

## Overview

### Citizen Commission for Performance Measurement of Tax Preferences Proposed Process for Commission Action on 2017 Tax Preference Reviews

September 7, 2017

#### Step One: Completion date—Thursday, September 7th

- Commissioners receive public testimony.

#### Step Two: Completion date—Monday, September 25th

- Using the Commissioner Draft Comment Form, Commissioners forward to the Legislative Auditor any proposed comments by September 25th. ([See Commissioner Comment Form.](#))
- The Legislative Auditor will compile proposed comments using groups A through G (see explanation on following pages) and distribute to all Commissioners by C.O.B., Wednesday, September 27th. ([See Exhibit 1: Example from 2016 Commissioner Comment Process, pg. 5 of this document.](#))

#### Step Three: Completion date—Wednesday, October 4th

- Chair to prepare consolidated draft of proposed Commissioner comments. Legislative Auditor will distribute to all Commissioners.

#### Step Four: Completion date—Tuesday, October 10th

- At the October 10<sup>th</sup> meeting, Commissioners will determine which comments to adopt, using the process outlined below.

## **OCTOBER 10th MEETING**

**First, the Commission will consider JLARC staff reviews with recommendations to continue.**

### **GROUP A: Continue – endorse without comment**

- Commissioners will be asked if they would like to adopt individual comments for any preferences from Group A.
- **If there are any proposed comments, those preferences will be moved to Group B** (see below).
- The Commission will then entertain a motion to act on those remaining in the Group A list.
- Any Commissioner can ask to add a minority report reflecting their individual comments. ([See Exhibit 2: Citizen Commission for Performance Measurement of Tax Preferences Bylaws, “Article VII: Minority Reports”](#) on pg. 6 of this document.)

#### **GROUP A - LEGISLATIVE AUDITOR RECOMMENDATION: CONTINUE**

**Coal-Fired Power Plant (Multiple Preferences)**

**Electric Power Sold in Rural Areas (Public Utility Tax)**

**Sales of Manufactured and Mobile Home Communities (Real Estate Excise Tax)**

**The Commission will then consider adopting comments for preferences in Groups B through G, in order.**

### **Groups B through G**

Action on the remaining specific preference reviews will be considered in order of the following groups. **Groups B through F** are organized based on the Legislative Auditor recommendation: the Commission will determine whether to endorse or not endorse, and adopt any additional comments. **Group G** is provided to add comments on Expedited Preferences.

### **GROUP B: Continue – endorse or not endorse; consider whether to provide a comment**

#### **GROUP B - LEGISLATIVE AUDITOR RECOMMENDATION: CONTINUE**

**(Tax preferences with individual comments from Group A.)**

**GROUP C: Review and/or Clarify – endorse without comment**

- Commissioners will be asked if they would like to adopt individual comments for any preferences from Group C.
- **If there are any proposed comments, those preferences will be moved to Group D** (see below).
- The Commission will then entertain a motion to act on those remaining in the Group C list.
- Any Commissioner can ask to add a minority report reflecting their individual comments. ([See Exhibit 2: Citizen Commission for Performance Measurement of Tax Preferences Bylaws, “Article VII: Minority Reports”](#) on pg. 6 of this document.)

<b>GROUP C - LEGISLATIVE AUDITOR RECOMMENDATION: REVIEW AND/OR CLARIFY – With No Additional Comments from Commissioners.</b>
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Alternative Fuel Vehicles (Sales and Use Tax)
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Automotive Adaptive Equipment for Veterans and Service Members with Disabilities (Sales and Use Tax)
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Electric Vehicle Batteries and Charging Stations (Multiple Taxes)
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Electricity for Electrolytic Processors (Public Utility Tax)
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International Banking Facilities (Business and Occupation Tax)
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Standard Financial Information (Sales and Use Tax)
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State-Chartered Credit Unions (Business and Occupation Tax)
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Vessel Deconstruction (Sales and Use Tax)
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**GROUP D: Review and/or Clarify – endorse or not endorse; consider whether to provide a comment**

<b>GROUP D - LEGISLATIVE AUDITOR RECOMMENDATION: REVIEW AND CLARIFY</b>
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(Tax preferences with individual comments from Group C.)
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**GROUP E: Terminate – endorse without comment**

- Commissioners will be asked if they would like to adopt individual comments for any preferences from Group E.
- **If there are any proposed comments, those preferences will be moved to Group F** (see below).
- The Commission will then entertain a motion to act on those remaining in the Group E list.

- Any Commissioner can ask to add a minority report reflecting their individual comments. ([See Exhibit 2: Citizen Commission for Performance Measurement of Tax Preferences Bylaws, “Article VII: Minority Reports”](#) on pg. 6 of this document.)

**GROUP E - LEGISLATIVE AUDITOR RECOMMENDATION: TERMINATE  
With No Additional Comments from Commissioners.**

Cogeneration Facilities and Renewable Resources (Public Utility Tax)

Wood Biomass Fuel Manufacturing (Business and Occupation Tax)

**GROUP F: Terminate – endorse or not endorse; consider whether to provide a comment**

**GROUP F - LEGISLATIVE AUDITOR RECOMMENDATION: TERMINATE**

(Tax preferences with individual comments from Group E.)

**GROUP G: Expedited preferences where Commission may wish to add comments**

- Each preference and any associated Commission comments will be discussed individually.
- The Commission will then entertain a motion to act on each individual preference.
- Any Commissioner can ask to add a minority report reflecting their individual comments.

**GROUP G - CITIZEN COMMISSION COMMENTS ADDED TO EXPEDITED PREFERENCES**

## ***EXHIBIT 1: EXAMPLE FROM 2016 COMMISSIONER COMMENT PROCESS***

### ***GROUP C: Review and Clarify: endorse or not endorse; consider whether to provide a comment***

#### ***Adopted Comment***

##### **Customer Generated Power (Public Utility Tax)**

##### Legislative Auditor Recommendation: Review and Clarify

The Legislature should review and clarify the preference because while there has been growth in locally made systems and associated opportunities for businesses, this growth is concentrated in a small number of solar energy system manufacturers. As part of the clarification, the Legislature should include targets for how many new local renewable energy systems it hopes to create and how much power capacity it hopes to generate through the use of this preference, as well as which local industries it would like to support.

##### Commission Comment: The Commission endorses the Legislative Auditor's recommendation.

The Legislature should more clearly define targets for installations and generation. This would include targets for both residential, commercial, and community solar installations. In addition, based on written testimony from Inland Power and Light (a cooperative headquartered in Spokane County), the Legislature may want to consider a utility's administrative costs related to managing customer-installed solar panels. The testimony from Inland Power and Light indicates administrative costs are not fully compensated under the current tax preference.

## ***EXHIBIT 2: CITIZEN COMMISSION FOR PERFORMANCE MEASUREMENT OF TAX PREFERENCES BYLAWS***

### **Article VII: Minority Reports**

Section 1: Minority Report(s): Any Commission member may request a minority report for any motion that has been approved by a vote of the Commission. Requests must be made to the Chair at the meeting, following the approval of the motion. The Chair shall ensure that minority reports requested by members are registered in the record of business for the Commission meeting.