FY 2013 - \$3.00 per ton; and (2) harvests during FY 2014 and FY 2015 - \$5.00 per ton. Any unused excess credit may be carried forward to a future reporting period for a maximum of two years.

Purpose: To support the production of alternative fuels.

Category/Year Enacted: Business incentive. 2009

Primary Beneficiaries: The forest products industry.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 131	\$ 131	\$ 131	\$ 131
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

FOREST LAND SPECIAL ASSESSMENTS (PROPERTY TAX)

Current statute: RCW [84.33.210\(1\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 13):

Description: Land designated as forest land is exempt from special benefit assessments. This exemption applies to assessments by local improvement districts that may include forest land, as well as special benefit assessments for projects such as sewer systems, domestic water supply and road improvements. Neither local jurisdictions nor improvement districts are obligated to provide these services to the exempt forest land. However, the owner may waive the exemption, pay the assessment, and receive the services.

Purpose: To relieve forest land owners of the costs related to development of adjacent land.

Category/Year Enacted: Other. 1992

Primary Beneficiaries: No beneficiaries identified.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): \$0.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

FREE PUBLIC HOSPITALS (SALES AND USE TAX)

Current statutes: RCW [82.08.02795](#); [82.12.02745](#)

Department of Revenue 2012 Tax Exemption Report (p. 203):

Description: Retail sales/use tax does not apply to the purchase or use of tangible personal property by free hospitals when used in the operation of the hospital or the provision of health care services. The exemption requires that the hospital not charge its patients for health care services received.

Purpose: To reduce the cost of health services provided by hospitals that do not charge their patients.

Category/Year Enacted: Other. 1993

Primary Beneficiaries: One such hospital operates in Washington.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Because there is only one taxpayer affected by this exemption, the impact cannot be disclosed publicly.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

HANFORD LEASE FEES (LEASEHOLD EXCISE TAX)

Current statute: RCW [82.29A.020\(2\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 19):

Description: For purposes of determining leasehold tax on lands on the Hanford reservation which are subleased to a private or public entity by the Department of Ecology, the term "taxable rent" includes only the annual cash rental payment and does not include fees, assessments or other charges.

Purpose: To reduce the cost of such leases.

Category/Year Enacted: Other business. 1991

Primary Beneficiaries: One firm meets the special criteria for this exclusion.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Due to confidentiality requirements, the impact of this exemption cannot be publicly stated, because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

HORSE RACE TRACKS (SALES AND USE TAX)

Current statute: RCW [82.66.040](#)

Department of Revenue 2008 Tax Exemption Report (p. 270):

Description: Deferral of retail sales/use tax was allowed for construction of a thoroughbred horse racing facility in Western Washington, if construction commenced by July 1, 1998. The facility was completed in 1996. Repayment of the deferred tax starts 10 years after completion of the project and is repaid over ten years. The first repayment of deferred tax was made on December 31, 2006.

Purpose: To encourage construction of the Emerald Downs track.

Category/Year Enacted: Business incentive. 1995; repayment period extended to 10 years in 1998.

Primary Beneficiaries: The Emerald Downs track, and the entire horse racing industry in Washington.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)*:

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ (411)	\$ (411)	\$ (411)	\$ (411)
Local taxes	\$ (107)	\$ (107)	\$ (107)	\$ (107)

No new deferrals allowed; the amounts shown reflect repayments of deferred tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No, previously deferred tax is scheduled for repayment over 10 years beginning at the end of 2006

HUMAN BODY PARTS (SALES AND USE TAX)

Current statutes: RCW [82.08.02806](#); [82.12.02748](#)

Department of Revenue 2012 Tax Exemption Report (p. 204):

Description: Sales of human blood, tissue, organs, bodies or body parts are exempt from retail sales/use tax, when they are used for medical research or quality control testing.

Purpose: To support medical research in Washington.

Category/Year Enacted: Other. 1996

Primary Beneficiaries: Medical research organizations.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 122	\$ 134	\$ 148	\$ 162
Local taxes	\$ 45	\$ 50	\$ 55	\$ 60

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

INMATE EMPLOYMENT PROGRAMS (LEASEHOLD EXCISE TAX)

Current statute: RCW [82.29A.130\(12\)](#)

Department of Revenue 2008 Tax Exemption Report (p. 59):

Description: This statute provides leasehold tax exemption for firms that use space in State adult correctional facilities in conjunction with comprehensive inmate work programs.

Purpose: To promote such programs.

Category/Year Enacted: Government. 1992

Primary Beneficiaries: None currently.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None. This program was found to be unconstitutional by the Washington State Supreme Court in 2004.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No

LIFE SCIENCES DISCOVERY FUND (B&O TAX)

Current statute: RCW [82.04.4263](#)

Department of Revenue 2012 Tax Exemption Report (p. 39):

Description: Income received by the Life Sciences Discovery Fund is exempt from B&O tax.

Purpose: To stimulate research and development in the life sciences.

Category/Year Enacted: Government. 2005

Primary Beneficiaries: The Life Sciences Discovery Fund.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Although the only affected entity is a quasi-governmental agency, the impact of this exemption cannot be publicly stated since there is only one entity affected by the statute.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Possibly

LOCAL GOVERNMENT BUSINESS INCOME (B&O TAX)

Current statute: RCW [82.04.419](#)

Department of Revenue 2012 Tax Exemption Report (p. 39):

Description: Exemption from B&O tax is provided for local governments, including school and fire districts, with the exception of income from utility or enterprise activities.

Purpose: To reflect the legislative policy of not taxing government activities, except for proprietary activities such as the provision of utility services.

Category/Year Enacted: Government. 1983

Primary Beneficiaries: Local governments.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 20,550	\$ 21,880	\$ 19,410	\$ 20,670
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

NEBULIZERS (SALES AND USE TAX)

Current statutes: RCW [82.08.803](#); [82.12.803](#)

Department of Revenue 2012 Tax Exemption Report (p. 206):

Description: Exemption from retail sales/use tax in the form of a refund is allowed for nebulizers which are prescribed for human use by a physician. Sellers must collect the sales tax, and then the buyer must apply to the Department for a refund. A nebulizer is a device that converts a liquid medication into a mist so that it can be inhaled by the patient. Included in the exemption are repair and replacement parts for nebulizers, as well as labor and service charges for cleaning, repairing, etc. Note: nebulizers were previously exempt from sales/use tax; however, the word of this exemption was necessary to conform to the Streamline Sales and Use Tax Agreement.

Purpose: To lessen the cost of nebulizers.

Category/Year Enacted: Individuals. 2004; previously exempt as drug delivery systems.

Primary Beneficiaries: Persons who use prescribed nebulizers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 345	\$ 377	\$ 412	\$ 450
Local taxes	\$ 128	\$ 140	\$ 153	\$ 167

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

NONFUEL USE OF PETROLEUM (OIL SPILL TAX)

Current statute: RCW [82.23B.045](#)

Department of Revenue 2012 Tax Exemption Report (p. 154):

Description: A credit against the oil spill tax is allowed for any oil spill tax previously paid on crude oil or petroleum products which are not ultimately used as fuel or are used in a manufacturing process.

Purpose: To ensure that the tax applies only to crude oil or petroleum that is ultimately used as fuel.

Category/Year Enacted: Tax base. 1991

Primary Beneficiaries: Manufacturers and consumers of crude oil and petroleum products.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 195	\$ 194	\$ 194	\$ 193
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

NONPROFIT CANCER TREATMENT CLINICS (PROPERTY TAX)

Current statute: RCW [84.36.046](#)

Department of Revenue 2008 Tax Exemption Report (p. 21):

Description: Real and personal property of clinics that are primarily used in the prevention, detection and treatment of cancer is exempt from property tax, if the clinic is comprised of or formed by a nonprofit organization or municipal hospital corporation.

Purpose: To provide an exemption for outpatient nonprofit cancer clinics and centers. Nonprofit hospitals are exempt under RCW 84.36.040 but that statute does not cover outpatient clinics.

Category/Year Enacted: Nonprofit - health or social welfare. 1997

Primary Beneficiaries: Six organizations comprising 25 parcels.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 659	\$ 706	\$ 743	\$ 769
Local levies	\$ 2,630	\$ 2,859	\$ 3,056	\$ 3,208

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies

NONPROFIT CREDIT AND DEBT COUNSELING (B&O TAX)

Current statute: RCW [82.04.368](#)

Department of Revenue 2012 Tax Exemption Report (p. 72):

Description: Nonprofit organizations that provide counseling services for consumers relating to credit and debt issues are exempt from B&O tax on income received for such services.

Purpose: To reduce the cost of providing such services.

Category/Year Enacted: Nonprofit - other. 1993

Primary Beneficiaries: A very small number of organizations potentially qualify for the exemption.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Minimal. Although there are more than two dozen firms that provide credit/debt counseling services, the majority are not nonprofits. Further, the nonprofits do not generally charge the clients for the counseling service.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

NONPROFIT DIALYSIS FACILITIES (PROPERTY TAX)

Current statute: RCW [84.36.040\(1\)\(f\)](#)

Department of Revenue 2008 Tax Exemption Report (p. 18):

Description: Real and personal property used by nonprofit organizations as outpatient dialysis treatment facilities is exempt from property tax.

Purpose: In the past, organizations that performed dialysis treatment at facilities they owned were exempt as hospitals. However, the delivery of dialysis treatment has changed and such services may now be provided at leased outpatient facilities that are separate from a hospital. This exemption assures that all property and equipment used for dialysis treatment is exempt.

Category/Year Enacted: Nonprofit - health or social welfare. 1987

Primary Beneficiaries: Approximately six organizations providing outpatient dialysis services comprising 34 parcels.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 118	\$ 127	\$ 133	\$ 138
Local levies	\$ 472	\$ 512	\$ 548	\$ 575

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies

NONPROFIT EMERGENCY OR TRANSITIONAL HOUSING (PROPERTY TAX)

Current statute: RCW [84.36.043](#)

Department of Revenue 2008 Tax Exemption Report (p. 20):

Description: Property tax exemption is allowed for real and personal property used by a nonprofit organization to provide emergency or transitional housing for low-income, homeless persons or for victims of domestic violence who are homeless for reasons of personal safety. To be exempt, the any charge for the housing cannot exceed the actual cost to operate and maintain the facility. (NOTE: RCW 84.36.030(1) also provides exemption for nonprofit organizations that provide "protective" services.)

Purpose: To support the services provided by such organizations.

Category/Year Enacted: Nonprofit - health or social welfare. 1983

Primary Beneficiaries: Approximately 213 organizations comprising 398 parcels.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 484	\$ 518	\$ 545	\$ 564
Local levies	\$ 1,930	\$ 2,097	\$ 2,241	\$ 2,354

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies

NONPROFIT FUNDRAISING (PROPERTY TAX)

Current statute: RCW [84.36.550](#)

Department of Revenue 2008 Tax Exemption Report (p. 27):

Description: Real and personal property owned by nonprofit organizations and used for solicitation or collection of gifts, donations or grants is exempt from property tax. To qualify, the organization must: (1) be organized for nonsectarian purposes; (2) be affiliated with a state or national organization which authorizes, approves or sanctions volunteer charitable fund-raising contributions; (3) be exempt from federal income tax; and (4) be governed by a volunteer board of directors. Also, the funds generated must be used for character-building, benevolent, protective or rehabilitative social services or for distribution to at least five other similar nonprofit organizations.

Purpose: To support the fund-raising activities of such nonprofit organizations.

Category/Year Enacted: Nonprofit - other. 1993

Primary Beneficiaries: Approximately 12 organizations.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 42	\$ 45	\$ 47	\$ 49
Local levies	\$ 167	\$ 181	\$ 194	\$ 203

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies

NONPROFIT HOMES FOR AGING (PROPERTY TAX)

Current statute: RCW [84.36.041](#)

Department of Revenue 2008 Tax Exemption Report (p. 19):

Description: Real and personal property used by a nonprofit home for the aging is exempt from property tax if: (a) at least 50% of the dwelling units are occupied by eligible residents (age 61 or older with annual household income not greater than \$22,000 or 80% of the county median income); (b) the home is subsidized under a federal HUD program; or (c) the home is financed using bonds that are exempt from federal income tax and a percentage of the units are required to be set aside for low income residents. If the home fails to qualify in its entirety, a partial exemption for the real property is prorated based on the number of eligible residents or those requiring assistance with daily activities.

Purpose: To provide equity between the senior citizens who own their own homes and qualify for the senior citizens property tax exemption and those who reside in homes for the aging.

Category/Year Enacted: Nonprofit - health or social welfare. Established as a separate statute in 1989.

Primary Beneficiaries: Approximately 115 nonprofit retirement homes comprising 426 parcels.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 2,209	\$ 2,320	\$ 2,398	\$ 2,433
Local levies	\$ 8,816	\$ 9,399	\$ 9,857	\$ 10,155

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies

NONPROFIT MEDICAL RESEARCH AND TRAINING FACILITIES (PROPERTY TAX)

Current statute: RCW [84.36.045](#)

Department of Revenue 2008 Tax Exemption Report (p. 20):

Description: Property tax exemption is provided for real and personal property that is owned or used by nonprofit corporations or associations which is available without charge for research by, or for the training of, doctors, nurses, laboratory technicians, and hospital personnel.

Purpose: To support nonprofit medical research and training facilities.

Category/Year Enacted: Nonprofit - health or social welfare. 1975; extended in 1998 to leased facilities.

Primary Beneficiaries: Approximately 8 medical research centers comprising 21 parcels.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 840	\$ 899	\$ 947	\$ 979
Local levies	\$ 3,351	\$ 3,641	\$ 3,892	\$ 4,087

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies

ORGAN PROCUREMENT (B&O TAX)

Current statute: RCW [82.04.326](#)

Department of Revenue 2012 Tax Exemption Report (p. 67):

Description: B&O tax exemption is allowed for nonprofit organ procurement organizations on income which is exempt from federal income tax.

Purpose: To extend the same tax treatment available to blood, bone and tissue banks.

Category/Year Enacted: Nonprofit - health or social welfare. 2002

Primary Beneficiaries: Nonprofit organizations that locate and obtain human organs for transplant operations.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Due to confidentiality requirements, the impact of this exemption cannot be publicly stated because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

ORGAN PROCUREMENT (SALES AND USE TAX)

Current statutes: RCW [82.08.02807](#); [82.12.02749](#)

Department of Revenue 2012 Tax Exemption Report (p. 205):

Description: Exemption from retail sales/use tax is allowed for medical supplies, chemicals or materials purchased by organ procurement organizations, as defined in federal law 42 U.S.C. Sec. 273(b).

Purpose: To support the activities of these organizations by allowing the same treatment provided for blood, bone and tissue banks.

Category/Year Enacted: Nonprofit - health or social welfare. 2002

Primary Beneficiaries: It is believed that two entities qualify for the exemption.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Due to confidentiality requirements, the impact of this exemption cannot be publicly stated because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

OSTOMIC ITEMS (SALES AND USE TAX)

Current statutes: RCW [82.08.804](#); [82.12.804](#)

Department of Revenue 2012 Tax Exemption Report (p. 207):

Description: Exemption from retail sales/use tax is provided for ostomic items used by colostomy, ileostomy or urostomy patients. Such items refer to disposable medical supplies such as bags, belts, tape, tubes, soap, jellies, germicides, etc. The exemption does not extend to undergarments, pads or shields, sponges or rubber sheets. (Note: ostomic items were previously exempt from sales/use tax. However, the wording of this exemption was necessary to conform to the Streamline Sales and Use Tax Agreement.)

Purpose: To lessen the cost of ostomic items.

Category/Year Enacted: Individuals. 2004; previous these were exempt under RCW 82.08.804.

Primary Beneficiaries: Colostomy, ileostomy or urostomy patients.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 215	\$ 215	\$ 215	\$ 215
Local taxes	\$ 80	\$ 80	\$ 80	\$ 80

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

PERFORMING ARTS (PROPERTY TAX)

Current statute: RCW [84.36.060\(1\)\(b\)](#)

Department of Revenue 2008 Tax Exemption Report (p. 24):

Description: Property tax exemption is provided for real and personal property that is owned by or leased to nonprofit organizations that engage in the production and performance of musical, dance, artistic, dramatic or literary works for the benefit of the public. The organization must receive a substantial part of its financial support from either government or from contributions by the general public.

Purpose: To support artistic, literary, musical, dance or dramatic organizations and recognize the educational and artistic contribution they make to society.

Category/Year Enacted: Nonprofit - arts or cultural. 1981

Primary Beneficiaries: Organizations such as community theaters, dance companies, music clubs, art centers, choral groups, symphonies, etc. Approximately 88 parcels owned by 66 organizations are exempt.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 658	\$ 691	\$ 714	\$ 725
Local levies	\$ 2,625	\$ 2,799	\$ 2,935	\$ 3,024

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies

SECONDARY TRANSPORTATION (OIL SPILL TAX)

Current statute: RCW [82.23B.030](#)

Department of Revenue 2012 Tax Exemption Report (p. 154):

Description: Exemption from the oil spill tax is provided for transportation or off-loading of the same products after the initial off-loading in Washington.

Purpose: The tax is intended to apply only to the initial off-loading of crude oil or petroleum products in Washington.

Category/Year Enacted: Tax base. 1991

Primary Beneficiaries: Washington refiners and manufacturers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Minimal. In order for this exemption to be applicable, the oil would have to be off-loaded in Washington from a vessel, reloaded onto another vessel and then off-loaded a second time in the state.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

TESTING AND SAFETY LABS (B&O TAX)

Current statute: RCW [82.04.434](#)

Department of Revenue 2012 Tax Exemption Report (p. 114):

Description: The value of services and information provided to the state of Washington free of charge by a laboratory which tests products for public safety purposes may be credited against B&O tax liability. The laboratory must not be affiliated with any industry group and must be exempt from federal tax.

Purpose: To encourage a testing/safety laboratory of this type to locate in Washington and ensure that these services are available for the safety of Washington residents.

Category/Year Enacted: Business incentive. 1991

Primary Beneficiaries: One firm.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Due to confidentiality requirements, the impact of this tax credit cannot be publicly stated because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

TRADE SHOWS (B&O TAX)

Current statute: RCW [82.04.4282\(6\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 83):

Description: Deduction from B&O tax is allowed for nonprofit trade or professional organizations for charges made in conjunction with trade shows, conventions and educational seminars, as long as the event is not open to the general public. The deduction covers admission fees and charges for occupying space.

Purpose: To encourage trade shows, conventions and educational seminars to take place in this state.

Category/Year Enacted: Nonprofit - other. 1989

Primary Beneficiaries: Nonprofit organizations that sponsor trade shows.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 11	\$ 12	\$ 11	\$ 11
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

TUNA, MACKEREL, AND JACK FISH (ENHANCED FOOD FISH TAX)

Current statute: RCW [82.27.010](#)

Department of Revenue 2012 Tax Exemption Report (p. 155):

Description: Exemption from the enhanced food fish tax is allowed for tuna, mackerel and jack fish.

Purpose: To reflect economic conditions facing fishers of tuna, mackerel and jack fish and possibly the fact that albacore tuna have a vast migratory range and are largely caught in international waters.

Category/Year Enacted: Other business. 1995

Primary Beneficiaries: Fishers of tuna, mackerel and jack fish.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 289	\$ 289	\$ 289	\$ 289
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

USED MOBILE HOMES (SALES AND USE TAX)

Current statutes: RCW [82.08.033](#); [82.12.033](#)

Department of Revenue 2012 Tax Exemption Report (p. 228):

Description: Exemption from retail sales/use tax is allowed for the sale, rental or lease (more than 30 days) of a used mobile home that is attached to the land.

