State of Washington

Citizen Commission for Performance Measurement of Tax Preferences

E-mail: lisa.hennessy@leg.wa.gov
www.citizentaxpref.wa.gov

James Bobst
Pacific Fibre Products, Inc.

Ruta Fanning
Retired Legislative Auditor

Paul Guppy
Washington Policy Center

William A. Longbrake
Governor's Council of Economic Advisors

Stephen B. Miller
Washington Education Association

Non-voting Members:

Senator **Craig Pridemore**
Chair, Joint Legislative Audit and Review Committee

Brian Sonntag
State Auditor

August 14, 2012

TO: Members of the Citizen Commission for Performance Measurement of Tax Preferences

FROM: Keenan Konopaski, Legislative Auditor

SUBJECT: **Materials for the August 24, 2012, Commission Meeting**

The agenda for our August meeting covers seven areas: 1) election of officers; 2) approval of minutes; 3) a JLARC staff presentation on the Commission's website; 4) a presentation from the Pew Research Center; 5 & 6) selection of the final 2013 preferences for review and approval of the 10-Year Schedule; and 7) the 2012 Tax Preference Performance Reviews – Preliminary Report. Items in this packet are arranged in these seven areas.

Please remember that the meeting will start at **2:00 p.m.,** in Senate Hearing Room 3 of the John A. Cherberg Building, in Olympia.

1. ***ELECTION OF OFFICERS***

Election of a Chair and Vice Chair is required as their terms recently expired. The new terms will expire June 30, 2014.

2. ***APPROVAL OF MINUTES***

Draft minutes from the May 21, 2012 meeting are included in this packet for review and approval at the meeting.

3. ***COMMISSION WEBSITE***

At the meeting, JLARC staff will provide a brief overview of the website and its features.

4. ***PEW RESEARCH CENTER PRESENTATION***

Evidence Counts: Evaluating State Tax Incentives for Jobs and Growth was published by the Pew Center in March of this year. This analysis of states' efforts at evaluating tax preferences pointed to Washington as one of the 13 states "leading the way in generating much-needed answers about tax incentives' effectiveness." The Commission invited the report's principal author, Jeff Chapman, to discuss the report with the Commission. Jeff plans on first making a 15 minute presentation about the report and then discussing the report with the Commission. A copy of the report is available at: http://www.pewstates.org/research/reports/evidence-counts-85899378806.

5. & 6. ***SELECTION OF FINAL 2013 PREFERENCES FOR REVIEW AND APPROVAL OF 10-YEAR SCHEDULE***

At the May meeting, the Commission decided on 21 of the possible 22 reviews for a full JLARC review in 2013. Attached to this memo is a list which includes:

- The 21 preferences already chosen;
- The two preferences the Commission determined required additional consideration;
- The 45 preferences scheduled for expedited review (not reviewed by JLARC staff).

JLARC staff will suggest the following change: moving one of the 21 preferences currently scheduled for review in 2013 to the 2016 review schedule (Customer-Generated Power). This means we have the capacity to add two preferences to the 2013 schedule.

Two other items pertaining to the review schedule are enclosed: 1) The requested additional information on the Competitive Telephone Service exemption which is under consideration by the Commission for a 2013 JLARC review; and 2) The full ten-year schedule.

7. ***2012 TAX PREFERENCE PERFORMANCE REVIEWS – PRELIMINARY REPORT***

In July, Commission members received the 2012 Preliminary Report which was presented to JLARC on July 18th. JLARC staff will present the report at the August Commission meeting, focusing on either preferences staff recommend the Legislature review and clarify (12 preferences) or preferences staff recommend terminating (one preference). A copy of the report is available from the Commission's website at: http://www.leg.wa.gov/JLARC/AuditAndStudyReports/2012/Documents/2012TaxPreferencesPreliminaryReport.pdf.

The 2012 report includes a recommendation to the Department of Revenue (DOR) regarding their tax surveys and a recommendation to the Office of Financial Management (OFM) regarding their Input/Output model. Included in your packet is a joint response from OFM and DOR to the recommendations.

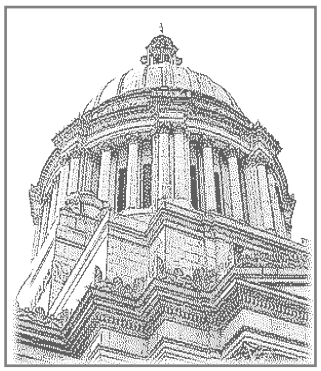
JLARC staff will also present an updated list of the status of the Legislature's implementation of reports' recommendations. This list, commonly referred to as "the scorecard", is included in this packet.

