

**2011  
EXPEDITED LIGHT  
TAX PREFERENCE  
PERFORMANCE  
REPORT**

**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 590 tax preferences.

Recognizing the need to assess the effectiveness of these tax preferences in meeting their intended objectives through an orderly process, the Legislature established the Citizen Commission for Performance Measurement of Tax Preferences. The Commission's role 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 (generally between \$2 million and \$10 million)
3. Expedited light reviews (generally less than \$2 million)

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 Preferences

This report will contain information provided in the Department of Revenue's "Tax Exemptions 2008" report regarding each tax preference's purpose, primary beneficiaries, and taxpayer savings. No JLARC review will be conducted and no staff recommendations will be made for these tax preferences.

For 2011, the following tax preferences are subject to the expedited light process:

Brief Description	RCW Citation	Year Enacted
1. Seafood processing	82.04.120	1975
2. Church administrative offices	84.36.032	1975
3. Nonprofit fair associations	84.36.480	1975
4. Easements for removing products	82.29A.020(1)	1976
5. Homes pending destruction	82.29A.130(10)	1976
6. Indian trust land	82.29A.130(6)-(7)	1976
7. Product leases, 33% credit	82.29A.120(2)	1976
8. Residences of public employees	82.29A.130(5)	1976

## Expedited Light Preferences (cont'd.)

Brief Description	RCW Citation	Year Enacted
9. Public works contracts	82.29A.130(11)	1976
10. Leaseholds of public property	84.36.451	1976
11. Public historical sites	35.21.755	1977
12. Radio & TV transmission stations	84.36.047	1977
13. Nonprofit water associations	82.16.050(12)	1977
14. Funeral home reimbursement	82.04.4296	1979
15. Commuter ride sharing	82.04.355	1979
16. Printing by libraries	82.04.600	1979
17. Printing by local government	82.04.397	1979
18. Printing by schools	82.04.395	1979
19. Nonprofit races	67.16.105(1)	1979
20. Commute trip reduction; special needs transportation	82.16.047	1979
21. Nonprofit youth organizations	84.33.075	1980
22. Credit for fish taxes paid to other jurisdictions	82.27.040	1980
23. Imported fish or fish products	82.27.030(1),(3)	1980
24. Cogeneration and renewable resources	82.16.055	1980
25. Nonresidents' rental vehicles	82.08.0279	1980
26. Ride-sharing vehicles	82.08.0287; 82.12.0282	1980
27. Ride-sharing vehicles (MVET)	82.44.015	1980
28. Youth organization fees	82.04.4271	1981
29. Public assembly halls and meeting places	84.36.037	1981
30. Aircraft fuel tax exemption – crop dusting	82.42.020	1982
31. Grants for local government	82.04.418	1983
32. Housing finance commission	82.04.408	1983
33. Transportation of persons with special needs	82.36.285; 82.38.080(1)(h)	1983
34. Special fuel used outside of state	82.08.0255(2); 82.12.0256(2)	1983
35. Fuel for transporting persons with special needs	82.08.0255(1)(b); 82.12.0256(2)(b)	1983
36. Honey beekeepers B&O tax exemptions	82.04.629; 82.04.630	2008
37. Honey beekeepers sales/use tax exemptions	82.08.0204; 82.12.0204	2008
38. Habitat for endangered species	84.33.140(13); 84.34.108(6)	2009
39. Log transportation preferential public utility tax rate	82.16.020	2009
40. Sales of forest derived biomass to produce electricity	82.08.957; 82.12.957	2009
41. Machinery and equipment used to generate solar energy	82.08.963; 82.12.963	2009

## Expedited Light Tax Preference Process

Commission develops and delivers to JLARC schedule of tax preferences

Staff provides report

Commission conducts public comment session and may provide comments

Report (with any Commission comments) to JLARC to distribute

Final Report transmitted to Legislative Fiscal Committees

Legislative Fiscal Committees hold joint hearing

## Timeframe for the Report

A report listing information obtained from the Department of Revenue for these preferences will be available in July 2011.

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