Purpose: To provide tax treatment for such mobile homes comparable to the treatment of residential real estate. The initial purchase of a mobile home, like the construction of a residential home built for an owner by a contractor, is subject to retail sales tax. Subsequent sales of mobile homes that are attached to the land are subject to real estate excise tax rather than retail sales tax, just as they are for other homes.

Category/Year Enacted: Individuals. 1979

Primary Beneficiaries: Purchasers/renters of used mobile homes.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)*:

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 14,484	\$ 14,574	\$ 14,661	\$ 14,749
Local taxes	\$ 4,857	\$ 4,886	\$ 4,915	\$ 4,945

*Impact is net of state and local real estate excise taxes.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, but unlike normal residential property, these units would be subject to both sales/use tax and real estate excise tax

VACCINE ASSOCIATION (B&O TAX)

Current statute: RCW [82.04.640](#)

Department of Revenue 2012 Tax Exemption Report (p. 77):

Description: The Washington Vaccine Association collects funds from health care insurers and thirdparty administrators for the cost of vaccines provided to children. Funds received by the Association are exempt from B&O tax.

Purpose: To improve the health of children.

Category/Year Enacted: Other business. 2010

Primary Beneficiaries: The Washington Vaccine Association.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): There is only one affected organization and thus the impact cannot be disclosed publicly.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

WAX AND CERAMIC MATERIALS TO CREATE MOLDS (SALES AND USE TAX)

Current statutes: RCW [82.08.983](#); [82.12.983](#)

Department of Revenue 2012 Tax Exemption Report (p. 183):

Description: Exemption from retail sales/use tax is provided for sales of wax or ceramic materials used to create molds which are consumed during the process of creating ferrous and nonferrous investment castings used in industrial applications. Labor and services used to create patterns and shells used as molds also qualify for the exemption. The exemption is scheduled to expire on June 30, 2015.

Purpose: To encourage the production of castings in Washington.

Category/Year Enacted: Business incentive. 2010

Primary Beneficiaries: There are approximately 21 firms that might benefit.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 199	\$ 209	\$ 220	\$ 230
Local taxes	\$ 71	\$ 75	\$ 79	\$ 83

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

WOOD BIOMASS FUEL MANUFACTURING (B&O TAX)

Current statute: RCW [82.04.260\(1\)\(f\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 101):

Description: A preferential B&O tax rate of 0.138 percent is provided for manufacturers of wood biomass fuel. The general tax rate for manufacturing is 0.484 percent.

Purpose: To encourage the production of alternative fuels in Washington.

Category/Year Enacted: Business incentive. 2003 (exemption for biodiesel ended in 2009)

Primary Beneficiaries: There are currently no manufacturers operating in this state.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None currently.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes

WOOD BIOMASS FUEL PRODUCTION FACILITIES (LEASEHOLD EXCISE TAX)

Current statute: RCW [82.29A.135\(1\)\(e\),\(2\)](#)

JLARC 2008 Tax Preference Reviews ([p. 123](#)):

Description: Provides a leasehold excise tax exemption for property used to manufacture wood biomass fuels. The preference was originally scheduled to expire December 31, 2009, but the Legislature extended the expiration date to December 31, 2015.

Purpose: The Legislature did not state a public policy objective for this preference. JLARC infers that the policy objective may have been to 1) promote production of renewable fuels from biomass; 2) reduce air pollution and greenhouse gas emissions; and 3) develop new ways to use wood biomass to generate biofuels.

Year Enacted: 2003

2008 Legislative Auditor Recommendation: Continue and modify expiration date; because the tax preference is not currently being utilized, it should be reviewed for effectiveness in the future should this industry become more developed.

2008 Citizen Commission Comment: Does not endorse; recommends Review and Clarify. The Commission recommends that these preferences be allowed to expire in 2009 unless there is evidence that taxpayers plan to use them.

Estimated Beneficiary Savings: \$0 in the 2009-11 Biennium

WOOD BIOMASS FUEL PRODUCTION FACILITIES (PROPERTY TAX)

Current statute: RCW [84.36.640](#)

JLARC 2008 Tax Preference Reviews ([p. 123](#)):

Description: Provides a property tax exemption for buildings, machinery and equipment, and other personal property used primarily to manufacture wood biomass fuel. The preference was originally scheduled to expire December 31, 2009, but the Legislature extended the expiration date to December 31, 2015.

Purpose: The Legislature did not state a public policy objective for this preference. JLARC infers that the policy objective may have been to 1) promote production of renewable fuels from biomass; 2) reduce air pollution and greenhouse gas emissions; and 3) develop new ways to use wood biomass to generate biofuels.

Year Enacted: 2003

2008 Legislative Auditor Recommendation: Continue and modify expiration date because the tax preference is not currently being utilized, it should be reviewed for effectiveness in the future should this industry become more developed.

2008 Citizen Commission Comment: Does not endorse; recommends Review and Clarify. The Commission recommends that these preferences be allowed to expire in 2009 unless there is evidence that taxpayers plan to use them.

Estimated Beneficiary Savings: \$0 in the 2009-11 Biennium

Questions Answered in 2013 JLARC Reviews

	Artistic and Cultural Orgs (B&O and Sales & Use)	Dentistry	Fishing Boat Fuel	Fuel Used in Commercial Vessels	Health Maintenance Organizations	Local Residential Service	Supplements, Medical Devices, Dialysis Devices	Medical Devices, Insulin, Kidney Receipts	Medicare, GAU, and BHP	Banks (B&O and Sales & Use)	NP Blood, Bone, Tissue & Recreation Svcs	NP Youth and Local Govt Administration	Prescription Drug	Prescription Drug Resellers	Public and NP Hospitals, Medicare Income	Retailing Preferential Rate	Rural County and CEZ New Jobs	Tree Trimming Under Power Lines	Use Tax on Rental Value
Public Policy Objectives:																			
1. What are the public policy objectives that provide a justification for the tax preference? Is there any documentation on the purpose or intent of the tax preference? MANDATORY	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
2. What evidence exists to show that the tax preference has contributed to the achievement of any of these public policy objectives? MANDATORY	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
3. To what extent will continuation of the tax preference contribute to these public policy objectives? MANDATORY	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
4. If the public policy objectives are not being fulfilled, what is the feasibility of modifying the tax preference for adjustment of the tax benefits? CONDITIONAL	NO	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES	NO	NO	NO	NO	NO	NO	NO
Beneficiaries:																			
5. Who are the entities whose state tax liabilities are directly affected by the tax preference? MANDATORY	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
6. To what extent is the tax preference providing unintended benefits to entities other than those the Legislature intended? CONDITIONAL	YES	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES	NO	YES	NO	NO	NO	NO	NO
Revenue and Economic Impacts:																			
7. What are the past and future tax revenue and economic impacts of the tax preference to the taxpayer and to the government if it is continued? MANDATORY	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only	Revenue Only
8A. If the tax preference were to be terminated, what would be the negative effects on the taxpayers who currently benefit from the tax preference? MANDATORY	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
8B. If the tax preference were to be terminated, what would be the negative effects on the extent to which the resulting higher taxes would have an effect on employment and the economy? CONDITIONAL	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
9. If the tax preference were to be terminated, what would be the effect on the distribution of liability for payment of state taxes? CONDITIONAL	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
10. For those preferences enacted for economic development purposes, what are the economic impacts of the tax preference compared to the economic impact of government activities funded by the tax? CONDITIONAL	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Other States:																			
11. Do other states have a similar tax preference and what potential public policy benefits might be gained by incorporating a corresponding provision in Washington? MANDATORY	YES	YES	YES	No Detail	YES	YES	YES	YES	YES	YES	YES	YES	No Detail	No Detail	No Detail	No Detail	YES	YES	YES

2014 List of Preferences for Possible JLARC Review

Sorted by Group and Biennial Beneficiary Savings

Citizen Commission for Performance
Measurement of Tax Preferences

Joint Legislative Audit and Review Committee

Brief Description	Expires	Previously Reviewed	RCW	Enacted	Biennial Beneficiary Savings
<i>Aerospace (10 Preferences)</i>					
1 Aircraft Pre-Production Expenditures (B&O Tax)	7/1/2024		82.04.4461	2003	\$194,830,000
2 Commercial Aircraft Manufacturing - Preferential Rate (B&O Tax)	7/1/2024		82.04.260(11)	2003	\$177,574,000
3 Aircraft Pre-Production Computer Expenditures (Sales and Use Tax)	7/1/2024		82.08.975; 82.12.975	2003	\$33,391,000
4 Commercial Aircraft Manufacturing - Credit for Taxes Paid (B&O Tax)	7/1/2024		82.04.4463	2003	\$8,000,000
5 Aerospace Product Development (B&O Tax)	7/1/2024		82.04.290(3)	2008	\$2,523,000
6 Aircraft Part Prototypes (Sales and Use Tax)			82.08.02566; 82.12.02566	1997	\$1,293,000
7 Commercial Airplane Part Place of Sale (B&O Tax)			82.04.627	2008	\$923,000
8 Superefficient Aircraft Production (Sales and Use Tax)	7/1/2024		82.08.980; 82.12.980	2003	\$0
9 Superefficient Aircraft Production Facilities (Leasehold Excise Tax)	7/1/2024		82.29A.137	2003	\$0
10 Superefficient Aircraft Production Facilities (Property Tax)	7/1/2024		84.36.655	2003	\$0
<i>Uncategorized (60 Preferences)</i>					
1 Sales Subject to Public Utility Tax (Sales Tax)			82.08.0252	1935	\$305,619,000
2 Multiple Activities Credit (B&O Tax)			82.04.440	1987	\$288,759,000
3 Electric Power Exported or Resold (Public Utility Tax)			82.16.050(11)	1989	\$130,000,000
4 Natural Gas Subject to Public Utility Tax (Use Tax)			82.12.022(4)	1989	\$67,190,000
5 Fruit and Vegetable Manufacturing - Exemption (B&O Tax)	7/1/2015	2010	82.04.4266	2005	\$34,087,000
6 Prewritten Computer Software (Property Tax)			84.40.037	1991	\$32,866,000
7 Fruit and Vegetable Manufacturing - Preferential Rate (B&O Tax)		2010	82.04.260(1)(d)	1965	\$24,846,000
8 International Investment Management (B&O Tax)			82.04.290(1)	1995	\$20,029,000
9 Sewerage Processing and Disposal (Public Utility Tax)			82.16.050(13)	1987	\$16,785,000
10 Historic Property (Property Tax)			84.26.070	1985	\$16,567,000
11 Custom Computer Software (Property Tax)			84.36.600	1991	\$13,808,000
12 Nonprofit Fundraising (Sales Tax)			82.08.02573	1998	\$13,653,000
13 Seafood Products Manufacturing - Exemption (B&O Tax)	7/1/2015	2010	82.04.4269	2006	\$12,031,000
14 Dairy Products Manufacturing - Exemption (B&O Tax)	7/1/2015	2010	82.04.4268	2006	\$8,849,000

Brief Description	Expires	Previously Reviewed	RCW	Enacted	Biennial Beneficiary Savings
<i>Uncategorized (60 Preferences)</i>					
15 Seafood Products Manufacturing - Preferential Rate (B&O Tax)		2010	82.04.260(1)(b)	1959	\$8,770,000
16 Dairy Products Manufacturing - Preferential Rate (B&O Tax)		2010	82.04.260(1)(c)	2001	\$6,450,000
17 Film and Video Production Equipment (Sales and Use Tax)			82.08.0315; 82.12.0315	1995	\$5,656,000
18 Multi-Unit Urban Housing (Property Tax)			84.14.020	1995	\$5,408,000
19 Microbrewers (Beer Tax)			66.24.290(3)(b)	1993	\$5,016,000
20 Wholesale Auto Auctions (B&O Tax)			82.04.317; 82.04.422(1)	1997	\$2,900,000
21 Child Care (B&O Tax)			82.04.2905	1998	\$2,246,000
22 Air Pollution Control Facilities (Property Tax)			84.36.487	1997	\$2,078,000
23 Church Child Care (B&O Tax)			82.04.339	1992	\$1,712,000
24 Products Shipped Out-of-State (Litter Tax)			82.19.050(1)	1992	\$1,587,000
25 Mental Health Services (B&O Tax)	8/1/2016		82.04.4277	2011	\$1,451,000
26 Nonprofit Developmentally Disabled Housing (Property Tax)			84.36.042	1998	\$992,000
27 Emergency Transport (Aircraft Fuel Tax)			82.42.020	2003	\$753,000
28 Low Value Parcels (Property Tax)			84.36.015	1997	\$740,000
29 Nonprofit Fundraising (B&O Tax)			82.04.3651	1998	\$721,000
30 Vending Machine Sales (Sales Tax)			82.08.080	1963	\$540,000
31 Vessel Use by Manufacturers or Dealers (Use Tax)			82.12.800; 82.12.801; 82.12.802	1997	\$496,000
32 Nonprofit Camps and Conference Centers (Sales Tax)			82.08.830	1997	\$439,000
33 Academic Transcripts (Sales and Use Tax)			82.08.02537; 82.12.0347	1996	\$324,000
34 Football Stadiums (Leasehold Excise Tax)			82.29A.130(15)	1997	\$286,000
35 Public Records Copies (Sales and Use Tax)			82.08.02525; 82.12.02525	1996	\$238,000
36 Nonprofit Camps and Conference Centers (B&O Tax)			82.04.363	1997	\$232,000
37 Commuter Airplanes (Sales and Use Tax)			82.08.0262; 82.12.0254	2009	\$149,000
38 Habitat and Water Quality Improvements (Property Tax)			84.36.255	1997	\$102,000
39 Gun Safes (Sales and Use Tax)			82.08.832; 82.12.832	1998	\$54,000
40 Academic Transcripts (B&O Tax)			82.04.399	1996	\$18,000
41 International Services (B&O Tax)			82.04.44525	1998	\$10,000
42 Nonresident Keeping Aircraft In-State (Aircraft Excise Tax)			82.48.100(6)	1999	\$4,000
43 Truck Auxiliary Power - Batteries and Infrastructure (Sales and Use Tax)	7/1/2015		82.08.815; 82.12.815	2006	\$2,000

Brief Description	Expires	Previously Reviewed	RCW	Enacted	Biennial Beneficiary Savings
<i>Uncategorized (60 Preferences)</i>					
44 Second Narrows Bridge (Sales and Use Tax)			47.46.060	1998	\$0
45 Aluminum Master Alloy Producers (B&O Tax)			82.04.110(2)(b)	1997	\$0
46 Natural Gas Surplus Sales (B&O Tax)			82.04.310(3)	2007	\$0
47 Gravitational Wave Observatory (Sales and Use Tax)			82.08.02569; 82.12.02569	1996	\$0
48 Truck Auxiliary Power - Enabling Parked Operation (Sales and Use Tax)	7/1/2015		82.08.825; 82.12.825	2006	\$0
49 Second Narrows Bridge (Public Utility Tax)			82.16.046	1998	\$0
50 Second Narrows Bridge (Leasehold Excise Tax)			82.29A.132	1998	\$0
51 Bad Debts (Fuel Tax)			82.36.044	1998	\$0
52 Second Narrows Bridge (Real Estate Excise Tax)			82.45.190	1998	\$0
53 Second Narrows Bridge (Property Tax)			84.36.010(1)	1998	\$0
54 Football Stadiums (Sales and Use Tax)			36.102.070	1997	(\$7,462,000)
55 Second Narrows Bridge (B&O Tax)			82.04.416	1998	Not disclosable
56 Discount Program Memberships (B&O Tax)			82.04.421	1997	Not disclosable
57 Football Stadium and Exhibition Center Parking (Sales Tax)			82.08.02875	1997	Not disclosable
58 Air Pollution Control Facilities (Sales and Use Tax)			82.08.810; 82.12.810	1997	Not disclosable
59 Coal for Thermal Generating Plants (Sales and Use Tax)			82.08.811; 82.12.811	1997	Not disclosable
60 Racing Fuel (Fuel Tax)			82.36.247	1998	Not in DOR Report

Total Preferences Scheduled for Review: 70

State of Washington

Joint Legislative Audit & Review Committee (JLARC)

5.B

2014 Tax Preferences Preview

May 2013

This document provides summary information on the tax preferences scheduled for review in 2014. The information is primarily from the Department of Revenue (DOR), but also may include information on preferences previously reviewed by JLARC.



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AIRCRAFT PRE-PRODUCTION EXPENDITURES (B&O TAX)

Current statute: RCW [82.04.4461](#)

Department of Revenue 2012 Tax Exemption Report (p. 117):

Description: A B&O tax credit is allowed for qualified aerospace product development expenditures. The amount of credit is equal to 1.5 percent of qualified pre-production expenditures, including the costs to design a new manufacturing process, but not actual production-related costs. Manufacturers of commercial aircraft or components of commercial aircraft were allowed to take the tax credit for expenditures incurred after December 1, 2003. The credit was extended to non-manufacturers for expenditures after June 30, 2008. The credit is scheduled to expire on July 1, 2024.

Purpose: To encourage locating of a new assembly plant for a super-efficient aircraft in this state.

Category/Year Enacted: Business incentive. 2003, extended to non-manufacturers in 2008.

Primary Beneficiaries: Approximately 60 manufacturers of commercial airplanes or components.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 71,769	\$ 83,762	\$ 94,981	\$ 99,849
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

COMMERCIAL AIRCRAFT MANUFACTURING - PREFERENTIAL RATE (B&O TAX)

Current statute: RCW [82.04.260\(11\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 105):

Description: A preferential B&O tax rate is provided for manufacturers of commercial airplanes or components of commercial airplanes, as well as tooling used in the production of commercial aircraft. Compared with the general tax rate for manufacturing of 0.484 percent, this statute allowed a two-step reduction in the tax rate. Starting on October 1, 2005 the rate for manufacturing of all commercial airplanes and components dropped to 0.4235 percent. The 0.2904 percent rate became effective on July 1, 2007. This rate will remain in effect until July 1, 2024.

Purpose: To encourage assembly of a super-efficient airplane in Washington.

Category/Year Enacted: Business incentive. 2003, the current rate became effective on July 1, 2007.

Primary Beneficiaries: Approx. 314 manufacturers of commercial airplanes and components.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 76,363	\$ 83,698	\$ 87,046	\$ 90,528
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

AIRCRAFT PRE-PRODUCTION COMPUTER EXPENDITURES (SALES AND USE TAX)

Current statutes: RCW [82.08.975](#); [82.12.975](#)

Department of Revenue 2012 Tax Exemption Report (p. 182):

Description: Exemption from retail sales/use tax is allowed for the purchase or installation of computer software, hardware and peripheral equipment not exempted by other programs, when these products are primarily used to develop, design, and engineer aerospace products or to provide aerospace services. The exemption is scheduled to expire on July 1, 2024.

Purpose: To encourage the development and engineering of commercial aircraft in Washington.

Category/Year Enacted: Business incentive. 2003, modified in 2008.

Primary Beneficiaries: Manufacturers of commercial aircraft and components of such aircraft.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 8,955	\$ 10,505	\$ 11,866	\$ 12,475
Local taxes	\$ 3,329	\$ 3,891	\$ 4,412	\$ 4,638

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

COMMERCIAL AIRCRAFT MANUFACTURING - CREDIT FOR TAXES PAID (B&O TAX)

Current statute: RCW [82.04.4463](#)

Department of Revenue 2012 Tax Exemption Report (p. 118):

Description: A B&O tax credit is allowed for state and local property taxes and leasehold excise taxes paid by manufacturers of commercial aircraft or components of such aircraft. The credit applies to: (1) property tax on new structures and the land upon which they are located; (2) property tax on the increased value that is attributable to renovation or expansion of existing facilities; and (3) personal property tax on eligible manufacturing machinery. Property taxes eligible for the credit are those paid on construction or acquisition of equipment made after the effective date of this statute. The credit is scheduled to expire on July 1, 2024.