If you have any questions about these materials or the agenda, please contact me at 360-786-5187.

cc: Marty Brown, Director, Office of Financial Management
Marc Baldwin, Director of Forecasting, Office of Financial Management
Jim Schmidt, Office of Financial Management
Brad Flaherty, Director, Department of Revenue
Vikki Smith, Deputy Director, Department of Revenue
Kathy Oline, Assistant Director, Research, Department of Revenue
Kim Davis, Department of Revenue
Mark Mullin, Department of Revenue
Gary Grossman, Department of Revenue
Stacia Hollar, Assistant Attorney General

STATE OF WASHINGTON

CITIZEN COMMISSION FOR PERFORMANCE MEASUREMENT OF TAX PREFERENCES



COMMISSION MEMBERS

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Citizen Commission for
Performance Measurement of Tax Preferences
1300 Quince St. SE
Olympia, WA 98504-0910
(360) 786-5171
(360) 786-5180 Fax
www.citizentaxpref.wa.gov

AGENDA

Friday, August 24, 2012
2:00 p.m.
John A. Cherberg Bldg.
Senate Hearing Rm. 3
Olympia, WA

*1. Election of Officers

*2. Approval of May 21, 2012, Meeting Minutes

3. Demo of Tax Preferences Commission Website

4. Pew Research Center Presentation - *Evidence Counts: Evaluating State Tax Incentives for Jobs and Growth*

2013 Reviews

*5. Select Final 2013 Preferences for Review

*6. Finalize 2013 10-Year Review Schedule

2012 Reviews

7. 2012 Tax Preference Performance Reviews – Preliminary Report

General public comment period immediately following regular Commission business

* *Action Item*

Please Note:
The Commission reserves the right to move agenda items as needed.

State of Washington

Citizen Commission for Performance Measurement of Tax Preferences

William A. Longbrake, *Chair*
Governor's Council of Economic Advisors

Lily Kahng, *Vice Chair*
Seattle University Law School

James Bobst
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Citizen Commission for Performance Measurement of Tax Preferences
Meeting Minutes

May 21, 2012
John A. Cherberg Bldg.,
Senate Hearing Rm. 3
Olympia, WA

Members Present:

William A. Longbrake	Stephen Miller
Paul Guppy	Sen. Craig Pridemore
James Bobst	

Members Absent:

Lily Kahng	Brian Sonntag

Staff:

Keenan Konopaski	John Woolley
Mary Welsh	Dana Lynn
Peter Heineccius	Suzanne Kelly
Cindy Evans	Lisa Hennessy

WELCOME / INTRODUCTIONS

Commission Chair Bill Longbrake welcomed those in attendance and called the meeting to order at 2:05 p.m.

APPROVAL OF MEETING MINUTES

MOTION: A motion was made to approve the October 11, 2011, meeting minutes.

The motion was seconded and carried.

STAFF REPORTS

John Woolley briefed the Commission on the 2012 Legislative Sessions, focusing on two bills that passed in the 2012 Sessions and have impacts on tax preference reviews. ESB 6635 revises the exemption for interest earnings secured by first mortgages; extends the B&O tax exemptions for manufacturing fruits and vegetables to July, 2015; extends the preference for data centers to April 2020; and amends the definition of newspaper to include Internet versions and set the B&O rate at 0.365 percent until June 2013 and 0.35 percent until July 2015. E2SSB 5538 re-establishes the motion picture competitiveness program tax credit.

Keenan Konopaski briefed the Commission on the Pew Center on the States Report, "Evaluating State Tax Incentives." In April, the Pew Center on the States released its analysis of states' evaluation of tax incentives (preferences). Washington is one of 13 states "leading the way" in meeting the Pew Center's criteria for the scope of evaluation and/or quality of evaluation. Chair

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Bill Longbrake asked JLARC staff to invite a representative from the Pew Center to attend a Commission meeting.

ADJUSTMENTS TO THE 2012 REVIEW SCHEDULE

Keenan Konopaski explained adjustments to the 2012 review schedule. To facilitate analysis, JLARC staff combined the B&O and sales tax preferences for precious metals and bullion into one report. The current work plan listed the B&O preference as an expedited review.

MOTION: A motion was made to ratify the adjustment of the Precious Metals and Bullion B&O tax preference from an expedited review to a full JLARC review.

The motion was seconded and carried.

2012 EXPEDITED TAX PREFERENCES

John Woolley provided information on the 2102 Expedited Tax Preferences. One preference had an adjustment to estimated taxpayer savings. Prior to DOR issuing their 2012 preference report, JLARC had no estimated taxpayer savings for the Hazardous Substance tax preference. The preference, included in the expedited report, now has an estimated biennial taxpayer savings of $167 million.

The Commission discussed the Hazardous Substance tax preference. They agreed to let the preference stand as an expedited review, allow public comment, and reserve the right to move the study to a more thorough review in a future year if warranted.

EVALUATION QUESTIONS ANSWERED IN 2012 JLARC REVIEWS

Mary Welsh provided information on the evaluation questions answered in the 2012 JLARC reviews of tax preferences.

APPROVAL OF 10-YEAR TAX PREFERENCE REVIEW SCHEDULE / 2013 LIST OF REVIEWS

John Woolley presented a proposed list of 68 tax preferences scheduled for review in 2013 and a proposed 10-Year Review Schedule. He asked that Commissioners select 22 preferences on the 2013 list for a full JLARC review. Chair Longbrake submitted a memo to Commission members to help in identifying those 22 preferences.

The Commission discussed the tax preferences under consideration for review in 2013. DOR representatives Vikki Smith and Kathy Oline were present to answer Commissioner's questions regarding tax preferences.

