



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
Owner,
CA Logue Public Affairs

Citizen Commission for Performance Measurement of Tax Preferences Meeting Minutes

October 29, 2007

Marriott SeaTac Airport, Salon I
SeaTac, WA

Members Present:

Paul Guppy
Lily Kahng
William A. Longbrake
Stephen Miller

Absent:

Carolyn Logue
Sen. Phil Rockefeller
Brian Sonntag

Staff:

Ruta Fanning
Gary Benson
Keenan Konopaski
Lizbeth Martin-Mahar
Cindy Evans
Lisa Hennessy

WELCOME / INTRODUCTIONS

Commission Chair Bill Longbrake welcomed those in attendance and called the meeting to order at 9:05 a.m. Mr. Longbrake introduced new Commission member Stephen Miller, appointed by the House Democratic Caucus.

APPROVAL OF MEETING MINUTES

MOTION: A motion was made to approve the September 7, 2007, meeting minutes.
The motion was seconded and carried unanimously.

2008 COMMISSION MEETING SCHEDULE

Staff presented a draft meeting schedule for 2008. The Commission discussed the proposed schedule, agreeing on all dates except one. The August meeting date was changed from the 8th to the 6th.

APPROVAL OF 2008 MEETING SCHEDULE

MOTION: A motion was made to approve the 2008 Commission Meeting Schedule as amended. The motion was seconded and carried unanimously.

The 2008 regular meeting schedule is as follows:

Feb. 4, 1:00 p.m., Olympia
April 18, 1:00 p.m., Olympia
Aug. 6, 1:00 p.m., SeaTac
Sept. 5, 1:00 p.m., Olympia
Oct. 31, 1:00 p.m., SeaTac

COMMISSION COMMENTS ON 2007 TAX PREFERENCE REPORTS

Lizbeth Martin-Mahar presented a short summary of changes to the Preliminary Reports. She described the corrections as technical in nature, and stated that there were no changes to the report findings or recommendations.

Commission Discussion

The Commission discussed the 15 Tax Preferences with JLARC recommendations to continue with no change: churches parsonages, and convents; cemeteries; household goods; refund of fuel tax for exported fuel; nonprofit libraries; fire companies; growing crops; humane societies; collections and museums; veterans organizations; nonprofit youth organizations; contributions and donations; boxing and wrestling matches; lost or destroyed fuel; and historic auto museums.

APPROVAL TO ENDORSE RECOMMENDATIONS TO CONTINUE WITH NO CHANGE

MOTION: A motion was made to acknowledge receipt of the 2007 JLARC Tax Preference Reviews for 15 preferences where JLARC staff recommended "continue with no change." The Commission, which has provided a forum for discussion and public comment on them, endorsed the recommendations to continue the 15 preferences. The motion was seconded and carried unanimously.

Commission Discussion

The Commission discussed the property tax exemption for nonprofit hospitals, nonsectarian organizations, nursing homes, and orphanages. They endorsed JLARC's recommendations and added additional comments. Commission members agreed the objective of their comments was to be more directive than JLARC's recommendations, by stating that the Legislature should clarify their intent with regard to charity and low-income care in nonprofit hospitals and nursing homes. They also added the Legislature should clarify their intent with regard to community service activities performed by nonprofit hospitals and nursing homes. In addition, the Commission wanted

to adopt more directive language to the Legislature for clarifying the intent of, a gift-giving test for nonsectarian organizations. Lastly, the Commission intended to ensure that nonprofit orphanages continue to qualify for property tax exempt status.

The Commission discussed horse racing, and agreed the Legislature should clarify the intent of this business and occupation tax exemption.

APPROVAL OF COMMISSION COMMENTS

MOTIONS: A motion was made to adopt the following comments regarding the JLARC recommendation for nonprofit hospitals with the following comments:

The Legislature should determine whether the nonprofit hospital property tax exemption is intended to be available to hospitals that provide more charity or low-income care than other hospitals, and if necessary, amend the exemption to ensure that it carries out its intended purpose.

The Legislature should determine whether it should require information on community service activities performed by nonprofit hospitals, and if so, it should amend the exemption to require nonprofit hospitals to report an annual community service inventory.

The motion was seconded and carried unanimously.

A motion was made to adopt the following comments regarding the JLARC recommendation for nonprofit nonsectarian organizations with the following comments:

The Legislature should determine whether it intends nonprofit nonsectarian organizations to meet a gift giving test to qualify for the property tax exemption, and if so, it should enact a gift giving criteria into law.

The motion was seconded and carried unanimously.

A motion was made to adopt the following comments regarding the JLARC recommendation for nonprofit nursing homes with the following comments:

The Legislature should determine whether the nonprofit nursing home property tax exemption is intended to be available to nursing homes that provide more charity or low-income care than other nursing homes, and if necessary, amend the exemption to ensure that it carries out its intended purpose.

The Legislature should determine whether it should require information on community service activities performed by nursing homes, and if so, it should amend the exemption to require nursing homes to report an annual community service inventory.

The motion was seconded and carried unanimously.

A motion was made to adopt the following comments regarding the JLARC recommendation for nonprofit orphanages with the following comments:

The Commission recommends that nonprofit orphanages continue to qualify for tax exempt status.

The motion was seconded and carried unanimously.

APPROVAL TO ENDORSE RECOMMENDATIONS TO RE-EXAMINE OR CLARIFY

MOTIONS: Motions were made that the Commission, which had provided a forum for discussion and public comment on them, endorsed JLARC recommendations for the tax preferences for nonprofit hospitals, nonsectarian organizations, nursing homes, and nonprofit orphanages with the additional comments (adopted above).

All motions were seconded and carried unanimously.

MOTIONS: Motions that the Commission, which had provided a forum for discussion and public comment on them, endorsed JLARC recommendations for the tax preferences for membership dues and fees, horse racing, and nonhighway use of fuel.

All motions were seconded and carried unanimously.

PUBLIC COMMENT

Will Callicoat, of the Washington State Hospital Association, requested clarification of Commission comments on the JLARC recommendations for nonprofit hospitals.

The meeting was adjourned at 10:05 a.m.