Purpose: To encourage locating of a new assembly plant for a super-efficient aircraft in this state.

Category/Year Enacted: Business incentive. 2003

Primary Beneficiaries: Manufacturers of commercial airplanes or components of such airplanes.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

AEROSPACE PRODUCT DEVELOPMENT (B&O TAX)

Current statute: RCW [82.04.290\(3\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 108):

Description: Firms engaged in performing aerospace product development for others are allowed a preferential B&O tax rate of 0.9 percent, rather than the general service rate of 1.5 percent (temporarily 1.8 percent). This special tax rate expires on July 1, 2024.

Purpose: To provide an incentive for firms that develop aerospace products, such as engineering firms and others who don't engage in actual manufacturing or repair of commercial aircraft and therefore cannot take advantage of other aerospace incentives.

Category/Year Enacted: Business incentive. 2008

Primary Beneficiaries: Approximately 65 firms.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 1,392	\$ 1,627	\$ 1,230	\$ 1,293
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

AIRCRAFT PART PROTOTYPES (SALES AND USE TAX)

Current statutes: RCW [82.08.02566](#); [82.12.02566](#)

Department of Revenue 2012 Tax Exemption Report (p. 175):

Description: Purchases of ingredients for prototypes of aircraft parts are exempt from retail sales/use tax, if the firm that develops the prototypes has taxable revenue of less than \$20 million annually. The statute limits the amount of sales tax exemption to \$100,000 per firm.

Purpose: To assist relatively small manufacturers of aircraft parts.

Category/Year Enacted: Business incentive. 1996

Primary Beneficiaries: Approximately 130 firms.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 347	\$ 406	\$ 460	\$ 484
Local taxes	\$ 128	\$ 150	\$ 170	\$ 179

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

COMMERCIAL AIRPLANE PART PLACE OF SALE (B&O TAX)

Current statute: RCW [82.04.627](#)

This preference is not included in the DOR Tax Exemption Report. The following information is provided in the fiscal note for 2008 SSB 6828:

[This statute] establishes that the place of sale, for B&O tax purposes, of certain components of commercial airplanes is the place where the final step in the Federal Aviation Administration approved or certified quality control process takes place, when that final step takes place outside the state.

Taxpayer Savings (\$000):

	FY 2010	FY 2011	FY 2012	FY 2013
State tax	\$461	\$461	\$461	\$461
Local taxes – none.				

SUPEREFFICIENT AIRCRAFT PRODUCTION (SALES AND USE TAX)

Current statutes: RCW [82.08.980](#); [82.12.980](#)

Department of Revenue 2012 Tax Exemption Report (p. 182):

Description: Exemption from retail sales/use tax is allowed for the construction of an assembly facility for a super-efficient aircraft by a manufacturer or a port district, if the plant is located on port district property. The exemption was effective on December 1, 2003 and is scheduled to expire on July 1, 2024.

Purpose: To encourage locating of an assembly facility in Washington for a super-efficient aircraft.

Category/Year Enacted: Business incentive. 2003

Primary Beneficiaries: Manufacturer of a super-efficient aircraft and the port district upon which the facility might be located.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None. This exemption was available in the event that assembly facilities for the 787 airplane might have been located on port district property.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

SUPEREFFICIENT AIRCRAFT PRODUCTION FACILITIES (LEASEHOLD EXCISE TAX)

Current statute: RCW [82.29A.137](#)

Department of Revenue 2012 Tax Exemption Report (p. 28):

Description: Leasehold interests held by a manufacturer of a super-efficient airplane in property of a port district are exempt from leasehold excise tax. This exemption is scheduled to expire on July 1, 2024.

Purpose: To encourage locating of a facility for production of a super-efficient airplane in Washington. This exemption addressed the possibility that such a facility might have been located on port property.

Category/Year Enacted: Business incentive. 2003

Primary Beneficiaries: Any manufacturer of such an airplane that locates on port district property.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): It is believed that no manufacturer has taken advantage of this exemption because facilities for producing the 787 have not been built on port district property.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, if there had been any impact.

SUPEREFFICIENT AIRCRAFT PRODUCTION FACILITIES (PROPERTY TAX)

Current statute: RCW [84.36.655](#)

Department of Revenue 2008 Tax Exemption Report (p. 37):

Description: An exemption from property tax is provided for facilities used to manufacture superefficient airplanes which are located on property owned by a port district. The exemption covers buildings, machinery, equipment and other personal property owned by a lessee of port district property. This exemption is not available if the manufacturer takes the B&O tax credit provided by RCW 82.04.4463. This exemption is scheduled to expire on July 1, 2024.

Purpose: To encourage siting of a super-efficient airplane manufacturing facility in Washington. This exemption presumes that such a facility would be located on port district property. As such, it addresses the personal property component of the facility, since the real property is presumed to be publicly-owned.

Category/Year Enacted: Business incentive. 2003 (effective January 1, 2005)

Primary Beneficiaries: Any manufacturer of a super-efficient airplane that locates a facility on port district property.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None. This exemption was available in the event that assembly facilities for the Boeing 787 airplane might have been located on port district property.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

SALES SUBJECT TO PUBLIC UTILITY TAX (SALES TAX)

Current statute: RCW [82.08.0252](#)

Department of Revenue 2012 Tax Exemption Report (p. 174):

Description: Sales which are subject to the public utility tax are exempt from retail sales tax.

Purpose: To prevent the double taxation of these activities, since the public utility tax can be considered as a tax on consumers of utility services (although the tax is paid by the provider of the service).

Category/Year Enacted: Tax base. 1935

Primary Beneficiaries: Providers of utility services and their customers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)*:

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 72,607	\$ 75,598	\$ 78,713	\$ 81,956
Local taxes	\$ 65,503	\$ 68,202	\$ 71,012	\$ 73,938

*Estimates reflect the difference between PUT tax and B&O retailing/retail sales tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

MULTIPLE ACTIVITIES CREDIT (B&O TAX)

Current statute: RCW [82.04.440](#)

In-state Activities: Department of Revenue 2012 Tax Exemption Report (p. 114):

Description: This credit assures that gross proceeds of sales or the value of products determined by such gross proceeds are taxed only one time when the activities occur in this state. For example, a business that manufactures a product and also sells the product at retail would receive a credit for taxes paid under the retailing activity.

Purpose: Until 1987 businesses were taxable under the B&O tax only under a single classification for income associated with a particular activity or product. In that year the U.S. Supreme Court ruled that Washington could not discriminate against firms operating on an interstate basis - intrastate activities were taxed only once whereas interstate activities could potentially be taxed twice. Part of the solution was to subject products produced and sold in the state to tax under both the production and selling categories, but to allow the tax on the production activity to be credited against the selling tax.

Category/Year Enacted: Commerce. 1987

Primary Beneficiaries: Approx. 5,300 businesses that conduct multiple activities in this state.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$143,000	\$143,000	\$143,000	\$143,000
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

(Continued from prior page.)

Interstate Activities: Department of Revenue 2012 Tax Exemption Report (p. 115):

Description: This credit assures that gross proceeds of sales or the value of products determined by such gross proceeds are taxed only one time when the activities occur both within this state and outside of the state. This credit is available only when the taxpayer is subject to a gross receipts tax similar to Washington's B&O tax levied by a jurisdiction outside of Washington.

Purpose: Until 1987 businesses were taxable under the B&O tax only under a single classification for income associated with a particular activity or product. In that year the U.S. Supreme Court ruled that Washington could not discriminate against firms operating on an interstate basis - intrastate activities were taxed only once whereas interstate activities could potentially be subject to gross receipts tax in Washington and in the destination state. This 1985 statute was intended to meet a potential adverse Court ruling overturning Washington's gross receipts tax by allowing the other state's gross receipts tax to be credited against Washington's tax.

Category/Year Enacted: Commerce. 1985 and 1987

Primary Beneficiaries: Approximately 30 firms are currently taking this credit.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 1,259	\$ 1,334	\$ 1,364	\$ 1,395
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, provided that the in-state multiple activities tax credits were also repealed (RCW 82.04.440(2&3)).

ELECTRIC POWER EXPORTED OR RESOLD (PUBLIC UTILITY TAX)

Current statute: RCW [82.16.050\(11\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 135):

Description: A deduction from gross operating income subject to public utility tax is allowed for amounts derived from the production, sale or transfer of electrical energy for resale within or outside of the state or for consumption outside of the state.

Purpose: To reflect a court decision barring direct taxation of interstate power sales, and to avoid pyramiding of the tax on in-state sales of power for resale.

Category/Year Enacted: Tax base. 1989; expanded in 2000.

Primary Beneficiaries: Light and power businesses and power marketers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

NATURAL GAS SUBJECT TO PUBLIC UTILITY TAX (USE TAX)

Current statute: RCW [82.12.022\(4\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 240):

Description: Brokered natural gas tax does not apply to gas upon which public utility tax was paid.

Purpose: Eliminates double taxation of the same fuel. Gas purchased via brokers is generally not subject to public utility tax, which is the reason that the brokered natural gas tax was originally adopted.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Purchasers of gas via brokers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 25,729	\$ 25,717	\$ 25,717	\$ 25,717
Local taxes	\$ 7,881	\$ 7,878	\$ 7,878	\$ 7,878

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

FRUIT AND VEGETABLE MANUFACTURING - EXEMPTION (B&O TAX)

Current statute: RCW [82.04.4266](#)

JLARC 2010 Tax Preference Reviews (p. 49):

Description: Provides a business and occupation tax exemption for manufacturing fresh fruit and vegetable products and for wholesaling these products to purchasers that transport them out of state in the ordinary course of business. The preference was originally scheduled to expire July 1, 2012, but the Legislature extended the expiration date to July 1, 2015.

Purpose: The Legislature did not state a public policy objective for this preference. JLARC infers that the policy objective may have been to 1) create and retain quality jobs; and 2) provide temporary relief through an exemption.

Year Enacted: 2005

2010 Legislative Auditor Recommendation: Allow to expire because the B&O tax exemption was intended to be temporary and the inferred public policy objective of creating and retaining quality jobs is not being fully achieved.

2010 Citizen Commission Comment: Endorses with comment. The Commission acknowledges that the Department of Agriculture provided correspondence to the Commission indicating they disagreed with the JLARC recommendation.

Estimated Beneficiary Savings: \$34,087,000 in the 2013-15 Biennium.

PREWRITTEN COMPUTER SOFTWARE (PROPERTY TAX)

Current statute: RCW [84.40.037](#)

Department of Revenue 2008 Tax Exemption Report (p. 48):

Description: "Canned" computer software, except embedded software, is subject to property tax on 100 percent of the acquisition cost in the first year following purchase and on 50 percent of the cost in the second year. Thereafter, it is exempt from property tax. Canned software refers to software programs that are purchased "off the shelf" for direct use without modification for the specific needs of the user.

Purpose: To recognize the rapid obsolescence of software and the difficulty of establishing accurate depreciation schedules for the myriad of software programs. Also, it helps to provide uniformity of taxation throughout the state.

Category/Year Enacted: Other business. 1991

Primary Beneficiaries: Businesses that own canned software.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 2,901	\$ 3,046	\$ 3,215	\$ 3,319
Local levies	\$ 11,230	\$ 11,977	\$ 12,845	\$ 13,487

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

FRUIT AND VEGETABLE MANUFACTURING - PREFERENTIAL RATE (B&O TAX)

Current statute: RCW [82.04.260\(1\)\(d\)](#)

JLARC 2010 Tax Preference Reviews (p. 49):

Description: Provides a business and occupation tax preferential rate of 0.138 percent for manufacturing fresh fruit and vegetable products and for wholesaling these products to purchasers that transport them out of state in the ordinary course of business. The preference will go into effect when the B&O exemption expires on July 1, 2015.

Purpose: The Legislature did not state a public policy objective for this preference. JLARC infers that the policy objective may have been to 1) create and retain quality jobs; and 2) provide tax treatment consistent with other fresh food processors.

Year Enacted: 1965

2010 Legislative Auditor Recommendation: Continue because the preference will achieve the public policy objective of providing consistent tax treatment to fresh food processors.

2010 Citizen Commission Comment: Endorses with comment. The Commission acknowledges that the Department of Agriculture provided correspondence to the Commission indicating they disagreed with the JLARC recommendation.

Estimated Beneficiary Savings: \$24,846,000 in the 2015-17 Biennium.

INTERNATIONAL INVESTMENT MANAGEMENT (B&O TAX)

Current statute: RCW [82.04.290\(1\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 107):

Description: Firms engaged in providing management services for international investment are allowed a preferential B&O tax rate of 0.275 percent, compared with the general service rate of 1.5 percent (temporarily 1.8 percent).

Purpose: To retain international investment management services within the state. Such firms could easily move to a location outside of Washington.

Category/Year Enacted: Business incentive. 1995

Primary Beneficiaries: Approximately 60 firms.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 11,300	\$ 11,753	\$ 9,818	\$ 10,211
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, although some firms could easily escape the tax by relocating outside the state.

SEWERAGE PROCESSING AND DISPOSAL (PUBLIC UTILITY TAX)

Current statute: RCW [82.16.050\(13\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 136):

Description: A deduction from gross operating income subject to public utility tax is allowed for amounts paid to other firms for the treatment or disposal of sewerage. Public utility tax applies only to the actual collection of sewerage, not processing (these activities are subject to B&O tax). If the firm that collects the sewerage contracts with other firms for treatment and disposal services, the amounts paid to these firms are deductible.

Purpose: To ensure that public utility tax applies only to the collection activity.

Category/Year Enacted: Tax base. 1987

Primary Beneficiaries: Sewerage collection firms.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 7,427	\$ 7,798	\$ 8,188	\$ 8,597
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

HISTORIC PROPERTY (PROPERTY TAX)

Current statute: RCW [84.26.070](#)

Department of Revenue 2008 Tax Exemption Report (p. 29):

Description: Property that is listed on a national or local register of historic places and satisfies the other criteria in RCW 84.14.030 is granted a special valuation upon approval of the owner's application. If the actual cost of rehabilitating historic property exceeds twenty-five percent of its assessed value, then the cost of the renovation may be excluded from the taxable value for ten years.

Purpose: To encourage the renovation of historic buildings in order to bring them up to building code standards, while preserving their architectural and cultural value.

Category/Year Enacted: Individuals. 1985

Primary Beneficiaries: Owners of historic property who rehabilitate the structure.

Possible Program Inconsistency: This exemption encourages preservation of properties that could be devoted to other uses, especially in urban core areas. Thus, it could be considered as being partially inconsistent with programs that encourage affordable housing and community redevelopment efforts.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 1,462	\$ 1,536	\$ 1,620	\$ 1,673
Local levies	\$ 5,662	\$ 6,037	\$ 6,475	\$ 6,799

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

CUSTOM COMPUTER SOFTWARE (PROPERTY TAX)

Current statute: RCW [84.36.600](#)

Department of Revenue 2008 Tax Exemption Report (p. 46):

Description: Custom computer software, except for embedded software, is exempt from property tax. Custom software is defined as software that is designed for a specific need for a single person or group of persons. Also exempt are master or golden copies of software, retained rights in computer software and modifications to canned software.

Purpose: To recognize the administrative difficulties in valuing such software and to achieve uniform tax treatment in all counties.

Category/Year Enacted: Other business. 1991

Primary Beneficiaries: Businesses that own custom computer software.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 1,219	\$ 1,280	\$ 1,351	\$ 1,394
Local levies	\$ 4,719	\$ 5,032	\$ 5,397	\$ 5,666

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

NONPROFIT FUNDRAISING (SALES TAX)

Current statute: RCW [82.08.02573](#)

Department of Revenue 2012 Tax Exemption Report (p. 223):

Description: Nonprofit organizations are exempt from retail sales tax on revenue they receive via fundraising activities, as long as the funds are used to support the purposes of the organization. The exemption does not extend to the regular operation of a bookstore, thrift shop or restaurant.

Purpose: To support the activities of these organizations.

Category/Year Enacted: Nonprofit - other. 1998; previously exemption was provided for bazaars, rummage sales and fund-raising auctions.

Primary Beneficiaries: Nonprofit organizations that conduct fund-raising activities.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 4,738	\$ 4,833	\$ 4,930	\$ 5,028
Local taxes	\$ 1,758	\$ 1,793	\$ 1,829	\$ 1,866

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

SEAFOOD PRODUCTS MANUFACTURING - EXEMPTION (B&O TAX)

Current statute: RCW [82.04.4269](#)

JLARC 2010 Tax Preference Reviews (p. 65):

Description: Provides a business and occupation tax exemption for seafood products manufacturing and for selling seafood products at wholesale to purchasers that transport them out of state in the ordinary course of business. The preference was originally scheduled to expire July 1, 2012, but the Legislature extended the expiration date to July 1, 2015.

Purpose: The Legislature did not state a public policy objective for this preference. JLARC infers that the policy objective may have been to 1) create and retain quality jobs; and 2) provide temporary relief through an exemption.

Year Enacted: 2006

2010 Legislative Auditor Recommendation: Allow to expire because the B&O tax exemption was intended to be temporary and the inferred public policy objective of creating and retaining quality jobs is not being fully achieved.

2010 Citizen Commission Comment: Endorses with comment. The Commission acknowledges that the Department of Agriculture provided correspondence to the Commission indicating they disagreed with the JLARC recommendation.

Estimated Beneficiary Savings: \$12,031,000 in the 2013-15 Biennium.

DAIRY PRODUCTS MANUFACTURING - EXEMPTION (B&O TAX)

Current statute: RCW [82.04.4268](#)

JLARC 2010 Tax Preference Reviews (p. 79):

Description: Provides a business and occupation tax exemption for manufacturing dairy products or for selling dairy products at wholesale to purchasers that transport the products out of state in the ordinary course of business. The preference was originally scheduled to expire July 1, 2012, but the Legislature extended the expiration date to July 1, 2015.

Purpose: The Legislature did not state a public policy objective for this preference. JLARC infers that the policy objective may have been to 1) create and retain quality jobs; and 2) provide temporary relief through an exemption.

Year Enacted: 2006

2010 Legislative Auditor Recommendation: Allow to expire because the B&O tax exemption was intended to be temporary, even though the inferred public policy objective of creating and retaining quality jobs is being partially achieved.

2010 Citizen Commission Comment: Endorses with comment. The Commission acknowledges that the Department of Agriculture provided correspondence to the Commission indicating they disagreed with the JLARC recommendation.

Estimated Beneficiary Savings: \$8,849,000 in the 2013-15 Biennium.

SEAFOOD PRODUCTS MANUFACTURING - PREFERENTIAL RATE (B&O TAX)

Current statute: RCW [82.04.260\(1\)\(b\)](#)

JLARC 2010 Tax Preference Reviews (p. 65):

Description: Provides a business and occupation tax preferential rate of 0.138 percent for the seafood products manufacturing and for selling seafood products at wholesale to purchasers that transport them out of state in the ordinary course of business. The preference will go into effect when the B&O exemption expires on July 1, 2015.

Purpose: The Legislature did not state a public policy objective for this preference. JLARC infers that the policy objective may have been to 1) create and retain quality jobs; and 2) provide tax treatment consistent with other fresh food processors.