MOTION: A motion was made to adopt 21 studies for a full JLARC review in 2013: Health Maintenance Organizations (B&O); Public and Nonprofit Hospitals, Medicare Income (B&O); Local Residential & Coin-Op Telephone Service (Sales and Use); Medicare, GAU, and BHP Receipts (Insurance Premium); Retailing (B&O); Dentistry (Insurance Premium); Fishing Boat Fuel (Sales and Use); Nonprofit Youth and Local Govt. Recreation Services (Sales and Use); Medical Devices (Sales and Use); Tree Trimming Under Power Lines (Sales and Use); Artistic and Cultural Organizations (B&O); Nonprofit Blood, Bone, and Tissue Banks (Sales and Use); Insulin (Sales and Use); Arts & Cultural Organizations (Sales and Use); Fuel Used in Commercial Vessels (B&O); Use Tax On Rental Value (Sales and Use); Customer-Generated Power (PUT); Prescription Drug Administration (B&O);

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Nonprofit Blood, Bone, and Tissue Banks (B&O); Rural County and CEZ New Jobs (B&O); and Dietary Supplements (Sales and Use).

The motion also included a proposal to hold two preferences for further consideration at a subsequent meeting: Competitive Telephone Service (Sales and Use), and Kidney Dialysis Equipment (Sales and Use).

The motion was seconded and carried.

PUBLIC COMMENT
No public signed up to comment.

Chair Longbrake adjourned the meeting at 3:15 p.m.

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2013 Preliminary Tax Preference Review Schedule with Options

* Indicates confidential data or other exception

#	RCWs	Tax Type	Year Enacted	Expiration Date	Biennial State & Local Impact	Review Group
Full JLARC Review						
1	82.04.322	Health Maintenance Organizations (B&O)	1993		$336,000,000	Health
2	82.04.4311	Public and Nonprofit Hospitals, Medicare Income (B&O)	2002		$224,000,000	Health
3	82.08.0289	Local Residential & Coin-Op Telephone Service (Sales and Use)	1983		$119,116,000	
4	48.14.0201(6)(a)-(b)	Medicare, GAU, and BHP Receipts (Insurance Premium)	1993		$94,084,000	Health
5	82.04.250(1)	Retailing (B&O)	1983		$52,191,000	
6	48.14.0201(6)(c)	Dentistry (Insurance Premium)	1993		$24,524,000	Health
7	82.08.0298; 82.12.0298	Fishing Boat Fuel (Sales and Use)	1987		$15,966,000	
8	82.08.0291; 82.12.02917	Nonprofit Youth and Local Govt Recreation Services (Sales and Use)	1981		$15,132,000	
9	82.08.0283; 82.12.0277	Medical Devices (Sales and Use)	1975		$10,744,000	Health
10	82.04.050(3)(e)	Tree Trimming Under Power Lines (Sales and Use)	1995		$10,326,000	
11	82.04.4322; 82.04.4324;	Artistic and Cultural Organizations (B&O)	1981		$7,974,000	
12	82.08.02805;	Nonprofit Blood, Bone, and Tissue Banks (Sales and Use)	1995		$7,153,000	Health
13	82.08.985; 82.12.985	Insulin (Sales and Use)	2004		$6,082,000	Health
14	82.08.031; 82.12.031	Arts & Cultural Organizations (Sales and Use)	1981		$5,994,000	
15	82.04.433	Fuel Used in Commercial Vessels (B&O)	1985		$5,953,000	
16	82.12.010(1)	Use Tax On Rental Value (Sales and Use)	1985		$5,885,000	
17	82.16.130	Customer-Generated Power (PUT)	2005	6/30/~~15~~ 2020	$4,078,000	
18	82.04.620	Prescription Drug Administration (B&O)	2007		$3,000,000	Health
19	82.04.324	Nonprofit Blood, Bone, and Tissue Banks (B&O)	1995		$2,214,000	Health
20	82.62.030; 82.62.045	Rural County and CEZ New Jobs (B&O)	1986		$2,032,000	
21	82.08.925; 82.12.925	Dietary Supplements (Sales and Use)	2003		$1,579,000	Health
Under Consideration						
22	82.04.050(1)(a)	Competitive Telephone Service (Sales and Use)	1981		$65,596,000	
23	82.08.945; 82.12.945	Kidney Dialysis Equipment (Sales and Use)	2003		$1,584,000	Health
Expedited Review						
24	82.04.419	Local Government Business Income (B&O)	1983		$40,080,000	
25	82.08.033; 82.12.033	Used Mobile Homes (Sales and Use)	1979		$39,270,000	
26	84.36.041	Nonprofit Homes for Aging (Property)	1989		$24,843,000	
27	84.36.045	Nonprofit Medical Research, Training Facilities (Property)	1975		$9,905,000	Health
28	84.36.046	Nonprofit Cancer Treatment Clinics (Property)	1997		$7,776,000	Health
29	84.36.060(1)(b)	Performing Arts (Property)	1981		$7,398,000	
30	84.36.043	Nonprofit Emergency or Transitional Housing (Property)	1983		$5,704,000	
31	82.49.020(3)	Boats Under 16 ft (Watercraft)	1983		$5,633,000	
32	84.36.040(1)(f)	Nonprofit Dialysis Facilities (Property)	1987		$1,394,000	Health
33	82.08.803; 82.12.803	Nebulizers (Sales and Use)	2004		$1,182,000	Health

