



Citizen Commission for Performance Measurement of Tax Preferences

William A. Longbrake, *Chair*
Vice Chair, Washington Mutual, Inc.

Lily Kang, *Vice Chair*
Associate Professor of Law
Seattle University

Richard S. Davis
President, Washington Research Council

Charles Hasse
President, Washington Education Association

Carolyn Logue
State Director,
National Federation of Independent Business

Brian Sonntag
State Auditor

Representative Ross Hunter
Chair, Joint Legislative
Audit & Review Committee

Citizen Commission for Performance Measurement of Tax Preferences Meeting Minutes October 6, 2006 Marriott SeaTac Airport, Salon C SeaTac, WA

Members Present:

Richard S. Davis
Charles Hasse
Representative Ross Hunter
Lily Kahng
Carolyn Logue
William A. Longbrake

Absent:

Brian Sonntag

Staff:

Ruta Fanning
Gary Benson
Suzanne Kelly
Lisa Hennessy

WELCOME AND INTRODUCTIONS

Ruta Fanning, Legislative Auditor, acting as meeting facilitator, called the meeting to order at 1:10 p.m. Ms. Fanning introduced herself and staff members present. She then introduced the Commission and gave brief profiles of each member.

ELECTION OF CHAIR AND VICE CHAIR

Ms. Fanning explained that, as this was the initial meeting of the Commission, the first order of business would be to elect officers. Ms. Fanning asked for nominations for the office Chair of the Citizen Commission for Performance Measurement of Tax Preferences.

MOTION: A motion was made to nominate Bill Longbrake as Commission Chair.
The motion was seconded and carried unanimously.

Ms. Fanning turned the meeting over to Chair Longbrake.

MOTION: A motion was made to nominate Lily Kahng as Commission Vice Chair.
The motion was seconded and carried unanimously.

REVIEW OF ENABLING STATUTE, TAX REVIEW PROCESS, AND ROLES

Ms. Fanning presented a review of the Commission's enabling statute (EHB 1069), the process for reviewing tax preferences, and the roles of the Commission and JLARC.

Commission Discussion

The Commission discussed the expedited review process. The first tax preference scheduled for review, the B&O tax reduction for beef processors (RCW 82.04.4336; relating to bovine spongiform encephalopathy, or "mad cow disease"), is eligible for a special review due to its 12/31/07 expiration date. Representative Hunter suggested that, since the first review will be a test of the process, it should be a full review rather than an expedited review. There was sufficient consensus to accept the recommendation to fully review the first preference.

The Commission discussed tax preferences exempted from review. Because EHB 1069 states that any preference the Commission determines is "a critical part of the structure of the tax system" is exempt from review, Chair Longbrake suggested the need for a definition of "critical." The Commission also agreed they may need to call on the Attorney General's office and the Department of Revenue from time to time for help interpreting the statutes regarding exemptions.

The Commission requested access to any previous studies or past reviews of tax preferences. The Commission also requested that they be instructed further regarding JLARC's methodology and process for conducting audits and reviews.

Time periods relating to reviews were discussed and clarified. Due to the timing of EHB 1069 in the legislature, some of the dates originally set out have already passed so appear to be errors. The B&O tax reduction for beef processors (RCW 82.04.4336; relating to bovine spongiform encephalopathy, or "mad cow disease"), is eligible for a special review due to its 12/31/07 expiration date. For clarification, the Commission requested that JLARC present a proposed timeframe for review of the B&O tax reduction for beef processors at the next meeting.

LEGAL REQUIREMENTS FOR COMMISSIONS AND MEMBERS

Assistant Attorney General, Cindy Evans, provided a briefing on the Open Public Meetings Act, the Public Records Act, record retention requirements, and ethics. Ms. Evans cautioned members regarding the use of e-mail as they relate to the Open Public Meetings and Public Records Acts, and records retention requirements.

Commission Discussion

The Commission discussed potential conflicts of interest pertaining to certain tax preferences. Ms. Evans suggested that if any member, or the institution they represent, has a personal interest in any tax preference, that interest be disclosed. The Commission requested that staff draft a policy for disclosing personal interest. Ms. Evans and Ms. Fanning will draft a policy for consideration and discussion at the next Commission meeting. It was also suggested that any confidential information shared between JLARC and the Commission be clearly marked as such so that it will not be inadvertently disclosed to any unauthorized individuals.

ADOPTION OF BYLAWS

Ms. Fanning presented the draft Citizen Commission for Performance Measurement of Tax Preferences bylaws.

Commission Discussion

Possible amendments to the draft bylaws were discussed including changes to terms of officers, rules of order, and meeting agendas.

MOTION: It was moved to strike March 1 and March 1st from Article IV, Section 1, and replace with **June 30**.
The motion was seconded and carried unanimously.

MOTION: A motion was made to strike prior to the meeting from Article V, Section 5.
The motion was seconded.
After further discussion regarding the value of the amendment, the motion was unanimously opposed.

The Commission discussed members' attendance at meetings. The Commission requested that language be drafted to allow members to participate in meetings via telephone either for discussion purposes only and no right to vote, or with right to vote. The Commission also requested that Ms. Evans research the term "present" as it pertains to attendance at meetings and members' right to vote. It was agreed that members would make every effort to attend meetings in person.

MOTION: A motion was made to adopt the draft bylaws as amended.
The motion was seconded and carried unanimously.

PUBLIC COMMENT PERIOD

Christy Margelli, of Washington Tax Fairness Coalition, spoke in favor of formation of the Commission and the work it is undertaking.

The meeting was adjourned at 3:45 p.m.