Year Enacted: 1959

2010 Legislative Auditor Recommendation: Continue because the preference will achieve the public policy objective of providing consistent tax treatment to fresh food processors.

2010 Citizen Commission Comment: Endorses with comment. The Commission acknowledges that the Department of Agriculture provided correspondence to the Commission indicating they disagreed with the JLARC recommendation.

Estimated Beneficiary Savings: \$8,770,000 in the 2015-17 Biennium.

DAIRY PRODUCTS MANUFACTURING - PREFERENTIAL RATE (B&O TAX)

Current statute: RCW [82.04.260\(1\)\(c\)](#)

JLARC 2010 Tax Preference Reviews (p. 79):

Description: Provides a business and occupation tax preferential rate of 0.138 percent for manufacturing dairy products or for selling dairy products at wholesale to purchasers that transport the products out of state in the ordinary course of business. The preference will go into effect when the B&O exemption expires on July 1, 2015.

Purpose: The Legislature did not state a public policy objective for this preference. JLARC infers that the policy objective may have been to 1) create and retain quality jobs; and 2) provide tax treatment consistent with other fresh food processors.

Year Enacted: 2001

2010 Legislative Auditor Recommendation: Continue because the preference will achieve the public policy objective of providing consistent tax treatment to fresh food processors.

2010 Citizen Commission Comment: Endorses with comment. The Commission acknowledges that the Department of Agriculture provided correspondence to the Commission indicating they disagreed with the JLARC recommendation.

Estimated Beneficiary Savings: \$6,450,000 in the 2015-17 Biennium.

FILM AND VIDEO PRODUCTION EQUIPMENT (SALES AND USE TAX)

Current statutes: RCW [82.08.0315](#); [82.12.0315](#)

Department of Revenue 2012 Tax Exemption Report (p. 177):

Description: Rental of production equipment or sale of production services to a motion picture or video production businesses are exempt from retail sales/use tax. Such equipment includes video, electrical, lighting and motion picture equipment.

Purpose: To support the motion picture industry and encourage more films to be produced in this state.

Category/Year Enacted: Business incentive. 1995

Primary Beneficiaries: Motion picture and video production companies.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 2,015	\$ 2,035	\$ 2,055	\$ 2,076
Local taxes	\$ 744	\$ 751	\$ 759	\$ 766

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

MULTI-UNIT URBAN HOUSING (PROPERTY TAX)

Current statute: RCW [84.14.020](#)

Department of Revenue 2008 Tax Exemption Report (p. 29):

Description: Real property associated with the construction, conversion or rehabilitation of qualified, multi-unit residential structures located in a targeted residential area contained in an urban growth center is exempt from property tax for up to twelve years. Cities with a population of 5,000 or more are eligible to establish the target areas; smaller cities may participate if they are the largest city or town located in a county that is required to plan under the Growth Management Act.

Purpose: To encourage the development of affordable privately-owned residential units in urban areas.

Category/Year Enacted: Other business. 1995; population threshold subsequently reduced several times.

Primary Beneficiaries: The owners of approximately 50 properties with more than 1,600 housing units.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 509	\$ 522	\$ 530	\$ 522
Local levies	\$ 2,032	\$ 2,113	\$ 2,179	\$ 2,177

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

MICROBREWERS (BEER TAX)

Current statute: RCW [66.24.290\(3\)\(b\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 248):

Description: Microbreweries are exempt from the \$4.78 per barrel portion of the beer excise tax on the first 60,000 barrels of beer produced each year. In addition, they are exempt from an additional tax of \$15.50 per barrel, in effect from June 1, 2010 through June 30, 2013. However, an additional tax of \$1.48 levied in 1997 applies to the first 60,000 barrels they produce. Thus, the current exemption amounts to \$18.80 through June 30, 2013 and \$3.30 thereafter.

Purpose: To mitigate the impact of a general tax increase in 1993 on a growing local industry.

Category/Year Enacted: Business incentive. 1993

Primary Beneficiaries: Small breweries.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 13,520	\$ 13,825	\$ 2,480	\$ 2,536
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

WHOLESALE AUTO AUCTIONS (B&O TAX)

Current statutes: RCW [82.04.317](#); [82.04.422\(1\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 48):

Description: Sales of motor vehicles by motor vehicle manufacturers, their financial subsidiaries (at least 50 percent owned by the manufacturer), and vehicle dealers are exempt from wholesaling B&O tax, if the sales take place at a wholesale auto auction and the purchaser is a vehicle dealer.

Purpose: To encourage out-of-state auto manufacturers to sell their rental and lease return vehicles and other surplus vehicles at wholesale auctions conducted in this state.

Category/Year Enacted: Other business. 1997 and 2001

Primary Beneficiaries: Auto manufacturers, vehicle dealers and firms that conduct wholesale auto auctions.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 1,018	\$ 1,171	\$ 1,348	\$ 1,552
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

CHILD CARE (B&O TAX)

Current statute: RCW [82.04.2905](#)

Department of Revenue 2012 Tax Exemption Report (p. 109):

Description: Firms that are engaged in providing child care are allowed a preferential B&O tax rate of 0.484 percent, compared with the general services tax rate of 1.5 percent (temporarily increased to 1.8 percent). NOTE: child care provided by churches and the care of children up to the age of eight are exempt from B&O tax.

Purpose: To reduce the cost of this service for families and to reduce the tax burden for an industry with low profit margins and one which pays its employees very low wages.

Category/Year Enacted: Other business (or Individuals, assuming the benefit is passed on to families). 1998

Primary Beneficiaries: Approximately 1,200 firms providing child care report under this classification.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 1,204	\$ 1,320	\$ 1,087	\$ 1,159
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

AIR POLLUTION CONTROL FACILITIES (PROPERTY TAX)

Current statute: RCW [84.36.487](#)

Department of Revenue 2008 Tax Exemption Report (p. 35):

Description: Air pollution control equipment that is constructed or installed at a thermal electric generating facility after May 15, 1997 is exempt from property tax. To qualify, the generating facility must have been placed in operation between January 1, 1970 and July 1, 1975.

Purpose: To provide an economic incentive for businesses engaged in the construction or installation of such air pollution facilities or the operation of qualifying generating plants, thereby encouraging the facility to remain in operation and provide jobs while reducing air pollution emissions.

Category/Year Enacted: Other business. 1997

Primary Beneficiaries: Owners of the Centralia steam plant.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 183	\$ 193	\$ 203	\$ 210
Local levies	\$ 710	\$ 757	\$ 812	\$ 853

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

CHURCH CHILD CARE (B&O TAX)

Current statute: RCW [82.04.339](#)

Department of Revenue 2012 Tax Exemption Report (p. 69):

Description: B&O tax does not apply to day care centers operated in churches, if the care is provided for less than 24 consecutive hours.

Purpose: To reduce the cost of operating such facilities.

Category/Year Enacted: Nonprofit - health or social welfare. 1992

Primary Beneficiaries: Day care centers and their clients.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 749	\$ 790	\$ 833	\$ 879
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

PRODUCTS SHIPPED OUT-OF-STATE (LITTER TAX)

Current statute: RCW [82.19.050\(1\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 146):

Description: Exemption from the 0.015 percent litter tax is provided for products which are manufactured in or sold from a location in this state but are for use or consumption outside of the state.

Purpose: To recognize that litter tax is typically associated with the consumption of products and the consumption of such products occurring outside of Washington should therefore not be taxed.

Category/Year Enacted: Tax base. 1992

Primary Beneficiaries: Approximately 2,100 firms that pay litter tax.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 720	\$ 748	\$ 778	\$ 809
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

MENTAL HEALTH SERVICES (B&O TAX)

Current statute: RCW [82.04.4277](#)

Department of Revenue 2012 Tax Exemption Report (p. 76):

Description: A B&O deduction is provided for amounts received by nonprofit health or social welfare organizations for providing mental health services under a government-funded program. It also provides the same deduction to regional support networks (RSNs) for amounts received by the state for distribution to health or social welfare organizations which qualify for the deduction. This statute is scheduled to expire on August 1, 2016.

Purpose: To reduce the cost of providing mental health services.

Category/Year Enacted: Nonprofit – health or social welfare. 2011

Primary Beneficiaries: Health and social welfare organizations and RSNs and their clients.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 620	\$ 795	\$ 704	\$ 747
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

NONPROFIT DEVELOPMENTALLY DISABLED HOUSING (PROPERTY TAX)

Current statute: RCW [84.36.042](#)

Department of Revenue 2008 Tax Exemption Report (p. 19):

Description: Real and personal property used by nonprofit organizations to provide housing for eligible persons with developmental disabilities is exempt from property tax.

Purpose: To support the social benefits provided by these organizations.

Category/Year Enacted: Nonprofit - health or social welfare. 1998

Primary Beneficiaries: Approximately 200 homes.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 88	\$ 92	\$ 97	\$ 100
Local levies	\$ 339	\$ 361	\$ 388	\$ 407

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

EMERGENCY TRANSPORT (AIRCRAFT FUEL TAX)

Current statute: RCW [82.42.020](#)

Department of Revenue 2012 Tax Exemption Report (p. 247):

Description: The statute that imposes the aircraft fuel tax contains a proviso that exempts aircraft fuel used for emergency medical air transport services.

Purpose: To lower the cost of providing emergency medical air transport services.

Category/Year Enacted: Other. 2003

Primary Beneficiaries: Emergency medical air transport operators.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 359	\$ 375	\$ 377	\$ 376
Local taxes - no local tax levied				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

LOW VALUE PARCELS (PROPERTY TAX)

Current statute: RCW [84.36.015](#)

Department of Revenue 2008 Tax Exemption Report (p. 31):

Description: Each parcel of real property and each personal property account that individually has an assessed value of less than \$500 is exempt from property tax.

Purpose: To avoid the administrative expense of listing, valuing and collecting property tax on very small accounts.

Category/Year Enacted: Other. 1997

Primary Beneficiaries: Approximately 75,000 small property owners.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 65	\$ 69	\$ 72	\$ 75
Local levies	\$ 252	\$ 269	\$ 289	\$ 304

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

NONPROFIT FUNDRAISING (B&O TAX)

Current statute: RCW [82.04.3651](#)

Department of Revenue 2012 Tax Exemption Report (p. 71):

Description: B&O tax does not apply to amounts received by a nonprofit organization from fund-raising activities, such as funds generated by soliciting or accepting contributions or selling goods or services at fund-raising events. For purposes of this exemption, fund-raising does not include the operation of a regular place of business such as a bookstore, thrift shop or restaurant.

Purpose: To support the activities of nonprofit organizations.

Category/Year Enacted: Nonprofit - other. 1998

Primary Beneficiaries: Nonprofit organizations which raise funds to support their activities.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 343	\$ 350	\$ 357	\$ 364
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

VENDING MACHINE SALES (SALES TAX)

Current statute: RCW [82.08.080](#)

Department of Revenue 2012 Tax Exemption Report (p. 229):

Description: The selling price for purposes of calculating retail sales tax on sales of tangible personal property made via a vending machine is 60 percent of the gross receipts of the total sales made via the machine.

Purpose: To clarify and ease the calculation of retail sales tax on items sold via a vending machine at a fixed price .

Category/Year Enacted: Other business. 1963

Primary Beneficiaries: Operators of vending machines.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 200	\$ 200	\$ 200	\$ 200
Local taxes	\$ 70	\$ 70	\$ 70	\$ 70

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

VESSEL USE BY MANUFACTURERS OR DEALERS (USE TAX)

Current statutes: RCW [82.12.800](#); [82.12.801](#); [82.12.802](#)

Department of Revenue 2012 Tax Exemption Report (p. 186):

Description: These three statutes relate to the application of use tax for firms that manufacture or sell boats and boat trailers. The following uses of a vessel and trailer by the manufacturer or a vessel dealer are exempt from use tax per RCWs 82.12.800 and .801: (1) testing, setting-up, repairing, remodeling or otherwise making the vessel seaworthy; (2) training of employees; (3) activities promoting the sale of the vessel; (4) loaning or donating the vessel to nonprofit organizations or governmental entities for limited periods; (5) transporting, displaying or demonstrating the vessel at boat shows; and (6) delivering, showing and operating the vessel for a prospective buyer. Any other intervening use of the vessel by the manufacturer or a dealer is subject to use tax. However, RCW 82.12.802 provides that the use tax in such instances is to be measured by the reasonable rental value of the vessel for that particular use, rather than the fair market value, if the dealer can demonstrate that the vessel is truly held for sale.

Purpose: To clearly identify the uses of vessels and related equipment which are not considered as taxable "intervening" uses and to provide a basis for the use tax in other taxable situations.

Category/Year Enacted: Other business. 1997

Primary Beneficiaries: Manufacturers and dealers of boats and boat trailers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 173	\$ 171	\$ 176	\$ 186
Local taxes	\$ 64	\$ 64	\$ 65	\$ 69

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

NONPROFIT CAMPS AND CONFERENCE CENTERS (SALES TAX)

Current statute: RCW [82.08.830](#)

Department of Revenue 2012 Tax Exemption Report (p. 230):

Description: Retail sales tax does not apply to items sold by nonprofit organizations at camps or conference centers, if the income from the sale is exempt from B&O tax and the property where the sale took place is exempt from property tax. The exemption covers items such as lodging, parking, meals, books, tapes and other products available only to participants of the camp or conference center event and not to the general public.

Purpose: To reduce the cost of operating such camps and conference centers and to support these nonprofit organizations.

Category/Year Enacted: Nonprofit - charitable or religious. 1997

Primary Beneficiaries: Participants at camps and conferences operated by nonprofit organizations.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 156	\$ 158	\$ 159	\$ 161
Local taxes	\$ 58	\$ 59	\$ 59	\$ 60

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

ACADEMIC TRANSCRIPTS (SALES AND USE TAX)

Current statutes: RCW [82.08.02537](#); [82.12.0347](#)

Department of Revenue 2012 Tax Exemption Report (p. 222):

Description: Exemption from retail sales/use tax is provided for public and private educational institutions for the amount of fees charged for providing copies of academic transcripts on behalf of their current and former students.

Purpose: To provide tax relief for students who are charged for copies of academic transcripts sent on their behalf to other schools, prospective employers, etc.

Category/Year Enacted: Individuals. 1996

Primary Beneficiaries: Students. Also, public and private high schools and colleges which are relieved of the task of collecting sales tax on charges for providing transcripts.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 124	\$ 124	\$ 125	\$ 125
Local taxes	\$ 37	\$ 37	\$ 37	\$ 37

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

FOOTBALL STADIUMS (LEASEHOLD EXCISE TAX)

Current statute: RCW [82.29A.130\(15\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 25):

Description: Leasehold tax exemption is provided for all interests in the public or entertainment areas of an open-air stadium that is suitable for professional football and Olympic/World Cup soccer which was constructed after January 1, 1998. The exemption also applies to an exhibition center and associated parking facilities adjacent to the stadium. The exemption does not extend to nonpublic areas of the stadium, such as locker rooms and private offices used exclusively by the lessee.

Purpose: To encourage construction and operation of Century Link Field & Exhibition Center.

Category/Year Enacted: Business incentive. 1997

Primary Beneficiaries: Seattle Seahawks and Seattle Sounders.

Possible Program Inconsistency: Other leases of publicly owned sports facilities are subject to leasehold tax if the lessee has exclusive use of the facility. However, many leases of sports facilities are considered as a license to use the facility rather than an exclusive lease, and leasehold tax does not apply.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 72	\$ 74	\$ 75	\$ 77
Local taxes	\$ 63	\$ 65	\$ 66	\$ 68

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

PUBLIC RECORDS COPIES (SALES AND USE TAX)

Current statutes: RCW [82.08.02525](#); [82.12.02525](#)

Department of Revenue 2012 Tax Exemption Report (p. 194):

Description: Charges received by state or local government agencies as reimbursement for the cost of providing copies of public records are exempt from retail sales/use tax. The exemption applies to documents provided pursuant to Chapter 42.17 RCW and only if no fee is charged for the record itself, other than the amount necessary to cover the actual costs of providing the document. If the agency has not determined the actual cost, then a maximum fee of \$0.15 per page applies.

Purpose: To support open government and encourage citizens to seek the information they need from governmental agencies. To avoid having agencies devote resources to collecting small amounts of tax.

Category/Year Enacted: Individuals. 1996

Primary Beneficiaries: Washington citizens and state and local government agencies.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 86	\$ 86	\$ 86	\$ 86
Local taxes	\$ 33	\$ 33	\$ 33	\$ 33

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

NONPROFIT CAMPS AND CONFERENCE CENTERS (B&O TAX)

Current statute: RCW [82.04.363](#)

Department of Revenue 2012 Tax Exemption Report (p. 70):

Description: Exemption from B&O tax is allowed for nonprofit organizations for amounts received for providing certain items at a camp or conference center conducted on property that is exempt from property tax. This includes charges for furnishing food and meals, camping and lodging facilities, the use of meeting rooms, parking, books, tapes and other products available to participants of the camp or conference but not to the general public.

Purpose: To reduce the cost of operating such camps and conference centers.

Category/Year Enacted: Nonprofit - charitable or religious. 1997

Primary Beneficiaries: Nonprofit organizations that operate camps or conference centers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 113	\$ 114	\$ 115	\$ 117
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

COMMUTER AIRPLANES (SALES AND USE TAX)

Current statutes: RCW [82.08.0262](#); [82.12.0254](#)

This preference is not included in the DOR Tax Exemption Report. The following information is provided in the fiscal note for 2009 HB 1287:

[This statute] provides a sales and use tax exemption for aircraft used in intrastate commuter operations. This exemption also includes the sales and use of tangible personal property that becomes a component part of such airplanes.

[Commuter air carrier is defined] as an air carrier holding authority under Title 14, part 298 of the code of federal regulations that carries passengers on at least five round trips per week on at least one route between two or more points according to its published flight schedules that specify the times, days of the week, and places between which those flights are performed.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$57	\$69	\$69	\$80
Local taxes	\$21	\$25	\$25	\$29

HABITAT AND WATER QUALITY IMPROVEMENTS (PROPERTY TAX)

Current statute: RCW [84.36.255](#)

Department of Revenue 2008 Tax Exemption Report (p. 34):

Description: Property tax exemption is provided for improvements to real and personal property devoted to fish and wildlife habitat restoration and protection and to water quality and quantity improvements. To qualify, the improvements must be undertaken in accordance with a local conservation district's written plan for best management practices.

Purpose: To improve fish and wildlife habitat and water quality/quantity.

Category/Year Enacted: Other. 1997

Primary Beneficiaries: Landowners who invest in habitat improvements.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 9	\$ 10	\$ 10	\$ 10
Local levies	\$ 35	\$ 37	\$ 40	\$ 42

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

GUN SAFES (SALES AND USE TAX)

Current statutes: RCW [82.08.832](#); [82.12.832](#)

Department of Revenue 2012 Tax Exemption Report (p. 231):

Description: Retail sales/use tax does not apply to locked enclosures specifically designed to store firearms. The exemption does not include trigger lock devices.

Purpose: To encourage the purchase and use of gun safes.

Category/Year Enacted: Individuals. 1998

Primary Beneficiaries: Persons who purchase gun safes.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 18	\$ 18	\$ 19	\$ 20
Local taxes	\$ 7	\$ 7	\$ 7	\$ 8

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

ACADEMIC TRANSCRIPTS (B&O TAX)

Current statute: RCW [82.04.399](#)

Department of Revenue 2012 Tax Exemption Report (p. 73):

Description: Income received by educational institutions for providing academic transcripts on behalf of their present and former students is exempt from B&O tax.