2013 Preliminary Tax Preference Review Schedule with Options

* Indicates confidential data or other exception

#	RCWs	Tax Type	Year Enacted	Expiration Date	Biennial State & Local Impact	Review Group
34	82.08.935; 82.12.935	Drug Delivery Systems (Sales and Use)	2003		$1,156,000	Health
35	82.08.809; 82.12.809	Alternative Fuel Vehicles (Sales and Use)	2005	7/1/2015	$680,000	
36	82.04.310(4)	Bonneville Power Admin Program (B&O)	2010	6/30/2015	$641,000	
37	82.08.983; 82.12.983	Wax, Ceramic Materials To Create Molds (Sales and Use)	2010	6/30/2015	$612,000	
38	82.08.804; 82.12.804	Ostomic Items (Sales and Use)	2004		$590,000	Health
39	82.27.010	Tuna, Mackerel and Jack Fish (Fish)	1995		$578,000	
40	84.36.550	Nonprofit Fundraising (Property)	1993		$493,000	
41	82.08.02806;	Human Body Parts (Sales and Use)	1996		$425,000	Health
42	82.23B.045	Nonfuel Use of Petroleum (Oil Spill)	1991		$387,000	
43	82.08.036; 82.12.038	Core Deposits, Tire Fees (Sales and Use)	1989		$354,000	
44	82.04.4494	Forest Derived Biomass (B&O)	2009	6/30/2015	$262,000	
45	82.29A.130(14)	Professional Baseball Stadium (Leasehold)	1995		$216,000	
46	82.04.4334	Alternative Fuel Sales (B&O)	2003	7/1/2015	$191,000	
47	82.08.955; 82.12.955	Biodiesel Fuel Sale Facilities and Equipment (Sales and Use)	2003	7/1/2015	$28,000	
48	82.04.2403	Fish Cleaning (B&O)	1994		$26,000	
49	82.04.4282(6)	Trade Shows (B&O)	1989		$22,000	
50	84.36.635	Alcohol/Biodiesel Fuel Production Facilities (Property)	2003	12/31/2015	$0	
51	82.29A.135	Alternative Fuel Production Facilities (Leasehold)	1980	12/31/2015	$0	
52	84.33.210(1)	Forest Land, Special Assessments (Property)	1992		$0	
53	82.29A.130(12)	Inmate Employment Programs (Leasehold)	1992		$0	
54	82.04.368	Nonprofit Credit, Debt Counseling (B&O)	1993		$0	
55	82.23B.030	Secondary Transportation (Oil Spill)	1991		$0	
56	82.08.960; 84.36.640;	Wood Biomass Fuel Production Facilities (Property)	2003	12/31/2015	$0	
57	82.66.040	Horse Race Track Deferral (Sales and Use)	1995		($1,036,000)	
58	36.100.090	Baseball Stadium Deferral (Sales and Use)	1995		($6,544,000)	
59	82.04.4265	Comprehensive Cancer Centers (B&O)	2005		*	Health
60	82.08.808; 82.12.808	Comprehensive Cancer Centers (Sales and Use)	2005		*	Health
61	82.08.02795;	Free Public Hospitals (Sales and Use)	1993		*	
62	82.45.030(3)	Foreclosure Relocation Assistance (REET)	2011		*	
63	82.29A.020(2)	Hanford Lease Fees (Leasehold)	1991		*	
64	82.04.4263	Life Sciences Discovery Fund (B&O)	2005		*	Health
65	82.04.326	Organ Procurement (B&O)	2002		*	Health
66	82.08.02807;	Organ Procurement (Sales and Use)	2002		*	Health
67	82.04.434	Testing And Safety Labs (B&O)	1991		*	
68	82.04.640	Vaccine Association (B&O)	2010		*	Health

Additional Explanation on Preference: Competitive Telephone Service (Sales/Use Tax Exemption)

Current Law

This preference provides a sales/use tax exemption for equipment purchased by businesses when they subsequently provide the equipment to consumers as part of providing competitive telephone service.

The preference avoids subjecting the same equipment to sales tax twice by allowing companies that provide competitive telephone service ("CTS") to consumers to purchase equipment that they provide to customers as part of CTS without paying sales/use tax.[1] Providing CTS to consumers is defined as a retail service[2] and subject to sales tax on the entire charge (labor, equipment, overhead).

The preference allows the service provider to purchase equipment (which they own and use to provide CTS service to customers) without paying tax. The service provider then charges and collects sales tax from their customer on the CTS services provided. Thus, sales tax is charged on the equipment only once.

What is "Competitive Telephone Service"?

"Competitive telephone service" is providing telecommunications equipment (e.g., routers, switches, etc.) or services related to that equipment (e.g., repair or maintenance service), for which a separate charge is made.[3] CTS providers may be regulated and unregulated telecommunications providers, as well as non-telecom businesses that provide CTS.

Example

Engineers from Company A may contract with Business X to install a switch and cabling at Business X's call center. Company A will purchase the switch and cabling without paying sales tax (due to the preference). Company A will bill Business X for the engineering, equipment, and installation and charge sales tax on the entire billed amount for the CTS.

