**To use this form:**

1. *Save form to an accessible location on your computer (e.g., My Documents).*
2. *Fill in your name here:* *(then hit tab)*
3. *Enter text for Comments and Rationales in blue shaded areas.*
4. *The last section is available to add comments to Expedited Preferences.*
5. *After your edits are complete, save the file and email it to the Legislative Auditor at* [*Keenan.Konopaski@leg.wa.gov*](mailto:Keenan.Konopaski@leg.wa.gov?subject=Draft%20Commissioner%20Comments%20on%202013%20Preferences)

*Note: To follow hyperlinks, press Ctrl and click link.*

1. [**Family Business Property (Estate Tax)**](http://leg.wa.gov/jlarc/taxReports/2015/FamilyFarmandBusinessProperty/p/default.htm)

**Legislative Auditor recommendation: Continue**Because the tax preference is meeting the inferred public policy objective of reducing the likelihood of heirs being forced to sell the property to pay estate taxes.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Horticultural Services for Farmers (Sales and Use Tax)**](http://leg.wa.gov/jlarc/taxReports/2015/HorticulturalServicesforFarmers/p/default.htm)

**Legislative Auditor recommendation: Continue**Because the preference is achieving the inferred public policy objective of treating horticultural services provided to farmers as nondiscretionary services rather than as discretionary services subject to sales tax.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Commercially Grown Shellfish (Enhanced Food Fish Tax)**](http://leg.wa.gov/jlarc/taxReports/2015/CommerciallyGrownFishandShellfish/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**Because providing additional detail in the tax preference performance statement such as a measure of the desired increase in jobs would facilitate future reviews of these preferences.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Family Farm Property (Estate Tax)**](http://leg.wa.gov/jlarc/taxReports/2015/FamilyFarmandBusinessProperty/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**To determine whether there are unintended beneficiaries because the heirs may immediately sell the farm without penalty.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Farm Machinery Replacement Parts (Sales and Use Tax)**](http://leg.wa.gov/jlarc/taxReports/2015/FarmMachineryReplacementParts/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**

It is unclear whether the combined circumstance of stagnant crop prices and rising input costs still applies, and what changes in prices and costs would be appropriate for continuing the preferences relative to farm profits; it is unclear what participation level of eligible farmers and the total fiscal impact of the preference the Legislature intended; and the Legislature may want to consider adding reporting or other accountability requirements that would provide better information on the use of this preference.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Fuel Used on Farms (Sales and Use Tax)**](http://leg.wa.gov/jlarc/taxReports/2015/FuelUsedonFarms/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**To provide a performance statement that specifies a public policy objective and provides a metric, such as a metric based on the price of diesel, to determine when the preference is necessary.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Fuel Used to Heat Chicken Houses; Chicken Bedding Materials (Sales and Use Tax)**](http://leg.wa.gov/jlarc/taxReports/2015/FuelUsedtoHeatChickenHousesChickenBeddingMaterials/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**

Because the two inferred objectives lead to different conclusions.

If the objective was to help chicken farmers at a time when agriculture was struggling, then the Legislature should consider whether assistance is still needed in light of increases in sales, and commodity prices relative to the increase in propane costs.

If the objective was to make taxation of Washington chicken farmers more consistent with other states, that objective has been achieved.  The taxation of propane and natural gas to heat chicken structures and bedding materials is similar to that of other states with which Washington competes.

The Legislature may want to consider adding reporting or other accountability requirements that would provide better information on the use of this preference.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Grain and Unprocessed Milk Wholesaling (B&O Tax)**](http://leg.wa.gov/jlarc/taxReports/2015/GrainandUnprocessedMilkWholesaling/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**Because it is unclear why the Legislature chose to provide preferential treatment to wholesale sales of certain crops but not to other agricultural products.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Livestock Medicine (Sales and Use Tax)**](http://leg.wa.gov/jlarc/taxReports/2015/LivestockMedicine/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**To provide a performance statement that includes a public policy objective and specifies metrics to determine if the objectives have been achieved.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Aluminum Industry Tax Preferences for Smelters:**](http://leg.wa.gov/jlarc/taxReports/2015/AluminumIndustryTaxPreferences/p/default.htm)

***Reduced B&O Rate (B&O Tax)***

***B&O Credit Taxes Paid on Property (Property Tax)***

***Sales and Use Tax Credit (Sales and Use Tax)***

***Brokered Natural Gas Exemption (Use Tax)***

**Legislative Auditor recommendation: Review and clarify**Because future reviews will be facilitated by specifying jobs and commodity pricing metrics that can be used to determine if the objective for the four preferences directly available to aluminum smelters has been achieved; providing a performance statement that includes a public policy objective and specifies metrics to determine if the objectives for the two preferences available for businesses selling power to aluminum smelters have been achieved; and adding a requirement for the beneficiaries of the aluminum preferences to disclose their beneficiary savings because otherwise the fiscal impact of the preferences may not be identified in the future.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Aluminum** **Industry Tax Preferences for Energy Sellers:**](http://leg.wa.gov/jlarc/taxReports/2015/AluminumIndustryTaxPreferences/p/default.htm)

***Public Utility Tax Credit (Public Utility Tax)***

***B&O Credit for Electric and Gas Sales (B&O Tax)***

**Legislative Auditor recommendation: Review and clarify**Because future reviews will be facilitated by specifying jobs and commodity pricing metrics that can be used to determine if the objective for the four preferences directly available to aluminum smelters has been achieved; providing a performance statement that includes a public policy objective and specifies metrics to determine if the objectives for the two preferences available for businesses selling power to aluminum smelters have been achieved; and adding a requirement for the beneficiaries of the aluminum preferences to disclose their beneficiary savings because otherwise the fiscal impact of the preferences may not be identified in the future.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Interest on Real Estate Loans (B&O Tax):**](http://leg.wa.gov/jlarc/taxReports/2015/InterestonRealEstateLoans/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**Because the application of different definitions for “community bank” changes the pool of lenders who qualify for the preference; and the original inferred public policy objective of stimulating the residential housing market may no longer apply given the changes in the lending industry and the rise of the secondary mortgage market.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Motion Picture Program Contributions (B&O Tax):**](http://leg.wa.gov/jlarc/taxReports/2015/MotionPictureProgramContributions/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**To provide additional detail on the target for Washington’s film industry relative to other states, as well as desired employment outcomes for jobs, average hourly wages, and health and benefits coverage.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Public Facilities Districts (Leasehold Excise Tax):**](http://leg.wa.gov/jlarc/taxReports/2015/PublicFacilitiesDistricts/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**To provide a performance statement that includes a public policy objective and specifies metrics to determine if the objectives have been achieved, and to add reporting or other accountability requirements to provide better information on the use of the preference.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

1. [**Warehouse and Grain Elevator Remittance (Sales and Use Tax):**](http://leg.wa.gov/jlarc/taxReports/2015/WarehouseandGrainElevatorConstructionandEquipment/p/default.htm)

**Legislative Auditor recommendation: Review and clarify**To provide more specificity about what trade and what kinds of jobs the Legislature has as its objectives, measurable targets for these objectives, and data collection mechanisms that can be used to assess performance in meeting these objectives.

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

# Expedited Preference

1. **Expedited preference name:**

**Commissioner name:**

**Possible comment** *(insert comment below)***:**

**Rationale for comment** *(briefly describe the rationale supporting the comment)***:**

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