Purpose: To support public and nonprofit educational institutions.

Category/Year Enacted: Nonprofit - other. 1996

Primary Beneficiaries: Public and private educational institutions.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)*:

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 9	\$ 9	\$ 9	\$ 9
Local taxes - not considered.				

*It is assumed that the state would not pay B&O tax on income from providing transcripts for students at public colleges and universities, since it is not a taxable "person" under RCW [82.04.030](#). Political subdivisions, however, are potentially subject to business tax and thus public K-12 schools are assumed to be otherwise taxable for purposes of this estimate.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

INTERNATIONAL SERVICES (B&O TAX)

Current statute: RCW [82.04.44525](#)

Department of Revenue 2012 Tax Exemption Report (p. 117):

Description: Firms engaged in certain international services are entitled to a B&O tax credit of \$3,000 for each new job they create. Eligible activities are defined in the statute; they include services such as computer, legal, accounting, engineering, architectural, advertising, and financial services. To qualify, the firm must be located in a community empowerment zone or in a city or group of contiguous cities with a population of at least 80,000.

Purpose: To attract and retain businesses that provide services to international customers and create jobs.

Category/Year Enacted: Business incentive. 1998

Primary Beneficiaries: To date, 31 firms have utilized the credit.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 4	\$ 5	\$ 5	\$ 5
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

NONRESIDENT KEEPING AIRCRAFT IN-STATE (AIRCRAFT EXCISE TAX)

Current statute: RCW [82.48.100\(6\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 31):

Description: Exemption from aircraft excise tax is allowed for planes owned by nonresidents, which are located at an airport that is jointly owned by governmental entities of Washington and another state.

Purpose: Provides an economic incentive for Idaho residents to base their privately owned airplanes at the Moscow-Pullman airport.

Category/Year Enacted: Individuals. 1999

Primary Beneficiaries: Nonresident owners of airplanes based at the Moscow-Pullman airport.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 2	\$ 2	\$ 2	\$ 2
Local taxes	\$ 0	\$ 0	\$ 0	\$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Possibly, however such owners could simply relocate such planes to their home state.

TRUCK AUXILIARY POWER - BATTERIES AND INFRASTRUCTURE (SALES AND USE TAX)

Current statutes: RCW [82.08.815](#); [82.12.815](#)

Department of Revenue 2012 Tax Exemption Report (p. 212):

Description: Retail sales/use tax does not apply to sales of machinery and equipment or services rendered in the construction, installation, repair, etc. of facilities that are necessary to deliver auxiliary power to heavy duty diesel vehicles through onboard or stand-alone electrification systems. This exemption is scheduled to expire on July 1, 2015.

Purpose: To reduce diesel engine air pollution by encouraging truck stop operators to provide electric power to truck systems.

Category/Year Enacted: Business incentive. 2006

Primary Beneficiaries: Owners of truck stops.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$ 1	\$ 1	\$ 1	\$ 1
Local taxes	\$ 0	\$ 0	\$ 0	\$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

SECOND NARROWS BRIDGE (SALES AND USE TAX)

Current statute: RCW [47.46.060](#)

Department of Revenue 2008 Tax Exemption Report (p. 266):

Description: A five year deferral of state and local retail sales tax is provided for tax due on construction of a second bridge over Puget Sound at the Tacoma Narrows. The deferral includes related road improvements and the rental of equipment used during construction. Beginning on December 31 of the fifth year following completion of the project, 10 percent of the deferred tax must be repaid annually.

Purpose: To lower the overall cost of the project and to mitigate the amount of tolls necessary to fund repayment of the bonds financing construction costs of the project.

Category/Year Enacted: Business incentive. 1998

Primary Beneficiaries: Drivers who use the highly congested Highway 16 corridor (assuming that tolls would otherwise have to be increased).

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 9,281	\$ 0	\$ 0	\$ 0
Local taxes	\$ 2,899	\$ 0	\$ 0	\$ 0

NOTE: Completion of the bridge is expected during FY 2008.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

The amount of tax that is deferred will be repaid.

ALUMINUM MASTER ALLOY PRODUCERS (B&O TAX)

Current statute: RCW [82.04.110\(2\)\(b\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 42):

Description: Persons who produce aluminum master alloys are considered as processors for hire rather than manufacturers, regardless of the portion of aluminum provided by their customers. As a result, these producers are taxed on the amounts they charge customers for processing. If they were considered to be manufacturers, they would instead be taxed on the total market value of the finished product.

Purpose: To provide tax relief to the aluminum industry.

Category/Year Enacted: Business incentive. 1997

Primary Beneficiaries: None.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): There are no known firms that utilize this exemption.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

NATURAL GAS SURPLUS SALES (B&O TAX)

Current statute: RCW [82.04.310\(3\)](#)

Department of Revenue 2012 Tax Exemption Report (p. 47):

Description: B&O tax does not apply to natural gas which was originally purchased by a consumer but is resold to a provider of natural gas. Large industrial users of natural gas have difficulty projecting the amount of gas they need for their operations. This exemption addresses the situation when they have to resell gas that they are not able to use without incurring B&O tax liability.

Purpose: Provides consistency with other B&O tax exemptions for utility sales.

Category/Year Enacted: Tax base. 2007

Primary Beneficiaries: Businesses engaging in sales or trade agreements with respect to electricity.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Revenue impact is considered to be minimal.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

GRAVITATIONAL WAVE OBSERVATORY (SALES AND USE TAX)

Current statutes: RCW [82.08.02569](#); [82.12.02569](#)

Department of Revenue 2008 Tax Exemption Report (p. 230):

Description: Exemption from retail sales/use tax is provided for tangible personal property that is incorporated into a structure which is an integral part of a laser interferometer gravitational wave observatory.

Purpose: To encourage construction of such a facility in Washington.

Category/Year Enacted: Government. 1996

Primary Beneficiaries: The California Institute of Technology and the federal government.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Construction of the facility on the Hanford Reservation is believed to be complete, with no further eligible construction anticipated.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

TRUCK AUXILIARY POWER - ENABLING PARKED OPERATION (SALES AND USE TAX)

Current statutes: RCW [82.08.825](#); [82.12.825](#)

Department of Revenue 2012 Tax Exemption Report (p. 213):

Description: Retail sales/use tax does not apply to sales of machinery and equipment or installation services associated with modification of heavy duty diesel vehicles to enable the vehicle to utilize auxiliary electrical power through onboard or stand-alone electrification systems. This exemption expires on July 1, 2015.

Purpose: To reduce diesel engine air pollution by encouraging operators of diesel trucks to install the necessary onboard electrification system to utilize the "shore" power at truck stops.

Category/Year Enacted: Business incentive. 2006

Primary Beneficiaries: Operators of heavy duty diesel trucks.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): It is believed that there will be minimal utilization of this tax incentive.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

SECOND NARROWS BRIDGE (PUBLIC UTILITY TAX)

Current statute: RCW [82.16.046](#)

Department of Revenue 2008 Tax Exemption Report (p. 156):

Description: Income derived from operation of state route 16 corridor transportation systems and facilities constructed and operated under RCW 47.46 is exempt from public utility tax. This statute addresses the second bridge over Puget Sound at the Tacoma Narrows and exempts from public utility tax any tolls received by the operator of the bridge.

Purpose: To lower the overall cost of operating the bridge.

Category/Year Enacted: Tax base. 1998

Primary Beneficiaries: Businesses contracted by the state to operate the bridge facilities and ultimately the drivers who use the bridge.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None. It is understood that the tolls will actually be received by the state, not the firm contracted to collect the tolls. The contractor will be subject to B&O tax under the service classification on amounts paid by the state to perform this service. Thus, there is no impact on public utility tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

SECOND NARROWS BRIDGE (LEASEHOLD EXCISE TAX)

Current statute: RCW [82.29A.132](#)

Department of Revenue 2008 Tax Exemption Report (p. 63):

Description: Leasehold interests in state route 16 corridor transportation systems and facilities, constructed and operated pursuant to Chapter 47.46 RCW, are exempt from leasehold excise tax. This includes the second bridge over Puget Sound at the Tacoma Narrows and its approaches.

Purpose: When adopted, this exemption was predicated upon the assumption that upon completion of the bridge, the state would lease the bridge to the private entity that constructed the facility to operate and maintain it for the term of the lease. This statute exempted such a lease from leasehold excise tax. However, the ownership arrangements have since changed and no lease of the facility is currently contemplated.

Category/Year Enacted: Business incentive. 1998

Primary Beneficiaries: None.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None. No lease of the facility is currently contemplated.

BAD DEBTS (FUEL TAX)

Current statute: RCW [82.36.044](#)

Department of Revenue 2012 Tax Exemption Report (p. 244):

Description: Motor vehicle fuel suppliers are entitled to a credit for the tax paid on sales of fuel for which the supplier has received no payment from the purchaser.

Purpose: To recognize that such transactions do not result in revenue for fuel distributors.

Category/Year Enacted: Other business. 1998

Primary Beneficiaries: Distributors of fuel.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): No fuel distributor has taken this credit.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

SECOND NARROWS BRIDGE (REAL ESTATE EXCISE TAX)

Current statute: RCW [82.45.190](#)

Department of Revenue 2008 Tax Exemption Report (p. 286):

Description: Exemption from real estate excise tax is provided for the originally envisioned transfer of state route 16 corridor transportation facilities which are being constructed under Chapter 47.46 RCW. This addresses the current construction of a second bridge over Puget Sound at the Tacoma Narrows.

Purpose: As originally planned, this exemption would enable transfer of the completed bridge to the private operator of the facility without incurring real estate excise tax liability.

Category/Year Enacted: Tax base. 1998

Primary Beneficiaries: The intended private operator of the bridge facility.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None. The current concept of, and agreement for, construction and operation of the bridge and the associated state route 16 improvements does not entail any transfer of property by the state.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No; transfer to a private owner is not currently contemplated.

SECOND NARROWS BRIDGE (PROPERTY TAX)

Current statute: RCW [84.36.010\(1\)](#)

Department of Revenue 2008 Tax Exemption Report (p. 31):

Description: Property tax exemption is provided for state route 16 corridor transportation systems and facilities constructed pursuant to Chapter 47.46 RCW.

Purpose: This exemption is intended to exempt any private property used in conjunction with construction and operation of the 2nd Narrows bridge in Pierce County which will span Puget Sound. When adopted, the exemption was predicated upon the assumption that the bridge would be built with private funding until construction was complete and subsequently deeded to the state. This exemption was therefore intended to lower the overall cost of the project to enhance the likelihood of private investors funding the cost of construction.

Category/Year Enacted: Business incentive. 1998.

Primary Beneficiaries: As originally conceived, firms involved in construction/operation of the bridge and ultimately persons who utilize the bridge.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None. The current concept of, and agreement for, construction and operation of the 2nd Narrows bridge and the associated state route 16 systems do not entail any private funding or ownership of property. The revenue effects of this exemption are implicitly included with all other state highways under the State Government category.

FOOTBALL STADIUMS (SALES AND USE TAX)

Current statute: RCW [36.102.070](#)

Department of Revenue 2008 Tax Exemption Report (p. 265):

Description: State and local retail sales/use tax was deferred on construction of a stadium for professional football and soccer and an adjacent exhibition center. Deferred sales tax on construction is repayable over a ten year period, starting five years after the stadium becomes operational. The Public Stadium Authority operates Qwest Field and the exhibition center which was completed during 2002. Repayments of deferred sales/use taxes began during FY 2007.

Purpose: To encourage construction of a stadium for professional football and soccer in King County.

Category/Year Enacted: Business incentive. 1997

Primary Beneficiaries: The public stadium authority that operates Qwest Field and the professional football team that plays its home games in the stadium.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ (2,756)	\$ (2,756)	\$ (2,756)	\$ (2,756)
Local taxes	\$ (975)	\$ (975)	\$ (975)	\$ (975)

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No; the deferred taxes are already being repaid.

SECOND NARROWS BRIDGE (B&O TAX)

Current statute: RCW [82.04.416](#)

Department of Revenue 2012 Tax Exemption Report (p. 56):

Description: Income derived from the operation of state route #16 corridor transportation systems and facilities which are constructed and operated under Chapter 47.46 RCW is exempt from B&O tax. This statute addressed the second bridge across the Tacoma Narrows. It exempts any income received by an operator of the bridge tolling systems. The state contracts with a private firm to operate the toll booths. The income the state pays to the firm is exempt from B&O tax under this statute. (The actual toll receipts are considered as state funds and are not subject to state business tax.)

Purpose: To lower the overall cost of operation of the bridge and encourage a private firm to enter into a contract with the state to operate the facility.

Category/Year Enacted: Business incentive. 1998

Primary Beneficiaries: Businesses that contract with the state to operate the bridge toll facilities and ultimately the drivers who utilize the facility.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): There is only one operator of the toll booths on this bridge and therefore the amount of B&O tax attributable to this exemption cannot be publicly stated.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

DISCOUNT PROGRAM MEMBERSHIPS (B&O TAX)

Current statute: RCW [82.04.421](#)

Department of Revenue 2008 Tax Exemption Report (p. 94):

Description: Memberships in a qualifying discount program are exempt from B&O tax, if the seller delivers the membership materials to a point outside the state.

Purpose: To provide tax relief to Washington firms that sell discount purchase memberships to residents of other states.

Category/Year Enacted: Business incentive. 1997

Primary Beneficiaries: A single firm.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Due to confidentiality requirements, the impact of this exemption cannot be publicly stated.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes; however, the firm could easily shift its sales to nonresidents to a location outside of this state.

FOOTBALL STADIUM AND EXHIBITION CENTER PARKING (SALES TAX)

Current statute: RCW [82.08.02875](#)

Department of Revenue 2012 Tax Exemption Report (p. 199):

Description: Retail sales/use tax does not apply to charges for parking vehicles at facilities owned by a public stadium authority, if the authority levies the tax on parking authorized by RCW 36.38.040.

Purpose: The local parking tax cited above is being levied by the Public Stadium Authority to help finance construction and operation of Century Link Field and the adjoining exhibition center. Imposing both the local parking tax and retail sales was considered to be too onerous for parking customers.

Category/Year Enacted: Government. 1997

Primary Beneficiaries: The Public Stadium Authority and users of the parking facility at Century Link Field/Exhibition Center.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The fiscal impact cannot be disclosed publicly, because there is only one taxpayer that utilizes this exemption.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

AIR POLLUTION CONTROL FACILITIES (SALES AND USE TAX)

Current statutes: RCW [82.08.810](#); [82.12.810](#)

Department of Revenue 2012 Tax Exemption Report (p. 179):

Description: Construction of air pollution control facilities at a thermal electric generating facility which was placed in operation after 1969 and before July 1, 1997 is exempt from retail sales/use tax. The exemption is contingent upon production levels for the plant being maintained above the 20 percent annual capacity factor between 2002 and 2023. If production falls below this level, all or a portion of the tax previously exempted must be repaid.

Purpose: To reduce the cost of installing air pollution control devices at the Centralia coal-fired thermal generating plant. NOTE: the initial coal-fired burner at the plant is currently scheduled to be shut down in 2020, followed by the second burner in 2025.

Category/Year Enacted: Business incentive. 1997

Primary Beneficiaries: The Centralia thermal generating plant.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Due to confidentiality requirements, the impact of this exemption cannot be publicly stated because it affects fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

COAL FOR THERMAL GENERATING PLANTS (SALES AND USE TAX)

Current statutes: RCW [82.08.811](#); [82.12.811](#)

Department of Revenue 2012 Tax Exemption Report (p. 179):

Description: Purchases of coal used at a thermal electric generating facility placed in operation after 1969 and before July 1, 1997 are exempt from retail sales/use tax. The exemption is contingent upon owners of the plant demonstrating to the Department of Ecology that progress is being made to install the necessary air pollution control devices and that the facility has emitted no more than 10,000 tons of sulfur dioxide during the previous 12 months.

Purpose: To encourage the Centralia plant to install the necessary air pollution control devices. NOTE: the initial coal-fired burner at the plant is currently scheduled to be shut down in 2020, followed by the second burner in 2025.

Category/Year Enacted: Business incentive. 1997

Primary Beneficiaries: The Centralia thermal generating plant.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Due to confidentiality requirements, the impact of this exemption cannot be publicly stated because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

RACING FUEL (FUEL TAX)

Current statute: RCW [82.36.247](#)

This preference is not included in the DOR Tax Exemption Report. The following information is provided in the Department of Revenue Summary of 1998 Tax Legislation:

[This statute] provides an exemption from motor vehicle fuel tax for leaded fuel purchased for use in racing vehicles. (Since such use occurs off the public highways, it is believed that the fuel tax does not now apply.) The Department of Revenue shall earmark state sales and use tax revenues derived from leaded racing fuel and deposit the receipts in the “advanced environmental mitigation revolving account.”