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[1] RCW 82.04.050(1)(a)(v)
[2] RCW 82.04.050(5)
[3] RCW 82.04.065(5)

10 Year Tax Preference Review Schedule - May 2012
Sorted by Biennial Taxpayer Savings

*Indicates confidential data or other exception

Citizen Commission for Performance Measurement of Tax Preferences
Joint Legislative Audit Review Committee

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2013	(68 Total Preferences)			
Health				
1	Health Maintenance Organizations (B&O)	82.04.322	1993	$336,000,000
2	Public and Nonprofit Hospitals, Medicare Income (B&O)	82.04.4311	2002	$224,000,000
3	Medicare, GAU, and BHP Receipts (Insurance Premium)	48.14.0201(6)(a)-(b)	1993	$94,084,000
4	Dentistry (Insurance Premium)	48.14.0201(6)(c)	1993	$24,524,000
5	Medical Devices (Sales and Use)	82.08.0283; 82.12.0277	1975	$10,744,000
6	Nonprofit Medical Research, Training Facilities (Property)	84.36.045	1975	$9,905,000
7	Nonprofit Cancer Treatment Clinics (Property)	84.36.046	1997	$7,776,000
8	Nonprofit Blood, Bone, and Tissue Banks (Sales and Use)	82.08.02805; 82.12.02747	1995	$7,153,000
9	Insulin (Sales and Use)	82.08.985; 82.12.985	2004	$6,082,000
10	Prescription Drug Administration (B&O)	82.04.620	2007	$3,000,000
11	Nonprofit Blood, Bone, and Tissue Banks (B&O)	82.04.324	1995	$2,214,000
12	Kidney Dialysis Equipment (Sales and Use)	82.08.945; 82.12.945	2003	$1,584,000
13	Dietary Supplements (Sales and Use)	82.08.925; 82.12.925	2003	$1,579,000
14	Nonprofit Dialysis Facilities (Property)	84.36.040(1)(f)	1987	$1,394,000
15	Nebulizers (Sales and Use)	82.08.803; 82.12.803	2004	$1,182,000
16	Drug Delivery Systems (Sales and Use)	82.08.935; 82.12.935	2003	$1,156,000
17	Ostomic Items (Sales and Use)	82.08.804; 82.12.804	2004	$590,000
18	Human Body Parts (Sales and Use)	82.08.02806; 82.12.02748	1996	$425,000
19	Free Public Hospitals (Sales and Use)	82.08.02795; 82.12.02745	1993	*
20	Organ Procurement (B&O)	82.04.326	2002	*
21	Organ Procurement (Sales and Use)	82.08.02807; 82.12.02749	2002	*
22	Life Sciences Discovery Fund (B&O)	82.04.4263	2005	*
23	Comprehensive Cancer Centers (B&O)	82.04.4265	2005	*
24	Comprehensive Cancer Centers (Sales and Use)	82.08.808; 82.12.808	2005	*
25	Vaccine Association (B&O)	82.04.640	2010	*

