

Citizen Commission for the Performance Measurement of Tax Preferences

10-Year Review Schedule

2017-2026

Statute directs the Commission to develop a schedule to accomplish an orderly review of the state's tax preferences on a ten-year cycle. The Commission is authorized to revise the schedule as needed.

This ten-year schedule was adopted by the Commission in June 2017.

In adopting the schedule, the Commission considered a number of issues, including:

- Industry grouping
- Amount of the preference
- Expiration date of the preference
- Whether the Legislature explicitly directed a review of the preference
- Whether the preference is considered critical to the state's tax structure
- Results of previous reviews

The format of the schedule is similar for each year:

1. 15 preferences are scheduled each year for a **Full JLARC Review**. For these, the Commission will base its review on the work completed by staff of the Joint Legislative Audit and Review Committee.
2. 10 preferences are scheduled each year as **Alternates**, which are preferences that will have a full JLARC review if staff resources are available after completing the 15 full reviews. If not, these preferences would be reviewed using the expedited process, outlined in 3 below.
3. A number of preferences are then listed as **Not Subject to Full Review**. For these preferences, the Commission will use an expedited process, basing their review on information developed by the Department of Revenue.
4. Each year include a list of preferences categorized as **Critical to the Tax Structure**. The Commission has determined that these will not be reviewed. However, the Commission may, as it revises the 10-year schedule, determine whether to review these preferences if merited by changes in statute or economic circumstances.

Brief Description	Review Group	RCW	Enacted	Expires	Biennial Beneficiary Savings
2017 (Continued - 69 Total Preferences) Focus: Energy, Finance, and Maritime					
25 Vessel Use by Manufacturers or Dealers (Use Tax)	Maritime	82.12.800; 82.12.801; 82.12.802	1997		\$802,000
26 Historic Vessels (Property Tax)	Maritime	84.36.080(2)	1986		\$289,000
27 Vessels under 65 Feet in Length (Public Utility Tax)	Maritime	82.16.020(1)(e)	1935		\$41,000
28 Ships Under Construction (Property Tax)	Maritime	84.36.079	1959		\$0
29 Extracted Fuel (Use Tax)	Energy	82.12.0263	1949		\$63,751,000
30 Electricity Sales for Resale (B&O Tax)	Energy	82.04.310(2)	2000		Not disclosable
31 Interest on Real Estate Loans (B&O Tax)	Finance	82.04.4292	1970		\$69,417,000
32 International Investment Management (B&O Tax)	Finance	82.04.290(1)	1995		\$40,956,000
33 Stevedoring (B&O Tax)	Maritime	82.04.260(7)	1979		\$19,111,000
34 Fishing Boat Fuel (Sales and Use Tax)	Maritime	82.08.0298; 82.12.0298	1987		\$6,261,000
2017: Critical Part of the Tax Structure (19 Preferences)					
1 Natural and Manufactured Gas (Sales and Use Tax)	Energy	82.08.026; 82.12.023; 82.14.030(1)	1989		\$193,700,000
2 Natural Gas Subject to Public Utility Tax (Use Tax)	Energy	82.12.022(4)	1989		\$90,855,000
3 Successive Use (Petroleum Products Tax)	Energy	82.23A.030(1)	1989		\$72,103,000
4 Electric Power Exported or Resold (Public Utility Tax)	Energy	82.16.050(11)	1989		\$28,812,000
5 Exported Petroleum Products (Petroleum Products Tax)	Energy	82.23A.030(6)	1989		\$4,356,000
6 Fuel Used to Process Petroleum Products (Petroleum Products Tax)	Energy	82.23A.030(5)	1989		\$559,000
7 Nonfuel Use of Petroleum (Oil Spill Tax)	Energy	82.23B.045	1991		\$182,000
8 Natural Gas Not Delivered via Pipeline (Use Tax)	Energy	82.12.022(3)	1994		\$0
9 Packaged Petroleum Products (Petroleum Products Tax)	Energy	82.23A.030(7)	1989		\$0
10 Secondary Transportation (Oil Spill Tax)	Energy	82.23B.030	1991		\$0
11 Electricity and Steam (Sales and Use Tax)	Energy	82.08.950; 82.12.950	2003		Not separately stated
12 Investments by Nonfinancial Firms (B&O Tax)	Finance	82.04.4281(1)(a)	1935		\$699,000,000

Brief Description	Review Group	RCW	Enacted	Expires	Biennial Beneficiary Savings
2017 (Continued - 69 Total Preferences) Focus: Energy, Finance, and Maritime					
13 Investment of Businesses in Related Entities (B&O Tax)	Finance	82.04.4281(1)(b),(c)	1970		\$14,400,000
14 Interest from State and Municipal Obligations (B&O Tax)	Finance	82.04.4293	1970		\$8,110,000
15 Credit Unions - State Chartered (Use Tax)	Finance	82.12.860	2006		\$474,000
16 Foreclosure Relocation Assistance (Real Estate Excise Tax)	Housing	82.45.030(3)	2011		\$0
17 Other Ships and Vessels (Property Tax)	Maritime	84.36.090	1931		\$55,565,000
18 Boats Sold to Nonresidents (Sales Tax)	Maritime	82.08.0266; 82.08.02665	1959		\$12,276,000
19 Commercial Vessels (Property Tax)	Maritime	84.36.080(1)	1931		\$11,545,000