2014-2023 Ten-Year Tax Preference Review Schedule (DRAFT)

Sorted by Group and Biennial Beneficiary Savings

Citizen Commission for Performance
Measurement of Tax Preferences

Joint Legislative Audit and Review Committee

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2014 (70 Total Preferences)			
<i>2014: Aerospace (10 Preferences)</i>			
1 Aircraft Pre-Production Expenditures (B&O Tax)	82.04.4461	2003	\$194,830,000
2 Commercial Aircraft Manufacturing - Preferential Rate (B&O Tax)	82.04.260(11)	2003	\$177,574,000
3 Aircraft Pre-Production Computer Expenditures (Sales and Use Tax)	82.08.975; 82.12.975	2003	\$33,391,000
4 Commercial Aircraft Manufacturing - Credit for Taxes Paid (B&O Tax)	82.04.4463	2003	\$8,000,000
5 Aerospace Product Development (B&O Tax)	82.04.290(3)	2008	\$2,523,000
6 Aircraft Part Prototypes (Sales and Use Tax)	82.08.02566; 82.12.02566	1997	\$1,293,000
7 Commercial Airplane Part Place of Sale (B&O Tax)	82.04.627	2008	\$923,000
8 Superefficient Aircraft Production (Sales and Use Tax)	82.08.980; 82.12.980	2003	\$0
9 Superefficient Aircraft Production Facilities (Leasehold Excise Tax)	82.29A.137	2003	\$0
10 Superefficient Aircraft Production Facilities (Property Tax)	84.36.655	2003	\$0
<i>2014: Uncategorized (60 Preferences)</i>			
1 Sales Subject to Public Utility Tax (Sales Tax)	82.08.0252	1935	\$305,619,000
2 Multiple Activities Credit (B&O Tax)	82.04.440	1987	\$288,759,000
3 Electric Power Exported or Resold (Public Utility Tax)	82.16.050(11)	1989	\$130,000,000
4 Natural Gas Subject to Public Utility Tax (Use Tax)	82.12.022(4)	1989	\$67,190,000
5 Fruit and Vegetable Manufacturing - Exemption (B&O Tax)	82.04.4266	2005	\$34,087,000
6 Prewritten Computer Software (Property Tax)	84.40.037	1991	\$32,866,000
7 Fruit and Vegetable Manufacturing - Preferential Rate (B&O Tax)	82.04.260(1)(d)	1965	\$24,846,000
8 International Investment Management (B&O Tax)	82.04.290(1)	1995	\$20,029,000
9 Sewerage Processing and Disposal (Public Utility Tax)	82.16.050(13)	1987	\$16,785,000
10 Historic Property (Property Tax)	84.26.070	1985	\$16,567,000
11 Custom Computer Software (Property Tax)	84.36.600	1991	\$13,808,000
12 Nonprofit Fundraising (Sales Tax)	82.08.02573	1998	\$13,653,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2014 (Continued - 70 Total Preferences)			
13 Seafood Products Manufacturing - Exemption (B&O Tax)	82.04.4269	2006	\$12,031,000
14 Dairy Products Manufacturing - Exemption (B&O Tax)	82.04.4268	2006	\$8,849,000
15 Seafood Products Manufacturing - Preferential Rate (B&O Tax)	82.04.260(1)(b)	1959	\$8,770,000
16 Dairy Products Manufacturing - Preferential Rate (B&O Tax)	82.04.260(1)(c)	2001	\$6,450,000
17 Film and Video Production Equipment (Sales and Use Tax)	82.08.0315; 82.12.0315	1995	\$5,656,000
18 Multi-Unit Urban Housing (Property Tax)	84.14.020	1995	\$5,408,000
19 Microbrewers (Beer Tax)	66.24.290(3)(b)	1993	\$5,016,000
20 Wholesale Auto Auctions (B&O Tax)	82.04.317; 82.04.422(1)	1997	\$2,900,000
21 Child Care (B&O Tax)	82.04.2905	1998	\$2,246,000
22 Air Pollution Control Facilities (Property Tax)	84.36.487	1997	\$2,078,000
23 Church Child Care (B&O Tax)	82.04.339	1992	\$1,712,000
24 Products Shipped Out-of-State (Litter Tax)	82.19.050(1)	1992	\$1,587,000
25 Mental Health Services (B&O Tax)	82.04.4277	2011	\$1,451,000
26 Nonprofit Developmentally Disabled Housing (Property Tax)	84.36.042	1998	\$992,000
27 Emergency Transport (Aircraft Fuel Tax)	82.42.020	2003	\$753,000
28 Low Value Parcels (Property Tax)	84.36.015	1997	\$740,000
29 Nonprofit Fundraising (B&O Tax)	82.04.3651	1998	\$721,000
30 Vending Machine Sales (Sales Tax)	82.08.080	1963	\$540,000
31 Vessel Use by Manufacturers or Dealers (Use Tax)	82.12.800; 82.12.801; 82.12.802	1997	\$496,000
32 Nonprofit Camps and Conference Centers (Sales Tax)	82.08.830	1997	\$439,000
33 Academic Transcripts (Sales and Use Tax)	82.08.02537; 82.12.0347	1996	\$324,000
34 Football Stadiums (Leasehold Excise Tax)	82.29A.130(15)	1997	\$286,000
35 Public Records Copies (Sales and Use Tax)	82.08.02525; 82.12.02525	1996	\$238,000
36 Nonprofit Camps and Conference Centers (B&O Tax)	82.04.363	1997	\$232,000
37 Commuter Airplanes (Sales and Use Tax)	82.08.0262; 82.12.0254	2009	\$149,000
38 Habitat and Water Quality Improvements (Property Tax)	84.36.255	1997	\$102,000
39 Gun Safes (Sales and Use Tax)	82.08.832; 82.12.832	1998	\$54,000
40 Academic Transcripts (B&O Tax)	82.04.399	1996	\$18,000
41 International Services (B&O Tax)	82.04.44525	1998	\$10,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2014 (Continued - 70 Total Preferences)			
42 Nonresident Keeping Aircraft In-State (Aircraft Excise Tax)	82.48.100(6)	1999	\$4,000
43 Truck Auxiliary Power - Batteries and Infrastructure (Sales and Use Tax)	82.08.815; 82.12.815	2006	\$2,000
44 Second Narrows Bridge (Sales and Use Tax)	47.46.060	1998	\$0
45 Aluminum Master Alloy Producers (B&O Tax)	82.04.110(2)(b)	1997	\$0
46 Natural Gas Surplus Sales (B&O Tax)	82.04.310(3)	2007	\$0
47 Gravitational Wave Observatory (Sales and Use Tax)	82.08.02569; 82.12.02569	1996	\$0
48 Truck Auxiliary Power - Enabling Parked Operation (Sales and Use Tax)	82.08.825; 82.12.825	2006	\$0
49 Second Narrows Bridge (Public Utility Tax)	82.16.046	1998	\$0
50 Second Narrows Bridge (Leasehold Excise Tax)	82.29A.132	1998	\$0
51 Bad Debts (Fuel Tax)	82.36.044	1998	\$0
52 Second Narrows Bridge (Real Estate Excise Tax)	82.45.190	1998	\$0
53 Second Narrows Bridge (Property Tax)	84.36.010(1)	1998	\$0
54 Football Stadiums (Sales and Use Tax)	36.102.070	1997	(\$7,462,000)
55 Second Narrows Bridge (B&O Tax)	82.04.416	1998	Not disclosable
56 Discount Program Memberships (B&O Tax)	82.04.421	1997	Not disclosable
57 Football Stadium and Exhibition Center Parking (Sales Tax)	82.08.02875	1997	Not disclosable
58 Air Pollution Control Facilities (Sales and Use Tax)	82.08.810; 82.12.810	1997	Not disclosable
59 Coal for Thermal Generating Plants (Sales and Use Tax)	82.08.811; 82.12.811	1997	Not disclosable
60 Racing Fuel (Fuel Tax)	82.36.247	1998	Not in DOR Report

2015 (64 Total Preferences)

2015: Agriculture (30 Preferences)

1 Agricultural Products (Property Tax)	84.36.470	1984	\$108,711,000
2 Farm Machinery Replacement Parts (Sales and Use Tax)	82.08.855; 82.12.855	2006	\$41,055,000
3 Fuel Used on Farms (Sales and Use Tax)	82.08.865; 82.12.865	2006	\$31,406,000
4 Horticultural Services for Farmers (Sales and Use Tax)	82.04.050(3)(e)	1993	\$12,980,000
5 Grain and Unprocessed Milk Wholesaling (B&O Tax)	82.04.332	1998	\$10,400,000
6 Farm Property (Estate Tax)	83.100.046	2005	\$8,765,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2015 (Continued - 64 Total Preferences)			
7 Commercially Grown Fish or Shellfish (Enhanced Food Fish Tax)	82.27.030(2)	1980	\$5,888,000
8 Livestock Medicine (Sales and Use Tax)	82.08.880; 82.12.880	2001	\$4,390,000
9 Gas Used to Heat Chicken Houses (Sales and Use Tax)	82.08.910; 82.12.910	2001	\$2,784,000
10 Leased Irrigation Equipment (Sales and Use Tax)	82.08.0288; 82.12.0283	1983	\$2,482,000
11 Shipping Farm Products to Port (Public Utility Tax)	82.16.050(10)	2007	\$2,402,000
12 Farming Machinery and Equipment (Property Tax)	84.36.630	2001	\$2,157,000
13 Livestock Nutrient Management Equipment (Sales and Use Tax)	82.08.890; 82.12.890	2001	\$1,616,000
14 Hops Processed and Exported (B&O Tax)	82.04.337	1987	\$1,600,000
15 Farm-Worker Housing (Sales and Use Tax)	82.08.02745; 82.12.02685	1996	\$1,380,000
16 Christmas Tree Inputs (Sales and Use Tax)	82.04.213	1987	\$1,232,000
17 Seed Conditioning (B&O Tax)	82.04.120	1987	\$1,194,000
18 Conditioned Seed Wholesaling (B&O Tax)	82.04.331	1998	\$1,160,000
19 Horticultural Packing Materials (Sales and Use Tax)	82.08.0311; 82.12.0311	1988	\$918,000
20 Hay Cubing (B&O Tax)	82.04.120	1997	\$736,000
21 Chicken Bedding Materials (Sales and Use Tax)	82.08.920; 82.12.920	2001	\$696,000
22 Anaerobic Digesters for Dairies (Sales and Use Tax)	82.08.900; 82.12.900	2001	\$474,000
23 Christmas Tree Producers (B&O Tax)	82.04.100; 82.04.330	1987	\$431,000
24 Livestock Feed (Sales and Use Tax)	82.08.0296; 82.12.0296	1986	\$232,000
25 Custom Farming (B&O Tax)	82.04.625	2007	\$140,000
26 Aquaculture Feed (Sales and Use Tax)	82.08.0294; 82.12.0294	1985	\$138,000
27 Pollination Agents (Sales and Use Tax)	82.04.050(11)	1993	\$38,000
28 Nonprofit Demonstration Farms (Property Tax)	84.36.570	1999	\$10,000
29 Hauling Farm Products for Relatives (Public Utility Tax)	82.16.300	2007	\$0
30 Hop Commission Services (B&O Tax)	82.04.338	1998	Not disclosable
2015: Aluminum (7 Preferences)			
1 Aluminum Smelter Property Taxes (B&O Tax)	82.04.4481	2004	\$4,089,000
2 Aluminum Manufacturing (B&O Tax)	82.04.2909	2004	\$2,149,000
3 Aluminum Smelter Use of Natural Gas (Use Tax)	82.12.022(5)	2004	\$861,000
4 Aluminum Smelter Purchases (Sales and Use Tax)	82.08.805; 82.12.805	2009	\$157,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2015 (Continued - 64 Total Preferences)			
5 Aluminum Smelter Electricity or Natural Gas Purchases (B&O Tax)	82.04.4482	2004	Not disclosable
6 Aluminum Production Anodes and Cathodes (Sales and Use Tax)	82.08.02568; 82.12.02568	1996	Not disclosable
7 Aluminum Smelter Purchases (Public Utility Tax)	82.16.0498	2004	Not disclosable
2015: Uncategorized (27 Preferences)			
1 Motor Vehicles, Travel Trailers, and Campers (Property Tax)	84.36.595	2000	\$1,496,860,000
2 Interest on Real Estate Loans (B&O Tax)	82.04.4292	1970	\$172,600,000
3 Electricity Sales for Resale (B&O Tax)	82.04.310(2)	2000	\$58,817,000
4 Nonprofit Low-Income Rentals (Property Tax)	84.36.560	1999	\$37,557,000
5 Warehouse Expansion (Sales and Use Tax)	82.08.820; 82.12.820	1997	\$8,096,000
6 Motion Picture Program Contributions (B&O Tax)	82.04.4489	2012	\$7,000,000
7 Salmon Habitat Timber (Timber Tax)	84.33.0775	1999	\$5,110,000
8 Public Facilities Districts (Leasehold Excise Tax)	82.29A.130(16)	1999	\$4,588,000
9 Accommodation Sales of Automobiles (B&O Tax)	82.04.422(2)	2001	\$3,575,000
10 Nonresidential Personal Property (Property Tax)	84.36.110(2)	1890	\$2,920,000
11 Trust Accounts (B&O Tax)	82.04.392	1997	\$1,355,000
12 Used Park-Model Trailers (Sales and Use Tax)	82.08.032; 82.12.032	2001	\$628,000
13 Nonprofit Educational Foundations (Property Tax)	84.36.050(2)	2001	\$417,000
14 Small Timber Harvesters (B&O Tax)	82.04.333	1990	\$400,000
15 Conifer Seedings Sold Out-of-State (Sales and Use Tax)	82.08.850; 82.12.850	2001	\$28,000
16 Motorcycles Used for Rider Training (Sales and Use Tax)	82.08.870; 82.12.845	2001	\$24,000
17 Regional Transportation Authority Sales or Leasebacks (B&O Tax)	82.04.4201	2000	\$0
18 Natural Gas Purchases by DSI Industry (B&O Tax)	82.04.447	2001	\$0
19 Regional Transit Authority Sales and Leasebacks (Sales and Use Tax)	82.08.834; 82.12.834	2000	\$0
20 Natural Gas Purchased by DSI Customers (Use Tax)	82.12.024	2001	\$0
21 Electricity Purchased by DSI Industry (Public Utility Tax)	82.16.0495	2001	\$0
22 Regional Transportation Authority Sales or Leasebacks (Leasehold Excise Tax)	82.29A.134	2000	\$0
23 Minimum to File Tax Return (B&O Tax)	82.32.045(4)(a)(i)	1996	\$0
24 Vitrification Equipment (Property Tax)	84.36.590	2000	\$0
25 Regional Transportation Authority Sales or Leasebacks (Property Tax)	84.36.605	2000	\$0

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2015 (Continued - 64 Total Preferences)			
26 Residential and Recreational Developments (Leasehold Excise Tax)	82.29A.136	2001	(\$253,000)
27 Grocery Co-Ops (Litter Tax)	82.19.050(3)	2001	Not disclosable
2016 (60 Total Preferences)			
<i>2016: Uncategorized (60 Preferences)</i>			
1 Minimum Taxable Threshold (Estate Tax)	83.100.020(13)	2005	\$801,609,000
2 Trade-Ins (Sales Tax)	82.08.010(1)(a)	1984	\$291,536,000
3 Marital Deduction (Estate Tax)	83.100.047	2005	\$261,433,000
4 Nonprofit Organization Government Grants (B&O Tax)	82.04.4297	1979	\$209,991,000
5 Custom Software (Sales and Use Tax)	82.04.050(6)(a)(i)-(ii)	1998	\$150,934,000
6 Data Center Equipment (Sales and Use Tax)	82.08.986; 82.12.986	2010	\$34,398,000
7 Bad Debts (Sales and Use Tax)	82.08.037; 82.12.037	1982	\$33,978,000
8 Timber and Wood Products (B&O Tax)	82.04.260(12)	2006	\$28,133,000
9 Royalty Income (B&O Tax)	82.04.2907	1998	\$26,921,000
10 Syrup Taxes Paid (B&O Tax)	82.04.4486	2006	\$17,051,000
11 Boarding Homes (B&O Tax)	82.04.2908; 82.04.4337	2004	\$15,425,000
12 Public Corporations (Property Tax)	35.21.755	1974	\$8,296,000
13 Customer-Generated Power (Public Utility Tax)	82.16.130	2005	\$4,078,000
14 Donations to Nonprofits and Government (Use Tax)	82.12.02595	1995	\$3,654,000
15 Self-Service Laundry Facilities (Sales and Use Tax)	82.04.050(2)(a)	1998	\$3,285,000
16 Electric Power Sold in Rural Areas (Public Utility Tax)	82.16.053	1994	\$2,600,000
17 Tribal (Property Tax)	84.36.010(1)	2004	\$2,466,000
18 Professional Employer Organization Wages (B&O Tax)	82.04.540	2006	\$2,084,000
19 RTA Maintenance Contracts (Sales and Use Tax)	82.04.050(13)	2005	\$2,072,000
20 Sellers with Limited Washington Connection (B&O Tax)	82.04.424	2003	\$1,894,000
21 Neighborhood Revitalization (Multiple Taxes)	82.73.030	2005	\$1,589,000
22 Fund-Raising Sales of Magazines (Sales Tax)	82.08.02535	1995	\$1,358,000
23 Food and Beverages Consumed On-Site (Litter Tax)	82.19.050(4)	2003	\$1,328,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2016 (Continued - 60 Total Preferences)			
24 Camps for Disabled Persons (Leasehold Excise Tax)	82.29A.130(13)	1995	\$1,129,000
25 Computers for Publishers (Sales and Use Tax)	82.08.806; 82.12.806	2004	\$950,000
26 Legal Services to Low-Income Persons (B&O Tax)	82.04.635	2009	\$922,000
27 Standing Timber (Real Estate Excise Tax)	82.45.195	2007	\$896,000
28 Federal Small Business Innovation Grants (B&O Tax)	82.04.4261	2004	\$832,000
29 Salmon Habitat Restoration Grants (B&O Tax)	82.04.4339	2004	\$653,000
30 Direct Mail Delivery (Sales and Use Tax)	82.08.807; 82.12.807	2005	\$631,000
31 Parking and Business Improvement Areas (B&O Tax)	82.04.4267	2005	\$209,000
32 Housing for Youth in Crisis (Sales and Use Tax)	82.08.02915; 82.12.02915	1995	\$160,000
33 Nonprofit Boarding Homes (B&O Tax)	82.04.4264	2005	\$140,000
34 Child Care Resource and Referral (B&O Tax)	82.04.3395	1995	\$118,000
35 Amphitheater (Leasehold Excise Tax)	82.29A.130(18)	2005	\$102,000
36 Historic Property (Leasehold Excise Tax)	82.29A.130(17)	2005	\$88,000
37 Federal Small Business Technology Transfer Grants (B&O Tax)	82.04.4262	2004	\$80,000
38 Treating Chemical Dependency (B&O Tax)	82.04.2906	2003	\$70,000
39 Direct Mail Delivery (B&O Tax)	82.04.4272	2005	\$35,000
40 Veteran Widows and Widowers (Property Tax)	84.39.010	2005	\$32,000
41 Nonprofit Fundraising for Individual Artists (Property Tax)	84.36.650	2003	\$12,000
42 Catering (Litter Tax)	82.19.050(5)	2005	\$4,000
43 Semiconductor Materials Manufacturing After \$1 Billion Investment - Preferential Rate (B&O Tax)	82.04.240(2)	2003	\$0
44 Semiconductor Microchip Manufacturing After \$1 Billion Investment (B&O Tax)	82.04.426	2003	\$0
45 Semiconductor Materials Manufacturing After \$1 Billion Investment - New Jobs Credit (B&O Tax)	82.04.448	2003	\$0
46 Sellers with Limited Washington Connection (Sales and Use Tax)	82.08.050(11); 82.12.040(5)	2003	\$0
47 Electricity and Steam (Sales and Use Tax)	82.08.950; 82.12.950	2003	\$0
48 Semiconductor Materials Manufacturing After \$1 Billion Investment - Construction Costs (Sales and Use Tax)	82.08.965; 82.12.965	2003	\$0
49 Semiconductor Materials Manufacturing After \$1 Billion Investment - Gases and Chemicals (Sales and Use Tax)	82.08.970; 82.12.970	2003	\$0
50 Natural Gas Not Delivered via Pipeline (Use Tax)	82.12.022(3)	1994	\$0

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2016 (Continued - 60 Total Preferences)			
51 Liquefied Gasses (Petroleum Products Tax)	82.23A.010(1)	2004	\$0
52 Semiconductor Materials Manufacturing After \$1 Billion Investment - Machinery and Equipment (Property Tax)	84.36.645	2003	\$0
53 Semiconductor Materials Manufacturing - Preferential Rate (B&O Tax)	82.04.2404	2006	Not disclosable
54 Nonprofit R&D (B&O)	82.04.260(3)	1965	Not in DOR Report
55 Grocery Distribution Co-Ops (B&O Tax)	82.04.298(2)	2001	Not disclosable
56 Tobacco Settlement Authority (B&O Tax)	82.04.311	2002	Not disclosable
57 Job Training Services (B&O Tax)	82.04.4333	1996	Not disclosable
58 Semiconductor Materials Manufacturing - Gases and Chemicals (Sales and Use Tax)	82.08.9651; 82.12.9651	2006	Not disclosable
59 Hazardous or Toxic Waste (Solid Waste Collection Tax)	82.18.010(3)	1986	Not in DOR Report
60 Recycling or Salvage Materials (Solid Waste Collection Tax)	82.18.010(3)	1986	Not in DOR Report

2017 (46 Total Preferences)

2017: Uncategorized (46 Preferences)