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2013	(68 Total Preferences)			
Uncategorized				
1	Local Residential & Coin-Op Telephone Service (Sales and Use)	82.08.0289	1983	$119,116,000
2	Competitive Telephone Service (Sales and Use)	82.04.050(1)(a)	1981	$65,596,000
3	Retailing (B&O)	82.04.250(1)	1983	$52,191,000
4	Local Government Business Income (B&O)	82.04.419	1983	$40,080,000
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7	Fishing Boat Fuel (Sales and Use)	82.08.0298; 82.12.0298	1987	$15,966,000
8	Nonprofit Youth and Local Govt Recreation Services (Sales and Use)	82.08.0291; 82.12.02917	1981	$15,132,000
9	Tree Trimming Under Power Lines (Sales and Use)	82.04.050(3)(e)	1995	$10,326,000
10	Artistic and Cultural Organizations (B&O)	82.04.4322; 82.04.4324; 82.04.4326; 82.04.4327	1981	$7,974,000
11	Performing Arts (Property)	84.36.060(1)(b)	1981	$7,398,000
12	Arts & Cultural Organizations (Sales and Use)	82.08.031; 82.12.031	1981	$5,994,000
13	Fuel Used in Commercial Vessels (B&O)	82.04.433	1985	$5,953,000
14	Use Tax On Rental Value (Sales and Use)	82.12.010(1)	1985	$5,885,000
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16	Boats Under 16 ft (Watercraft)	82.49.020(3)	1983	$5,633,000
17	Customer-Generated Power (PUT)	82.16.130	2005	$4,078,000
18	Rural County and CEZ New Jobs (B&O)	82.62.030; 82.62.045	1986	$2,032,000
19	Alternative Fuel Vehicles (Sales and Use)	82.08.809; 82.12.809	2005	$680,000
20	Bonneville Power Admin Program (B&O)	82.04.310(4)	2010	$641,000
21	Wax, Ceramic Materials To Create Molds (Sales and Use)	82.08.983; 82.12.983	2010	$612,000
22	Tuna, Mackerel and Jack Fish (Fish)	82.27.010	1995	$578,000
23	Nonprofit Fundraising (Property)	84.36.550	1993	$493,000
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27	Professional Baseball Stadium (Leasehold)	82.29A.130(14)	1995	$216,000
28	Alternative Fuel Sales (B&O)	82.04.4334	2003	$191,000
29	Biodiesel Fuel Sale Facilities and Equipment (Sales and Use)	82.08.955; 82.12.955	2003	$28,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2013	(68 Total Preferences)			
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31	Trade Shows (B&O)	82.04.4282(6)	1989	$22,000
32	Alternative Fuel Production Facilities (Leasehold)	82.29A.135	1980	$0
33	Secondary Transportation (Oil Spill)	82.23B.030	1991	$0
34	Inmate Employment Programs (Leasehold)	82.29A.130(12)	1992	$0
35	Forest Land, Special Assessments (Property)	84.33.210(1)	1992	$0
36	Nonprofit Credit, Debt Counseling (B&O)	82.04.368	1993	$0
37	Wood Biomass Fuel Production Facilities (Property)	82.08.960; 84.36.640; 82.12.960; 82.04.4335	2003	$0
38	Alcohol/Biodiesel Fuel Production Facilities (Property)	84.36.635	2003	$0
39	Horse Race Track Deferral (Sales and Use)	82.66.040	1995	($1,036,000)
40	Baseball Stadium Deferral (Sales and Use)	36.100.090	1995	($6,544,000)
41	Testing And Safety Labs (B&O)	82.04.434	1991	*
42	Hanford Lease Fees (Leasehold)	82.29A.020(2)	1991	*
43	Foreclosure Relocation Assistance (REET)	82.45.030(3)	2011	*
		Subtotal		**$1,163,473,000**
2014	(62 Total Preferences)			
Aircraft				
1	Commercial Aircraft Manufacturing (B&O)	82.04.260(11)	2003	$200,004,000
2	Aircraft Pre-Production Expenditures (B&O)	82.04.4461	2003	$12,400,000
3	Aircraft Pre-Production Computer Expenditures (Sales and Use)	82.08.975; 82.12.975	2003	$2,710,000
4	Aircraft Manufacturing Facilities, Property and Leasehold Taxes (B&O)	82.04.4463	2003	$2,680,000
5	Aircraft Part Prototypes (Sales and Use)	82.08.02566; 82.12.02566	1997	$1,606,000
6	Aircraft, Nonresident Kept in State (Aircraft)	82.48.100(6)	1999	$4,000
7	Super-Efficient Aircraft Production (Sales and Use)	82.08.980; 82.12.980	2003	$0
8	Superefficient Aircraft Production Facilities (Leasehold)	82.29A.137	2003	$0
9	Superefficient Aircraft Production Facilities (Property)	84.36.655	2003	$0
10	Aerospace Product Development (B&O)	82.04.290(3)	2008	*
11	Commercial Airplane Part Place of Sale (B&O)	82.04.627	2008	*
12	Commuter Airplanes (Sales and Use)	82.08.0262; 82.12.0254	2009	*
Uncategorized				

