

**2009**  
**“EXPEDITED LIGHT”**  
**TAX PREFERENCE**  
**PERFORMANCE**  
**REVIEWS**

**SCOPE AND OBJECTIVES**

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STATE OF WASHINGTON  
JOINT LEGISLATIVE AUDIT  
AND REVIEW COMMITTEE

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## Why a JLARC Study of Tax Preferences?

Engrossed House Bill 1069 (2006) established the Citizen Commission for Performance Measurement of Tax Preferences and directed it to develop a schedule for periodic review of the state’s tax preferences. The bill also directed the Joint Legislative Audit and Review Committee (JLARC) to conduct the periodic reviews.

## Background

Tax preferences are exemptions, exclusions, or deductions from the base of a state tax; a credit against a state tax; a deferral of a state tax; or a preferential state tax rate. The state has more than 580 tax preferences.

Recognizing the need to assess the effectiveness of these tax preferences in meeting their intended objectives, and an orderly process to do so, the Legislature established the Citizen Commission for Performance Measurement of Tax Preferences. The role of the commission is to develop a schedule for the performance review of all tax preferences at least once every ten years. The ten year schedule is to be revised annually.

Omitted from review are several categories of tax preferences identified by statute (e.g., tax preferences required by constitutional law). Any tax preference that the commission determines is a critical part of the structure of the tax system may also be omitted.

The commission has identified three categories of review, based on each tax preference’s estimated biennial fiscal impact:

1. Full reviews (over \$10 million)
2. Expedited reviews (between \$2 million and \$10 million)
3. Expedited light reviews (\$2 million or less)

However, at their discretion, the Commission may elect to subject a tax preference with a fiscal impact of \$2 million or less to the expedited review process.

This document identifies the scope and objectives for the third category: expedited light tax preference reviews. JLARC is to review tax preferences according to the schedule developed by the commission, and consistent with guidelines set forth in statute.

## “Expedited Light” Study Scope and Objectives

This review will summarize information provided in the Department of Revenue’s “Tax Exemptions 2008” report. Given the information in this study, the JLARC review will summarize each tax preference’s purpose, primary beneficiaries, and taxpayer savings. No JLARC staff recommendations will be made for these tax preferences.

For 2009, no tax preferences are subject to the “Expedited Light” process.

## Timeframe for the Study

A preliminary audit report will be presented at the July 2009 JLARC meeting and at the August 2009 meeting of the commission. A final report will be presented to JLARC in November 2009.

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