1 Exported and Imported Fuel (Fuel Tax)	82.36.230; 82.38.030	1933	\$2,700,000,000
2 Motor Vehicle and Special Fuel (Sales and Use Tax)	82.08.0255(1)(f); 82.12.0256(2)(d)	1935	\$1,462,000,000
3 Nonprofit Churches, Parsonages, and Convents (Property Tax)	84.36.020	1854	\$130,700,000
4 Contributions and Donations (B&O Tax)	82.04.4282	1935	\$128,370,000
5 Cigarettes Covered by Indian Tribal Contracts (Tobacco Tax)	82.24.295(1)	2001	\$126,000,000
6 Nonprofit Hospitals (Property Tax)	84.36.040(1)(e)	1886	\$104,760,000
7 Motor Fuel Taxes (B&O Tax)	82.04.4285	1935	\$49,500,000
8 Nonsectarian Organizations (Property Tax)	84.36.030(1)	1915	\$35,100,000
9 Cigarettes Sold via Tribal Contracts (Sales and Use Tax)	82.08.0316; 82.12.0316	2001	\$22,200,000
10 Cemeteries (Property Tax)	84.36.020	1854	\$14,700,000
11 Nonhighway Fuel Use Refunds (Fuel Tax)	82.36.280; 82.38.180(1)	1923	\$8,200,000
12 Nonprofit Collections and Museums (Property Tax)	84.36.060(1)(a)	1915	\$6,520,000
13 Nonprofit Nursing Homes (Property Tax)	84.36.040(1)(d)	1891	\$5,890,000
14 Kidney Dialysis, Nursing Homes, and Hospice (B&O Tax)	82.04.4289	1945	\$5,700,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2017 (Continued - 46 Total Preferences)			
15 Handling Losses (Fuel Tax)	82.36.029	1939	\$5,533,000
16 Growing Crops (Property Tax)	84.40.030(3)	1890	\$5,450,000
17 Billing Discounts (Public Utility Tax)	82.16.0497	2001	\$5,000,000
18 Horse Racing (B&O Tax)	82.04.350	1935	\$4,440,000
19 Membership Dues and Fees (B&O Tax)	82.04.4282	1935	\$4,380,000
20 Nonprofit Youth Organizations (Property Tax)	84.36.030(3)	1933	\$4,020,000
21 Exported Fuel Refunds (Fuel Tax)	82.36.300; 82.38.180(2)	1923	\$3,300,000
22 Electricity for Electrolyte Firms (Public Utility Tax)	82.16.0421	2009	\$1,560,000
23 Nonprofit Water Cooperatives (Property Tax)	84.36.250	1965	\$1,491,000
24 Veterans Organizations (Property Tax)	84.36.030(4)	1929	\$1,180,000
25 Public Transit Charges (Public Utility Tax)	82.16.050(14)	2006	\$820,000
26 Sand and Gravel for Local Road Construction (B&O Tax)	82.04.415	1965	\$421,000
27 Accommodation Sales (B&O Tax)	82.04.425	1955	\$385,000
28 Humane Societies (Property Tax)	84.36.060(1)(d)	1915	\$350,000
29 Canned Salmon Services (B&O Tax)	82.04.260(13)	2006	\$326,000
30 Nonprofit Orphanages (Property Tax)	84.36.040(1)(c)	1891	\$299,000
31 Driver Training Vehicles (Use Tax)	82.12.0264	1955	\$240,000
32 Credit Unions - State Chartered (Use Tax)	82.12.860	2006	\$138,000
33 Nonprofit Libraries (Property Tax)	84.36.040(1)(b)	1854	\$75,000
34 Workforce Training (B&O Tax)	82.04.449	2006	\$66,000
35 Boxing and Wrestling Matches (B&O Tax)	82.04.340	1935	\$41,000
36 Watershed and Flood Protection (Sales and Use Tax)	82.08.0271; 82.12.930	1963	\$14,000
37 Nonprofit Fire Companies (Property Tax)	84.36.060(1)(c)	1890	\$12,000
38 Nonprofit Convention and Tourism Promotion (B&O Tax)	82.04.4251	2006	\$0
39 Truck Auxiliary Power (B&O Tax)	82.04.4338	2006	\$0
40 Purchases by Residents of Alaska and Hawaii (Sales Tax)	82.08.0269	1961	\$0
41 Form Lumber (Sales and Use Tax)	82.08.0274; 82.12.0268	1965	\$0
42 Solar Hot Water Equipment (Sales and Use Tax)	82.08.835; 82.12.835	2006	\$0
43 Lost or Destroyed Fuel (Fuel Tax)	82.36.370; 82.38.180(4)-(6)	1923	\$0

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2017 (Continued - 46 Total Preferences)			
44 Ships Under Construction (Property Tax)	84.36.079	1959	\$0
45 Historic Auto Museums (Sales and Use Tax)	82.32.580	2005	(\$1,760,000)
46 Goods in Transit (Property Tax)	84.36.300	1961	Not separately stated

2018 (39 Total Preferences)

2018: Uncategorized (39 Preferences)

1 Intangibles (Property Tax)	84.36.070	1931	\$24,929,600,000
2 Insurance Premiums (B&O Tax)	82.04.320	1935	\$836,200,000
3 Real Estate Sales (B&O Tax)	82.04.390	1935	\$638,951,000
4 Items Used in Interstate Commerce (Sales Tax)	82.08.0261	1949	\$443,000,000
5 Import and Export Commerce (B&O Tax)	82.04.610	2007	\$274,490,000
6 Public Utilities (B&O Tax)	82.04.310(1)	1935	\$113,200,000
7 Nonprofit Private Colleges (Property Tax)	84.36.050(1)	1925	\$75,800,000
8 Tobacco Sales to U.S. or Indian Tribes (Tobacco Tax)	82.26.110	2007	\$67,132,000
9 Agricultural Products (B&O Tax)	82.04.330; 82.04.410	1935	\$65,800,000
10 Nonprofit Private K-12 Schools (Property Tax)	84.36.050(1)	1925	\$48,100,000
11 Other Ships and Vessels (Property Tax)	84.36.090	1931	\$30,500,000
12 Bad Debts (B&O Tax)	82.04.4284	1935	\$20,700,000
13 Commercial Vessels (Property Tax)	84.36.080(1)	1931	\$19,000,000
14 Urban Transportation (Public Utility Tax)	82.16.020(1)(d)-(e)	1935	\$17,200,000
15 Rural County Deferral (Sales and Use Tax)	82.60.040; 82.60.049	1985	\$10,484,000
16 Sales for Resale (Public Utility Tax)	82.16.050(2)	1935	\$5,200,000
17 Radio and TV Broadcasting (B&O Tax)	82.04.280(1)(f)	1935	\$4,900,000
18 Fraternal Insurance (B&O Tax)	82.04.370	1935	\$4,200,000
19 Farm Auction Sales (Sales and Use Tax)	82.08.0257; 82.12.0258	1943	\$4,100,000
20 Bad Debts (Public Utility Tax)	82.16.050(5)	1935	\$3,640,000
21 Processing Horticultural Products (B&O Tax)	82.04.4287	1935	\$3,500,000
22 Minimum Income Threshold (Public Utility Tax)	82.16.040	1935	\$2,600,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2018 (Continued - 39 Total Preferences)			
23 Irrigation Water (Public Utility Tax)	82.16.050(7)	1935	\$2,500,000
24 Fraternal Benefit Societies (Insurance Premiums Tax)	48.36A.010; 48.36A.240	1911	\$2,200,000
25 Public Utility Operating Property (Sales and Use Tax)	82.08.0256; 82.12.0257	1935	\$525,000
26 Digital Goods and Services for Multiple Points of Use (Sales and Use Tax)	82.08.02088; 82.12.02088	2009	\$274,000
27 Public Development Authorities (B&O Tax)	82.04.615	2007	\$53,000
28 Amateur Radio Repeaters (Leasehold Excise Tax)	82.29A.138	2007	\$18,000
29 Cigarette Stamping (B&O Tax)	82.04.601	2007	\$8,000
30 Public Authority Sales (Sales and Use Tax)	82.08.995; 82.12.995	2007	\$6,000
31 Electric Vehicle Battery Charging Stations (Sales and Use Tax)	82.08.816; 82.12.816	2009	\$0
32 Import and Export Commerce (Sales Tax)	82.08.990	2007	\$0
33 Electric Vehicle Infrastructure (Leasehold Excise Tax)	82.29A.125	2009	\$0
34 Sales Tax Sourcing Costs (Multiple Taxes)	82.32.760(1)(b)	2007	\$0
35 Aircraft for Air Ambulances (Multiple Taxes)	82.48.100(7); 84.36.575	2010	\$0
36 Corporate Headquarters (Sales and Use Tax)	82.82.020	2008	\$0
37 Quinalt Tribal Tax (Timber Tax)	84.33.0776	2007	\$0
38 Airports Owned by Cities in Other States (Property Tax)	84.36.130	1941	\$0
39 Standing Timber (B&O Tax)	82.04.334	2007	Not known

2019 (30 Total Preferences)

2019: Uncategorized (30 Preferences)

1 Income of Employees (B&O Tax)	82.04.360	1935	\$4,910,000,000
2 Investments by Nonfinancial Firms (B&O Tax)	82.04.4281(1)(a)	1935	\$577,800,000
3 Feed and Seed (Sales and Use Tax)	82.04.050(11)	1935	\$144,000,000
4 Janitorial Services (Sales and Use Tax)	82.04.050(2)(d)	1935	\$96,800,000
5 Cash Discounts (Multiple Taxes)	82.04.4283; 82.08.010; 82.16.050(4)	1935	\$90,200,000
6 Route 520 Replacement Bridge (Sales and Use Tax)	47.01.412	2008	\$71,037,000
7 Casual Sales (Sales Tax)	82.08.0251	1935	\$65,100,000
8 Tuition and Fees (B&O Tax)	82.04.4282(5); 82.04.4332	1935	\$40,200,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2019 (Continued - 30 Total Preferences)			
9 Audio or Video Programming (Sales and Use Tax)	82.08.02081; 82.12.02081	2009	\$24,921,000
10 Newspapers (Sales and Use Tax)	82.08.0253; 82.12.0345; 82.08.0253(1)(b)	1935	\$24,800,000
11 General Aviation (Property Tax)	82.48.110	1949	\$22,200,000
12 Joint Utility Services (Public Utility Tax)	82.16.050(3)	1935	\$20,000,000
13 Digital Goods and Services for Business Purposes (Sales and Use Tax)	82.08.02087; 82.12.02087	2009	\$6,429,000
14 Ocean Marine Insurance (Insurance Premiums Tax)	48.11.050; 48.11.105; 48.14.020(3)	1947	\$4,900,000
15 Standard Digital Information (Sales and Use Tax)	82.08.705; 82.12.705	2009	\$4,226,000
16 Newspapers (B&O Tax)	82.04.260(14)	2009	\$1,421,000
17 Municipal Utilities (Public Utility Tax)	82.16.050(1)	1935	\$1,400,000
18 Military Housing (Property Tax)	82.29A.130(19); 84.36.665	2008	\$1,020,000
19 Weatherization Assistance Program (Sales and Use Tax)	82.08.998; 82.12.998	2008	\$930,000
20 Flour and Oil Manufacturing (B&O Tax)	82.04.260(1)(a)	1949	\$832,000
21 Temporary Medical Housing (Sales Tax)	82.08.997	2008	\$596,000
22 Nonprofit Fairs (Property Tax)	84.36.480	1975	\$201,000
23 Nonprofit Races (Parimutuel Tax)	67.16.105(1)	1979	\$30,000
24 Trail Grooming (Sales Tax)	82.08.0203	2008	\$22,000
25 Aircraft Held for Sale (Aircraft Excise Tax)	82.48.100(5)	1955	\$16,000
26 Nonresident Aircraft (Aircraft Excise Tax)	82.48.100(3)	1949	\$2,000
27 Biodiesel and Waste Vegetable Oil (Sales and Use Tax)	82.08.0205; 82.12.0205	2008	\$0
28 Commercial Aircraft (Aircraft Excise Tax)	82.48.100(4)	1949	(\$19,200,000)
29 Radioactive Waste Cleanup (B&O Tax)	82.04.263	2009	Not in DOR Report
30 Active Duty Military Penalty Waiver (Multiple Taxes)	82.32.055	2008	Not disclosable

2020 (49 Total Preferences)

2020: Uncategorized (49 Preferences)

1 Nonresidents' Personal Property (Use Tax)	82.04.425	1935	\$8,548,000,000
2 Interstate Transportation Equipment (Sales Tax)	82.08.0262	1949	\$5,772,500,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2020 (Continued - 49 Total Preferences)			
3 Vehicles Used in Interstate Commerce (Use Tax)	82.12.0254	1937	\$1,094,800,000
4 Vehicles in Interstate Commerce (Sales Tax)	82.08.0263	1949	\$220,300,000
5 Fertilizer and Chemical Sprays (Sales and Use Tax)	82.04.050(11)	1943	\$166,600,000
6 Labor and Services Used to Construct and Repair Public Roads (Sales and Use Tax)	82.04.050(10)	1943	\$128,100,000
7 Vehicles Sold to Nonresidents (Sales Tax)	82.08.0264	1935	\$68,700,000
8 Interstate Transportation - In-State Portion (Public Utility Tax)	82.16.050(6)	1935	\$59,700,000
9 Interstate Transportation - Through Freight (Public Utility Tax)	82.16.050(8)	1937	\$32,200,000
10 Breeding Livestock, Cattle, and Milk Cows (Sales and Use Tax)	82.08.0259; 82.12.0261	1945	\$19,792,000
11 Interstate Transportation - Shipments to Ports (Public Utility Tax)	82.16.050(9)	1937	\$15,200,000
12 Bailed Tangible Personal Property for R&D (Use Tax)	82.12.0265	1961	\$10,500,000
13 Farm Machinery Sold to Nonresidents (Sales Tax)	82.08.0268	1961	\$9,900,000
14 Vehicles Acquired While in Military Service (Use Tax)	82.12.0266	1963	\$7,812,000
15 Interest on Agricultural Loans (B&O Tax)	82.04.4294	1970	\$7,553,000
16 Title Insurance Premiums (Insurance Premiums Tax)	48.14.020	1947	\$6,060,000
17 Sand and Gravel for Local Road Construction (Sales and Use Tax)	82.08.0275; 82.12.0269	1965	\$4,174,000
18 Nonprofit Conservation and Open Space Lands (Property Tax)	84.36.260; 84.34.220	1967	\$3,909,000
19 Financial Institution Investment Conduit or Securitization Entity Income (B&O Tax)	82.04.650; 82.04.080(2)	2010	\$3,814,000
20 Nonprofit Sheltered Workshops (B&O Tax)	82.04.385	1970	\$3,400,000
21 Ride Sharing Vehicles (Sales and Use Tax)	82.08.0287; 82.12.0282	1980	\$3,120,000
22 Pollution Control Facilities (Multiple Taxes)	82.34.050(2); 82.34.060(2)	1967	\$3,000,000
23 Agricultural Products (Litter Tax)	82.19.050(2)	1971	\$1,964,000
24 Home Improvements (Property Tax)	84.36.400	1972	\$1,938,000
25 Forest Land Compensating Tax (Property Tax)	84.33.140(13)-(14)	1971	\$1,932,000
26 METRO Transit Planning (Public Utility Tax)	35.58.560	1967	\$1,808,000
27 Certified Aircraft Repair Firms (B&O Tax)	82.04.250(3)	2003	\$1,649,000
28 Nursery Stock (Property Tax)	84.40.220	1971	\$1,521,000
29 Agricultural Fairs (B&O Tax)	82.04.335	1965	\$1,348,000
30 Ride Sharing and Special Needs Transportation (Public Utility Tax)	82.16.047	1979	\$928,000
31 Urban Transportation (Fuel Tax)	82.36.275; 82.38.080	1957	\$884,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2020 (Continued - 49 Total Preferences)			
32 Christmas Trees and Cottonwoods (Timber Tax)	84.33.170	1971	\$652,000
33 Semen for Artificial Insemination (Sales and Use Tax)	82.08.0272; 82.12.0267	1965	\$648,000
34 Destroyed Property (Property Tax)	84.70.010	1974	\$481,000
35 Poultry Used in Production (Sales and Use Tax)	82.08.0267; 82.12.0262	1961	\$462,000
36 Dried Pea Processors (B&O Tax)	82.04.260(2)	1967	\$447,000
37 Returnable Containers (Sales and Use Tax)	82.08.0282; 82.12.0276	1974	\$293,000
38 Pollen (Sales and Use Tax)	82.08.0277; 82.12.0273	1967	\$56,000
39 Printing by Local Governments (B&O Tax)	82.04.397	1979	\$22,000
40 Foreign Government Purchases (Fuel Tax)	82.36.245	1967	\$8,000
41 Ride Sharing and Special Needs Transportation (B&O Tax)	82.04.355	1979	\$0
42 Financial Institution Affiliate Income (B&O Tax)	82.04.645; 82.04.080(2)	2010	\$0
43 Annexation Sales (Sales and Use Tax)	82.08.0278; 82.12.0274	1970	\$0
44 Timber (Property Tax)	84.33.040	1971	\$0
45 Seafood Processing (B&O Tax)	82.04.120	1975	Not disclosable
46 Services Performed Between Local Governments (B&O Tax)	82.04.4291	1970	Not separately stated
47 Financial Institution Commercial Aircraft Loan Interest and Fees (B&O Tax)	82.04.43391; 82.04.080(2)	2010	Not disclosable
48 Special Fuel (Sales and Use Tax)	82.08.0255(2); 82.12.0256(1)	1983	Not separately stated
49 Community Centers (Property Tax)	84.36.010(1)	2010	Not in DOR Report

2021 (63 Total Preferences)

2021: Uncategorized (63 Preferences)