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2014	(62 Total Preferences)			
1	Electric Power Exported or Resold (PUT)	82.16.050(11)	1989	$240,000,000
2	Natural Gas Subject To Public Utility Tax (Sales and Use)	82.12.022(4)	1989	$150,040,000
3	Multiple Activities, Instate and Interstate (B&O)	82.04.440	1987	$46,768,000
4	International Investment Management (B&O)	82.04.290(1)	1995	$35,146,000
5	Prewritten Computer Software (Property)	84.40.037	1991	$32,866,000
6	Prescription Drugs Resellers (B&O)	82.04.272	1998	$24,174,000
7	Historic Property (Property)	84.26.070	1985	$16,567,000
8	Sewerage Processing, Disposal (PUT)	82.16.050(13)	1987	$15,262,000
9	Custom Computer Software (Property)	84.36.600	1991	$13,808,000
10	Beer Tax Exemption For Microbrewers (Other Sales Taxes)	66.24.290(3)(b)	1993	$7,719,000
11	Multi-unit Urban Housing (Property)	84.14.020	1995	$5,408,000
12	Film and Video Production Equipment (Sales and Use)	82.08.0315; 82.12.0315	1995	$5,218,000
13	Church Child Care (B&O)	82.04.339	1992	$3,237,000
14	Products Shipped Out of State (Litter Tax)	82.19.050(1)	1992	$2,978,000
15	Wholesale Auto Auctions (B&O)	82.04.317; 82.04.422(1)	1997	$2,327,000
16	Air Pollution Control Facilities (Property)	84.36.487	1997	$2,078,000
17	Fund-Raising By Nonprofit Organizations (Sales and Use)	82.08.02573	1998	$1,933,000
18	Child Care (B&O)	82.04.2905	1998	$1,557,000
19	Vessel Use By Manufacturers or Dealers (Sales and Use)	82.12.800; 82.12.801; 82.12.802	1997	$1,385,000
20	Nonprofit Developmentally Disabled Housing (Property)	84.36.042	1998	$992,000
21	Parcels Valued Less than $500 (Property) OR Low-value Parcels (Property)	84.36.015	1997	$740,000
22	Nonprofit Camps and Conference Centers (Sales and Use)	82.08.830	1997	$404,000
23	Nonprofit Fundraising (B&O)	82.04.3651	1998	$331,000
24	Public Records Copies (Sales and Use)	82.08.02525; 82.12.02525	1996	$300,000
25	Professional Football Stadium (Leasehold)	82.29A.130(15)	1997	$266,000
26	Gun Safes (Sales and Use)	82.08.832; 82.12.832	1998	$236,000
27	Nonprofit Camps and Conference Centers (B&O)	82.04.363	1997	$223,000
28	Emergency Transport (Aircraft Fuel)	82.42.020	2003	$139,000
29	Habitat and Water Quality Improvements (Property)	84.36.255	1997	$102,000
30	Academic Transcripts (Sales and Use)	82.08.02537; 82.12.0347	1996	$85,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2014	**(62 Total Preferences)**			
31	Academic Transcripts (B&O)	82.04.399	1996	$18,000
32	Gravitational Wave Observatory (Sales and Use)	82.08.02569; 82.12.02569	1996	$0
33	Aluminum Master Alloy Producers (B&O)	82.04.110(2)(b)	1997	$0
34	Discount Program Memberships (B&O)	82.04.421	1997	$0
35	Football Stadium and Exhibition Center Parking (Sales and Use)	82.08.02875	1997	$0
36	Air Pollution Control Facilities (Sales and Use)	82.08.810; 82.12.810	1997	$0
37	Coal For Thermal Generating Plants (Sales and Use)	82.08.811; 82.12.811	1997	$0
38	2nd Narrows Bridge (Sales and Use)	47.46.060	1998	$0
39	2nd Narrows Bridge (B&O)	82.04.416	1998	$0
40	International Services (B&O)	82.04.44525	1998	$0
41	2nd Narrows Bridge (PUT)	82.16.046	1998	$0
42	2nd Narrows Bridge (Leasehold)	82.29A.132	1998	$0
43	2nd Narrows Bridge (REET)	82.45.190	1998	$0
44	2nd Narrows Bridge (Property)	84.36.010(1)	1998	$0
45	Football Stadium Deferral (Sales and Use)	36.102.070	1997	($7,462,000)
46	Sales Subject To Public Utility Tax	82.08.0252	1935	*
47	Vending Machine Sales	82.08.080	1963	*
48	Credit For Bad Debts	82.36.044	1998	*
49	Racing Fuel (Motor Vehicle Fuel)	82.36.247	1998	*
50	Sales Of Surplus Natural Gas	82.04.310(3)	2007	*
		Subtotal		**$824,249,000**
2015	**(63 Total Preferences)**			
Agriculture				
1	Hay Cubing (B&O)	82.04.120	1997	$448,000,000
2	Agricultural Products (Property)	84.36.470	1984	$108,711,000
3	Farm Machinery Replacement Parts (Sales and Use)	82.08.855; 82.12.855	2006	$18,211,000
4	Horticultural Services For Farmers (Sales and Use)	82.04.050(3)(e)	1993	$13,196,000
5	Commercially Grown Fish or Shellfish (Fish)	82.27.030(2)	1980	$12,460,000
6	Fuel Used On Farms (Sales and Use)	82.08.865; 82.12.865	2006	$11,148,000
7	Leased Irrigation Equipment (Sales and Use)	82.08.0288; 82.12.0283	1983	$9,056,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2015	(63 Total Preferences)			
8	Grain and Unprocessed Milk Wholesaling (B&O)	82.04.332	1998	$6,200,000
9	Livestock Medicine (Sales and Use)	82.08.880; 82.12.880	2001	$4,560,000
10	Farm Machinery, State Levy (Property)	84.36.630	2001	$2,157,000
11	Chicken Houses, Gas to Heat (Sales and Use)	82.08.910; 82.12.910	2001	$1,856,000
12	Conditioned Seed Wholesaling (B&O)	82.04.331	1998	$1,818,000
13	Farm-Worker Housing (Sales and Use)	82.08.02745; 82.12.02685	1996	$1,727,000
14	Dairy Nutrient Management Equipment (Sales and Use)	82.08.890; 82.12.890	2001	$1,280,000
15	Christmas Tree Producers (B&O)	82.04.100; 82.04.330	1987	$896,000
16	Farm Property (Estate)	83.100.046	2005	$800,000
17	Christmas Tree Inputs (Sales and Use)	82.04.213	1987	$784,000
18	Hops Processed and Exported (B&O)	82.04.337	1987	$758,000
19	Horticultural Packing Materials (Sales and Use)	82.08.0311; 82.12.0311	1988	$654,000
20	Shipping Farm Products To Port (PUT)	82.16.050(10)	2007	$468,000
21	Chicken Bedding Materials (Sales and Use)	82.08.920; 82.12.920	2001	$464,000
22	Seed Conditioning (B&O)	82.04.120	1987	$447,000
23	Livestock Feed (Sales and Use)	82.08.0296; 82.12.0296	1986	$210,000
24	Anaerobic Digesters For Dairies (Sales and Use)	82.08.900; 82.12.900	2001	$170,000
25	Aquaculture Feed (Sales and Use)	82.08.0294; 82.12.0294	1985	$136,000
26	Custom Farming (B&O)	82.04.625	2007	$116,000
27	Pollination Agents (Sales and Use)	82.04.050(11)	1993	$30,000
28	Nonprofit Demonstration Farms (Property)	84.36.570	1999	$10,000
29	Hop Commission Services (B&O)	82.04.338	1998	$0
30	Hauling Farm Products for Relatives (PUT)	82.16.300	2007	$0
31	Livestock Nutrient Management Equipment (Sales and Use)	82.08.890; 82.12.890	2009	*
Aluminum				
1	Aluminum Production Anodes and Cathodes (Sales and Use)	82.08.02568; 82.12.02568	1996	$13,325,000
2	Aluminum Smelter Property Taxes (B&O)	82.04.4481	2004	$4,088,600
3	Aluminum Manufacturing (B&O)	82.04.2909	2004	$2,148,900
4	Natural Gas Used in Aluminum Smelter (Sales and Use)	82.12.022(5)	2004	$861,200
5	Aluminum Smelter Purchases (Sales and Use)	82.08.805; 82.12.805	2009	$157,100

