CALL TO ORDER AND WELCOME
Commission Chair William Longbrake welcomed those in attendance and called the meeting to order at 10:01 am.

Legislative Auditor Keenan Konopaski introduced JLARC's new legal intern for the summer, Erin Manning, who is a 2nd year law student from Seattle University Law School.

1. **Action item: Approval of 4/22/16 meeting minutes**

   **MOTION:** A motion was made to approve the April 22, 2016 meeting minutes.

   The motion was seconded and carried.

   (See TVW recording at 02:19)

2. **Public comment on scheduling priorities**

   The Chair asked if any members of the public wished to testify. No one wished to do so.

   (See TVW recording at 00:30 and again at 1:13:02)

3. **Further discussion of key issues and summary of Commission guidance**

   The Chair introduced the staff issue papers provided to the commissioners at the April 22, 2016 meeting, along with proposals and comments added by Commissioners Forsyth, Khang, and the Chair. The Chair noted the intent was to provide guidance to the JLARC staff as they develop the 10 year review schedule. Discussion with commissioners, Legislative Auditor Keenan Konopaski and Deputy Legislative Auditor John Woolley followed.
Issue papers

Issue #4 - Should preferences receive greater priority in the schedule if they have an expiration date or if the Legislature specifically requests a JLARC review?
The Chair suggested prioritizing preferences where legislatively mandated preferences received the highest priority and preferences with an expiration date should be prioritized based on the potential size of the economic impact and subject to availability of JLARC staff resources. The Commission agreed on this guidance.

(See TVW recording at 08:54)

Issue #2 - Should the Commission continue to group preferences, such as by industry sector or by similarity of purpose?
The Chair noted that there has been consensus within the Commission that grouping preferences would be useful. The commissioners discussed grouping preferences by topic or industry and having JLARC staff use their discretion to group similar preferences. The Commission agreed on this guidance.

(See TVW recording at 11:19)

Issue #5 - Should preferences with a new “performance statement” provision receive greater priority in the schedule?
The Commission agreed that preferences with new performance statements should receive some priority but should be subordinate to other priorities and subject to availability of staff resources. The Commission agreed on this guidance.

(See TVW recording at 12:56)

Issue #1 - Are there factors with respect to previously reviewed preferences that should be considered in determining the review schedule?
The Chair discussed the idea that if a preference has already been reviewed and nothing has changed, it should receive an expedited review. Commissioners also discussed whether these preferences should be subject to a full review if additional data is found that was not present during the previous review. Commissioners expressed interest in having JLARC staff look ahead and work towards getting data they might not have had during the first review of each preference. The Commission agreed on this guidance.

(See TVW recording at 14:26)

Issue #3 - Are there preferences that the Commission should determine as critical to the tax structure, and thus not subject to review?
The Chair suggested that the 140 preferences JLARC and DOR staff identified as having administrative or structural purposes serve as the starting point for preferences that are not subject to review. Individual Commissioners can then propose whether they believe a specific preference should be added or removed from this list. If a commissioner objects to an item on the list, the Commission can discuss it at the June meeting. The Commission agreed on this guidance.

(See TVW recording at 35:45)

Issue #6 - Are there questions evaluated by JLARC staff that should be deemphasized? Are there questions that should be modified or added?
The Chair proposed that the Commission and JLARC staff should ask additional questions on a case by case basis. The Commission agreed on this guidance.

(See TVW recording at 38:46)
Issue #7a- Should there be a more specific question for evaluating a tax preference’s impact on the distribution of the tax liability?

The Commission discussed whether JLARC staff should review distributional impact. Legislative Auditor Keenan Konopaski suggested that if there is an objective on a preference that specifically defines a distributional issue, JLARC staff would bring that into the analysis. Otherwise distributional impact will not be analyzed. It is a topic that may be difficult to analyze on a preference by preference basis; it may be best addressed by looking at the entire tax structure. The Commission agreed on this guidance.

(See TVW recording at 40:10)

Issue #7b- For preferences intended to accomplish using one tax approach over another, should there be an additional evaluation question to identify changes in fiscal impacts over time?

The Commissioners and Legislative Auditor Keenan Konopaski discussed whether JLARC staff should determine the potential difference in impacts of applying different taxation approaches on specific preferences. Legislative Auditor Konopaski agreed that if the Commission scheduled a review for any of the 12 preferences that fall into this category, JLARC staff could include this question without significant workload impact.

(See TVW recording at 46:49)

Issue #8- Does the overall review effort merit additional JLARC staff resources?

The Chair asked JLARC staff to give the Commission a better understanding of what they can achieve with their current resources and how much more could be achieved with added resources. The Chair suggested developing a baseline 10 year schedule with existing resources, and then estimate additional reviews that could be added based on additional resources for staff and/or consulting.

(See TVW recording at 55:02)

- Chair Proposal
  The Chair summarized his proposal for developing the 10-year review schedule. The proposal included agreeing on what items are critical to the tax structure, preparing an initial schedule framework based on the guidance discussed today, and having JLARC staff establish options for the detailed review schedule.

(See TVW recording at 1:03:47)

4. Next steps

Commissioner Miller reminded commissioners to plan for lunch after the meeting in June. Stacia Hollar from the Attorney General’s office reminded the commissioners that they are not permitted to discuss commission work outside of regularly-scheduled public meetings.

(See TVW recording at 1:13:16)

The Chair moved the September meeting date from September 16, 2016 to September 9, 2016.
(See TVW recording at 01:15:10)

The Chair adjourned the meeting at 11:18 p.m.