1 Real Estate Excise Tax Exemptions (Real Estate Excise Tax)	82.45.010(3)	1951	\$1,356,200,000
2 Export and Commercial Uses (Aircraft Fuel Tax)	82.42.030; 82.42.070	1967	\$299,900,000
3 Extracted Fuel (Use Tax)	82.12.0263	1949	\$69,200,000
4 Credit Unions - State Chartered (B&O Tax)	82.04.405	1970	\$60,900,000
5 Sales to Nonresidents from No or Low Sales Tax States (Sales Tax)	82.08.0273	1965	\$58,000,000
6 Renewable Energy Machinery (Sales and Use Tax)	82.08.962; 82.12.962	2009	\$40,800,000
7 Shared Real Estate Commissions (B&O Tax)	82.04.255	1970	\$36,000,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2021 (Continued - 63 Total Preferences)			
8 Meat Processors (B&O Tax)	82.04.260(4)	1967	\$30,500,000
9 International Banking Facilities (B&O Tax)	82.04.315	1982	\$29,990,000
10 Interstate Bridges (Property Tax)	84.36.230	1949	\$29,100,000
11 Imported Frozen or Packaged Fish (Enhanced Food Fish Tax)	82.27.030(1),(3)	1980	\$20,815,000
12 Nonprofit Day Care Centers (Property Tax)	84.36.040(1)(a)	1973	\$15,750,000
13 Investment of Businesses in Related Entities (B&O Tax)	82.04.4281(1)(b),(c)	1970	\$14,400,000
14 Boats Sold to Nonresidents (Sales Tax)	82.08.0266; 82.08.02665	1959	\$13,800,000
15 Fuel for State or County Ferries (Sales and Use Tax)	82.08.0255(1)(d)-(e); 82.12.0256(2)(e)-(f)	2011	\$11,203,000
16 Public Institution R&D Machinery and Equipment (Sales and Use Tax)	82.08.025651; 82.12.025651	2011	\$9,370,000
17 Laundry Services for Nonprofit Health Care Facilities (Sales and Use Tax)	82.04.050(2)(a)	1973	\$8,800,000
18 Restaurant Employee Meals (Sales and Use Tax)	82.08.9995; 82.12.9995	2011	\$7,468,000
19 Nonprofit Church Camps (Property Tax)	84.36.030(2)	1971	\$6,878,000
20 Nonprofit Blood and Tissue Banks (Property Tax)	84.36.035	1971	\$6,090,000
21 Display Items for Trade Shows (Use Tax)	82.12.0272	1971	\$4,984,000
22 Nonprofit Sheltered Workshops (Property Tax)	84.36.350	1970	\$4,438,000
23 Open Space Land Classification Removal (Property Tax)	84.34.108(6)	1973	\$3,880,000
24 Hog Fuel to Produce Energy (Sales and Use Tax)	82.08.956; 82.12.956	2009	\$3,237,000
25 Municipal Sewer Service Payments (B&O Tax)	82.04.432	1967	\$3,000,000
26 Solar Energy Machinery and Equipment (Sales and Use Tax)	82.08.963; 82.12.963	2009	\$2,948,000
27 Child Welfare Services (B&O Tax)	82.04.4275	2011	\$1,979,000
28 Church Offices (Property Tax)	84.36.032	1975	\$1,875,000
29 Interest from State and Municipal Obligations (B&O Tax)	82.04.4293	1970	\$1,760,000
30 Nonprofit Public Assembly Halls and Meeting Places (Property Tax)	84.36.037	1981	\$1,388,000
31 Property Management Personnel Payments (B&O Tax)	82.04.4274	2011	\$1,342,000
32 Boats Sold to Nonresidents (Sales and Use Tax)	82.08.700; 82.12.700	2007	\$1,153,000
33 Easements for Removing Products (Leasehold Excise Tax)	82.29A.020(1)	1975	\$1,059,000
34 Sales or Use Tax Paid in Another State (Use Tax)	82.12.035	1967	\$1,000,000
35 Public Historical Sites (Leasehold Excise Tax)	35.21.755	1977	\$997,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2021 (Continued - 63 Total Preferences)			
36 Log Transportation (Public Utility Tax)	82.16.020(1)(h)	2009	\$971,000
37 Tax Paid in Other States (Enhanced Food Fish Tax)	82.27.040	1980	\$852,000
38 Nonprofit Youth Organization Fees and Dues (B&O Tax)	82.04.4271	1981	\$799,000
39 Product Leases (Leasehold Excise Tax)	82.29A.120(2)	1976	\$744,000
40 Nonprofit Water Associations (Public Utility Tax)	82.16.050(12)	1977	\$720,000
41 Public Employee Housing (Leasehold Excise Tax)	82.29A.130(5)	1976	\$483,000
42 Restaurant Employee Meals (B&O Tax)	82.04.750	2011	\$395,000
43 Transportation of Persons with Special Needs (Fuel Tax)	82.36.285; 82.38.080(1)(h)	1983	\$362,000
44 Nonresidents' Rental Cars (Sales Tax)	82.08.0279	1980	\$350,000
45 Limited Income Homeowners (Property Tax)	84.37.030	2007	\$271,000
46 Homes Pending Destruction (Leasehold Excise Tax)	82.29A.130(10)	1976	\$194,000
47 Public Works Contracts (Leasehold Excise Tax)	82.29A.130(11)	1976	\$164,000
48 Ride Sharing Vehicles (Motor Vehicle Excise Tax)	82.44.015	1980	\$148,000
49 Honey Beekeepers (Sales and Use Tax)	82.08.0204; 82.12.0204	2008	\$94,000
50 Printing by Schools (B&O Tax)	82.04.395	1979	\$88,000
51 Honey Beekeepers (B&O Tax)	82.04.629; 82.04.630	2008	\$86,000
52 Funeral Home Reimbursement (B&O Tax)	82.04.4296	1979	\$49,000
53 Printing by Libraries (B&O Tax)	82.04.600	1979	\$14,000
54 Nonprofit Youth Organizations (Timber Tax)	84.33.075	1980	\$6,000
55 Repaired Items Delivered Out-of-State (Sales Tax)	82.08.0265	1959	\$0
56 Nonprofit Radio and TV Broadcast Facilities (Property Tax)	84.36.047	1977	\$0
57 Public Property Leaseholds (Property Tax)	84.36.451	1976	(\$33,394,000)
58 Housing Finance Commission (B&O Tax)	82.04.408	1983	Not disclosable
59 Grants to Local Government (B&O Tax)	82.04.418	1983	Not separately stated
60 Fuel For Transporting Persons with Special Needs (Sales and Use Tax)	82.08.0255(1)(b); 82.12.0256(2)(b)	1983	Not in DOR Report
61 Biomass to Produce Electricity (Sales and Use Tax)	82.08.957; 82.12.957	2009	Not separately stated
62 Cogeneration Facilities and Renewable Resources (Public Utility Tax)	82.16.055	1980	Not disclosable
63 Crop Dusting (Aircraft Fuel Tax)	82.42.020	1982	Not tracked by DOL

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2022 (60 Total Preferences)			
<i>2022: Uncategorized (60 Preferences)</i>			
1 Business Inventories (Property Tax)	84.36.477; 84.36.510	1974	\$1,370,560,000
2 Natural and Manufactured Gas (Sales and Use Tax)	82.08.026; 82.12.023; 82.14.030(1)	1989	\$193,700,000
3 Annuities (Insurance Premiums Tax)	48.14.020(1)	1979	\$188,700,000
4 Hazardous Substance Exemptions (Hazardous Substance Tax)	82.21.040	1989	\$167,177,000
5 High Technology R&D (Sales and Use Tax)	82.63.010; 82.63.030	1994	\$62,200,000
6 High Technology R&D (B&O Tax)	82.04.4452	1994	\$54,200,000
7 Subsidized Housing (Leasehold Excise Tax)	82.29A.130(3)	1976	\$43,487,000
8 Precious Metals and Bullion (Sales and Use Tax)	82.04.062	1985	\$39,150,000
9 Special Fuel Use Exemptions (Fuel Tax)	82.38.080	1971	\$36,357,000
10 Insurance Producers, Title Insurance Agents, and Surplus Line Brokers (B&O Tax)	82.04.260(9)	1983	\$35,600,000
11 Ferry Boats (Sales and Use Tax)	82.08.0285; 82.12.0279	1977	\$26,089,000
12 Urban Passenger Transit Fuel (Sales and Use Tax)	82.08.0255(1)(a),(c); 82.12.0256(2)(a),(c)	1980	\$22,046,000
13 Condominium and Homeowner Maintenance Fees (B&O Tax)	82.04.4298	1979	\$19,950,000
14 Stevedoring (B&O Tax)	82.04.260(7)	1979	\$17,922,000
15 Federal Government Structure Labor (Sales and Use Tax)	82.04.050(12)	1975	\$12,265,000
16 Travel Agents and Tour Operators (B&O Tax)	82.04.260(5)	1975	\$10,200,000
17 International Charter and Freight Brokers (B&O Tax)	82.04.260(6)	1979	\$8,506,000
18 Fish Tax Differential Rates (Enhanced Food Fish Tax)	82.27.020(4)	1980	\$7,502,000
19 Commuting Programs (Multiple Taxes)	82.70.020	2003	\$5,700,000
20 Leases Under \$250 per Year and Short Term Leases (Leasehold Excise Tax)	82.29A.130(8)-(9)	1976	\$5,572,000
21 Precious Metals and Bullion (B&O Tax)	82.04.062	1985	\$3,066,000
22 Solar Energy and Silicon Product Manufacturers (B&O Tax)	82.04.294	2005	\$3,050,000
23 Cargo Containers (Property Tax)	84.36.105	1975	\$2,901,000
24 Health Insurance by State Pool (Insurance Premiums Tax)	48.14.022	1987	\$2,900,000
25 Manufacturing for Government (Leasehold Excise Tax)	82.29A.020(1)	1976	\$1,839,000
26 Life Insurance Sales Employees (B&O Tax)	82.04.360(1)	1991	\$1,581,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2022 (Continued - 60 Total Preferences)			
27 Biotechnology Manufacturing (Sales and Use Tax)	82.75.010; 82.75.030	2006	\$1,409,000
28 Adult Family Homes (B&O Tax)	82.04.327	1987	\$962,000
29 Excess Tax Credit (Leasehold Excise Tax)	82.29A.120(1)	1986	\$637,000
30 Insurance Guaranty Funds (Insurance Premiums Tax)	48.32.130; 48.32.145; 48.32A.125	1976	\$480,000
31 Used Floating Homes (Sales and Use Tax)	82.08.034; 82.12.034	1984	\$334,000
32 Historic Vessels (Property Tax)	84.36.080(2)	1986	\$333,000
33 Computers Donated to Schools (Use Tax)	82.12.0284	1983	\$192,000
34 Returned Motor Vehicles (Sales Tax)	82.32.065	1987	\$90,000
35 Lodging for Homeless People (Sales Tax)	82.08.0299	1988	\$68,000
36 Dispute Resolution Services (B&O Tax)	2012 c 249 § 1	2012	\$16,000
37 Timber Tax Minimum (Timber Tax)	84.33.086	1984	\$8,000
38 Student Loan Organizations (B&O Tax)	82.04.367	1987	\$0
39 Minor Final Assembly Completed in Washington (B&O Tax)	82.04.4295	1977	\$0
40 Health Insurance Claims (B&O Tax)	82.04.4331	1988	\$0
41 Crude Oil (Petroleum Products Tax)	82.23A.010(1)	1989	\$0
42 Successive Use (Petroleum Products Tax)	82.23A.030(1)	1989	\$0
43 Domestic Use (Petroleum Products Tax)	82.23A.030(2)	1989	\$0
44 Fuel Used Before Tax Imposed (Petroleum Products Tax)	82.23A.030(4)	1989	\$0
45 Fuel Used to Process Petroleum Products (Petroleum Products Tax)	82.23A.030(5)	1989	\$0
46 Exported Petroleum Products (Petroleum Products Tax)	82.23A.030(6)	1989	\$0
47 Packaged Petroleum Products (Petroleum Products Tax)	82.23A.030(7)	1989	\$0
48 Fuel Exported in Fuel Tanks (Petroleum Products Tax)	82.23A.040(1)	1989	\$0
49 Syrup Previously Taxed (Syrup Tax)	82.64.030(1)	1989	\$0
50 Syrup Exported (Syrup Tax)	82.64.030(2)	1989	\$0
51 Trademarked Syrup (Syrup Tax)	82.64.030(3)	1991	\$0
52 Syrup Purchased Before Tax Imposed (Syrup Tax)	82.64.030(4)	1989	\$0
53 Public Timber (Timber Tax)	84.33.077	1983	\$0
54 Student Loan Organizations (Property Tax)	84.36.030(6)	1987	\$0
55 Conservation Futures (Property Tax)	84.36.500	1984	\$0

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2022 (Continued - 60 Total Preferences)			
56 Delinquency Penalty and Interest Waivers (Property Tax)	84.56.025	1984	\$0
57 Ferrosilicon (Sales and Use Tax)	82.04.050(1)(a)(iv); 82.04.190(1)(d)	1986	Not disclosable
58 Publicly Owned Cargo Cranes and Docks (Leasehold Excise Tax)	82.29A.020(1)	2012	Not in DOR Report
59 Nonprofit Youth Character Building Leases (Property Tax)	84.36.031(2)	2012	Not in DOR Report
60 Personal Property Tax Penalty Waiver (Property Tax)	84.40.130(3)	2012	Not in DOR Report

2023 (71 Total Preferences)

2023: Health (27 Preferences)

1 Health Maintenance Organizations (B&O Tax)	82.04.322	1993	\$336,000,000
2 Medicare, Medicaid, and Other Government Payments to Public and Nonprofit Hospitals (B&O Tax)	82.04.4311	2002	\$224,000,000
3 Medicare Receipts (Insurance Premiums Tax)	48.14.0201(6)(a)	1993	\$83,736,000
4 Prescription Drug Resellers (B&O Tax)	82.04.272	1998	\$33,753,000
5 Dentistry Prepayments (Insurance Premiums Tax)	48.14.0201(6)(c)	1993	\$24,524,000
6 Medical Devices (Sales and Use Tax)	82.08.0283; 82.12.0277	1975	\$10,744,000
7 Basic Health Plan Receipts (Insurance Premiums Tax)	48.14.0201(6)(b)	2005	\$10,348,000
8 Nonprofit Medical Research and Training Facilities (Property Tax)	84.36.045	1975	\$9,905,000
9 Nonprofit Cancer Treatment Clinics (Property Tax)	84.36.046	1997	\$7,776,000
10 Nonprofit Blood and Tissue Banks (Sales and Use Tax)	82.08.02805; 82.12.02747	1995	\$7,153,000
11 Insulin (Sales and Use Tax)	82.08.985; 82.12.985	2004	\$6,082,000
12 Prescription Drug Administration (B&O Tax)	82.04.620	2007	\$3,000,000
13 Nonprofit Blood and Tissue Banks (B&O Tax)	82.04.324	1995	\$2,214,000
14 Kidney Dialysis Equipment (Sales and Use Tax)	82.08.945; 82.12.945	2003	\$1,584,000
15 Dietary Supplements (Sales and Use Tax)	82.08.925; 82.12.925	2003	\$1,579,000
16 Nonprofit Dialysis Facilities (Property Tax)	84.36.040(1)(f)	1987	\$1,394,000
17 Nebulizers (Sales and Use Tax)	82.08.803; 82.12.803	2004	\$1,182,000
18 Drug Delivery Systems (Sales and Use Tax)	82.08.935; 82.12.935	2003	\$1,156,000
19 Ostomic Items (Sales and Use Tax)	82.08.804; 82.12.804	2004	\$590,000
20 Human Body Parts (Sales and Use Tax)	82.08.02806; 82.12.02748	1996	\$425,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2023 (Continued - 71 Total Preferences)			
21 Organ Procurement (B&O Tax)	82.04.326	2002	Not disclosable
22 Life Sciences Discovery Fund (B&O Tax)	82.04.4263	2005	Not disclosable
23 Comprehensive Cancer Centers (B&O Tax)	82.04.4265	2005	Not disclosable
24 Vaccine Association (B&O Tax)	82.04.640	2010	Not disclosable
25 Free Public Hospitals (Sales and Use Tax)	82.08.02795; 82.12.02745	1993	Not disclosable
26 Organ Procurement (Sales and Use Tax)	82.08.02807; 82.12.02749	2002	Not disclosable
27 Comprehensive Cancer Centers (Sales and Use Tax)	82.08.808; 82.12.808	2005	Not disclosable
2023: Uncategorized (44 Preferences)			
1 Local Residential and Coin-Op Telephone Service (Sales Tax)	82.08.0289	1983	\$119,116,000
2 Competitive Telephone Service (Sales and Use Tax)	82.04.050(1)(a)	1981	\$65,596,000
3 Retailing (B&O Tax)	82.04.250(1)	1983	\$52,191,000
4 Local Government Business Income (B&O Tax)	82.04.419	1983	\$40,080,000
5 Used Mobile Homes (Sales and Use Tax)	82.08.033; 82.12.033	1979	\$39,270,000
6 Nonprofit Homes for Aging (Property Tax)	84.36.041	1989	\$24,843,000
7 Fishing Boat Fuel (Sales and Use Tax)	82.08.0298; 82.12.0298	1987	\$15,966,000
8 Nonprofit Youth Recreation Services and Local Government Physical Fitness Classes (Sales and Use Tax)	82.08.0291; 82.12.02917	1981	\$15,132,000
9 Tree Trimming Under Power Lines (Sales and Use Tax)	82.04.050(3)(e)	1995	\$10,326,000
10 Artistic and Cultural Organizations (B&O Tax)	82.04.4322; 82.04.4324; 82.04.4326; 82.04.4327	1981	\$7,974,000
11 Performing Arts (Property Tax)	84.36.060(1)(b)	1981	\$7,398,000
12 Artistic and Cultural Organizations (Sales and Use Tax)	82.08.031; 82.12.031	1981	\$5,994,000
13 Fuel Used in Commercial Vessels (B&O Tax)	82.04.433	1985	\$5,953,000
14 Use Tax on Rental Value (Use Tax)	82.12.010(7)(c)	1985	\$5,885,000
15 Nonprofit Emergency or Transitional Housing (Property Tax)	84.36.043	1983	\$5,704,000
16 Boats Under 16 Feet (Watercraft Excise Tax)	82.49.020(3)	1983	\$5,633,000
17 Rural County and CEZ New Jobs (B&O Tax)	82.62.030; 82.62.045	1986	\$2,032,000
18 Alternative Fuel Vehicles (Sales and Use Tax)	82.08.809; 82.12.809	2005	\$680,000
19 Bonneville Power Admin Program (B&O Tax)	82.04.310(4)	2010	\$641,000

Brief Description	RCW	Enacted	Biennial Beneficiary Savings
2023 (Continued - 71 Total Preferences)			
20 Wax and Ceramic Materials to Create Molds (Sales and Use Tax)	82.08.983; 82.12.983	2010	\$612,000
21 Tuna, Mackerel, and Jack Fish (Enhanced Food Fish Tax)	82.27.010	1995	\$578,000
22 Biodiesel and Alcohol Fuel Production Facilities (Leasehold Excise Tax)	82.29A.135(1)(a)-(d),(2)	1980	\$559,000
23 Nonprofit Fundraising (Property Tax)	84.36.550	1993	\$493,000
24 Nonfuel Use of Petroleum (Oil Spill Tax)	82.23B.045	1991	\$387,000
25 Core Deposits and Tire Fees (Sales and Use Tax)	82.08.036; 82.12.038	1989	\$354,000
26 Biodiesel and Alcohol Fuel Production Facilities (Property Tax)	84.36.635	2003	\$264,000
27 Forest Derived Biomass (B&O Tax)	82.04.4494	2009	\$262,000
28 Baseball Stadiums (Leasehold Excise Tax)	82.29A.130(14)	1995	\$216,000
29 Biodiesel and E85 Fuel Sales (B&O Tax)	82.04.4334	2003	\$191,000
30 Biodiesel and E85 Fuel Distribution (Sales and Use Tax)	82.08.955; 82.12.955	2003	\$28,000
31 Fish Cleaning (B&O Tax)	82.04.2403	1994	\$26,000
32 Trade Shows (B&O Tax)	82.04.4282(6)	1989	\$22,000
33 Wood Biomass Fuel Manufacturing (B&O Tax)	82.04.260(1)(f)	2003	\$0
34 Nonprofit Credit and Debt Counseling (B&O Tax)	82.04.368	1993	\$0
35 Secondary Transportation (Oil Spill Tax)	82.23B.030	1991	\$0
36 Inmate Employment Programs (Leasehold Excise Tax)	82.29A.130(12)	1992	\$0
37 Wood Biomass Fuel Production Facilities (Leasehold Excise Tax)	82.29A.135(1)(e),(2)	2003	\$0
38 Forest Land Special Assessments (Property Tax)	84.33.210(1)	1992	\$0
39 Wood Biomass Fuel Production Facilities (Property Tax)	84.36.640	2003	\$0
40 Horse Race Tracks (Sales and Use Tax)	82.66.040	1995	(\$1,036,000)
41 Baseball Stadiums (Sales and Use Tax)	36.100.090	1995	(\$6,544,000)
42 Testing and Safety Labs (B&O Tax)	82.04.434	1991	Not disclosable
43 Hanford Lease Fees (Leasehold Excise Tax)	82.29A.020(2)	1991	Not disclosable
44 Foreclosure Relocation Assistance (Real Estate Excise Tax)	82.45.030(3)	2011	Not in DOR Report