



Citizen Commission for Performance Measurement of Tax Preferences

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

Charles Hasse
President, Washington Education Association

Brian Sonntag
State Auditor

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

Senator Phil Rockefeller
Chair, Joint Legislative Audit
and Review Committee

Carolyn Logue
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Citizen Commission for Performance Measurement of Tax Preferences Meeting Minutes

August 3, 2007

Marriott SeaTac Airport, Salon I
SeaTac, WA

Members Present:

Lily Kahng
Carolyn Logue
William A. Longbrake

Absent:

Charles Hasse
Senator Phil Rockefeller
Brian Sonntag

Staff:

Ruta Fanning
Gary Benson
Keenan Konopaski
Lizbeth Martin-Mahar
Suzanne Kelly
Lisa Hennessy

WELCOME

Commission Chair Bill Longbrake welcomed those in attendance and called the meeting to order at 1:15 p.m.

STAFF REPORTS

Ruta Fanning gave a summary of agenda items for the upcoming 2007 Commission meetings. She specified that the September 7 meeting would be a public comment session in which the Commission would hear testimony on the tax preference reviews, and the October 26 meeting would be a work session in which the Commission would adopt comments on the 2007 tax preference reviews.

Ms. Fanning reported that Senator Phil Rockefeller, the newly elected Chair of the Joint Legislative Audit and Review Committee, would be replacing Representative Ross Hunter on the Commission.

Ms. Fanning also reported that, due to new work-related responsibilities, Richard Davis had resigned from the Commission.

TAX PREFERENCE PERFORMANCE REVIEWS

Gary Benson gave an overview of the presentation of the preliminary tax preference reports. Mr. Benson explained that, of the 22 preferences that were reviewed, the presentation would cover only those seven preferences that were recommended for clarification, modification, or termination.

Lizbeth Martin-Mahar presented four nonprofit property tax preferences for the following entities: nonsectarian organizations, hospitals, nursing homes, and orphanages. She gave highlights of each tax preference, including legal history, answers to select review questions, and recommendations. Of the four property tax preferences, the preliminary reports recommend that three be continued with modifications. The preliminary report recommends that the preference for orphanages be terminated and allow the orphanages to qualify for another tax preference.

Ms. Martin-Mahar also presented highlights of two business and operations tax preferences: membership dues and fees, and horse racing. The preliminary report recommends that the preference for membership dues and fees be continued with modifications, and the preference for horse racing be continued with clarifications.

Gary Benson presented the tax preference for refunded fuel tax for nonhighway use. The preliminary report recommends the preference be continued with modification.

Commission Discussion

The Commission discussed the seven tax preferences presented by staff.

The Commission directed staff to capture specific comments and questions from their discussion so they could be addressed at the public testimony session on September 7, 2007.

APPROVAL OF MEETING MINUTES

MOTION: A motion was made to approve the February 23, 2007, meeting minutes.
The motion was seconded and carried unanimously.

RECAP OF 2007 TAX PREFERENCE REVIEWS / 2008 PRELIMINARY 10-YEAR REVIEW SCHEDULE

Ruta Fanning summarized the experiences of the 2007 tax preference review process. She explained that preparation of the 22 reviews was rushed, overwhelming support staff, editors, and reviewers. She indicated the 16 expedited reviews presented a problem in particular because they were, in most cases, nearly equally as intensive as full reviews. The current plan for 2008 will present workload problems.

Gary Benson presented a preliminary 2008 10-year review schedule. He gave details of new tax preferences resulting from 2007 legislation and staff-suggested changes to the review lists.

Commission Discussion

The Commission discussed options to make the 2008 review process more manageable, and potentially trim the list of reviews. The Commission directed staff to develop a proposal for streamlining the tax preference review workload, and to incorporate staff-suggested changes into a draft review schedule to be presented at the September 7 meeting.

PUBLIC COMMENT

No members of the public requested an opportunity to comment at the meeting.

The meeting was adjourned at 4:20 p.m.