2018 (58 Total Preferences) Focus: Agriculture

2018: Full JLARC Review (10 Preferences)

1 Custom Farming (B&O Tax)	Agricultural Services	82.04.625	2007	12/31/2020	\$140,000
2 Hauling Farm Products for Relatives (Public Utility Tax)	Agricultural Services	82.16.300	2007	12/31/2020	Not known
3 Corporate Headquarters (Sales and Use Tax)	Business	82.82.020	2008	12/31/2020	\$0
4 Mental Health Services (B&O Tax)	Medical Services	82.04.4277	2011	1/1/2020	\$2,029,000
5 Aircraft for Air Ambulances (Aircraft Excise Tax)	Medical Services	82.48.100(8)	2010	1/1/2020	Not known
6 Aircraft for Air Ambulances (Property Tax)	Medical Services	84.36.575	2010	1/1/2020	\$0
7 Nonprofit Fundraising (Use Tax)	Nonprofit	82.12.225	2013	7/1/2020	\$42,000
8 High-Unemployment County Investment Projects (Sales and Use Tax)	Other	82.60.040; 82.60.049	1985	7/1/2020	\$11,878,000
9 Multi-Unit Urban Housing in Rural Counties (Property Tax)	Housing	84.14.020; 84.14.040(1)(d)(i)	2014	1/1/2020	Not in DOR Report
10 Multi-Unit Urban Housing (Property Tax)	Housing	84.14.020	1995		\$90,314,000

2018: Not Subject to Full Review (41 Preferences)

1 Farming Machinery and Equipment (Property Tax)	Agricultural Equipment & Other	84.36.630	2001		\$4,676,000
2 Farm-Worker Housing (Sales and Use Tax)	Agricultural Equipment & Other	82.08.02745; 82.12.02685	1996		\$1,738,000

Brief Description	Review Group	RCW	Enacted	Expires	Biennial Beneficiary Savings
2018 (Continued - 58 Total Preferences) Focus: Agriculture					
3 Product Leases (Leasehold Excise Tax)	Agricultural Equipment & Other	82.29A.120(2)	1976		\$1,229,000
4 Anaerobic Digesters for Dairies (Sales and Use Tax)	Agricultural Equipment & Other	82.08.900; 82.12.900	2001		\$150,000
5 Conservation Futures (Property Tax)	Agricultural Equipment & Other	84.36.500	1984		\$0
6 Agricultural Products (Property Tax)	Agricultural Products	84.36.470	1984		\$261,320,000
7 Christmas Trees and Cottonwoods (Timber Tax)	Agricultural Products	84.33.170	1971		\$4,178,000
8 Hops Processed and Exported (B&O Tax)	Agricultural Products	82.04.337	1987		\$3,880,000
9 Agricultural Products (Litter Tax)	Agricultural Products	82.19.050(2)	1971		\$2,796,000
10 Nursery Stock (Property Tax)	Agricultural Products	84.40.220	1971		\$2,734,000
11 Christmas Tree Inputs (Sales and Use Tax)	Agricultural Products	82.04.213	1987		\$2,064,000
12 Conditioned Seed Wholesaling (B&O Tax)	Agricultural Products	82.04.331	1998		\$2,033,000
13 Livestock Nutrient Management Equipment (Sales and Use Tax)	Agricultural Products	82.08.890; 82.12.890	2001		\$1,600,000
14 Horticultural Packing Materials (Sales and Use Tax)	Agricultural Products	82.08.0311; 82.12.0311	1988		\$1,542,000
15 Semen for Artificial Insemination (Sales and Use Tax)	Agricultural Products	82.08.0272; 82.12.0267	1965		\$656,000
16 Aquaculture Feed (Sales and Use Tax)	Agricultural Products	82.08.0294; 82.12.0294	1985		\$246,000
17 Livestock Feed (Sales and Use Tax)	Agricultural Products	82.08.0296; 82.12.0296	1986		\$242,000
18 Conifer Seedlings Sold Out-of-State (Sales and Use Tax)	Agricultural Products	82.08.850; 82.12.850	2001		\$86,000
19 Pollen (Sales and Use Tax)	Agricultural Products	82.08.0277; 82.12.0273	1967		\$66,000
20 Pollination Agents (Sales and Use Tax)	Agricultural Products	82.04.050(11)	1993		\$46,000
21 Crop Dusting (Aircraft Fuel Tax)	Agricultural Products	82.42.230(1)	1982		Not known
22 Seed Conditioning (B&O Tax)	Agricultural Services	82.04.120	1987		\$4,477,000
23 Shipping Farm Products to Port (Public Utility Tax)	Agricultural Services	82.16.050(10)	2007		\$2,668,000
24 Agricultural Fairs (B&O Tax)	Agricultural Services	82.04.335	1965		\$1,200,000
25 Hay Cubing (B&O Tax)	Agricultural Services	82.04.120	1997		\$1,106,000
26 Christmas Tree Producers (B&O Tax)	Agricultural Services	82.04.100; 82.04.330	1987		\$385,000