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2015	(63 Total Preferences)			
6	Aluminum Smelter Electricity or Natural Gas Purchases (B&O)	82.04.4482	2004	$0
7	Aluminum Smelter, Sales to (PUT)	82.16.0498	2004	$0
Uncategorized				
1	Motor Vehicles, Travel Trailers, Campers (Propety)	84.36.595	2000	$1,496,860,000
2	Electricity Sales for Resale (B&O)	82.04.310(2)	2000	$103,300,000
3	$28,000 Minimum to File Tax Return (B&O)	82.32.045(4)(a)(i)	1996	$82,000,000
4	Nonprofit Low-Income Rentals (Property)	84.36.560	1999	$37,557,000
5	Salmon Habitat Timber (Timber)	84.33.0775	1999	$12,786,000
6	Warehouse Expansion (Sales and Use)	82.08.820; 82.12.820	1997	$6,407,000
7	Accomodation Sales, Autos (B&O)	82.04.422(2)	2001	$4,147,000
8	First $15,000 Personal Property (Property)	84.36.110(2)	1890	$2,920,000
9	Trust Accounts (B&O)	82.04.392	1997	$2,579,000
10	Small Timber Harvesters (B&O)	82.04.333	1990	$866,000
11	Used Park-Model Trailers (Sales and Use)	82.08.032; 82.12.032	2001	$626,000
12	Nonprofit Educational Foundations (Property)	84.36.050(2)	2001	$417,000
13	Public Facilities Districts (Leasehold)	82.29A.130(16)	1999	$256,000
14	Conifer Seedings Sold Out-of-State (Sales and Use)	82.08.850; 82.12.850	2001	$104,000
15	Motorcycles Used for Rider Training (Sales & Use)	82.08.870; 82.12.845	2001	$8,000
16	Regional Transportation Authority Sales or Leasebacks (B&O)	82.04.4201	2000	$0
17	Sales or Leasebacks for RTA (Sales and Use)	82.08.834; 82.12.834	2000	$0
18	Regional Transportation Authority Sales or Leasebacks (Leasehold)	82.29A.134	2000	$0
19	Vitrification Equipment (Property)	84.36.590	2000	$0
20	Regional Transportation Authority Sales or Leasebacks (Property)	84.36.605	2000	$0
21	Natural Gas Purchases by DSI Industry (B&O)	82.04.447	2001	$0
22	Natural Gas Purchased By DSI Customers (Sales and Use)	82.12.024	2001	$0
23	Electricity Purchased by DSI Industry (PUT)	82.16.0495	2001	$0
24	Grocery Co-ops (Litter Tax)	82.19.050(3)	2001	$0
25	Residential and Recreational Developments (Leasehold)	82.29A.136	2001	($1,000)
			Subtotal	**$2,417,735,800**
2016	(57 Total Preferences)			

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2016	(57 Total Preferences)			
Uncategorized				
1	$2 Million Taxable Threshold (Estate)	83.100.020(13)	2005	$657,235,000
2	Trade-Ins (Sales and Use)	82.08.010(1)(a)	1984	$450,176,000
3	Custom Software (Sales and Use)	82.04.050(6)(a)(i)-(ii)	1998	$342,194,000
4	Nonprofit Organization Government Grants (B&O)	82.04.4297	1979	$159,498,000
5	Credit For Bad Debts (Sales and Use)	82.08.037; 82.12.037	1982	$104,913,000
6	Timber and Wood Products Extracting, Manufacturing (B&O)	82.04.260(12)	2006	$27,000,000
7	Royalty Income (B&O)	82.04.2907	1998	$24,584,000
8	Boarding Homes (B&O)	82.04.2908	2004	$21,681,000
9	Syrup Taxes Paid (B&O)	82.04.4486	2006	$20,666,000
10	Self-service Laundry Facilities (Sales and Use)	82.04.050(2)(a)	1998	$11,832,000
11	Marital Deduction (Estate)	83.100.047	2005	$9,040,000
12	Professional Employer Organization Wages (B&O)	82.04.540	2006	$4,736,000
13	Semiconductor Materials, Gases and Chemicals (Sales and Use)	82.08.9651; 82.12.9651	2006	$2,975,000
14	Manufacturing Semiconductor Materials $350 Million Investment (B&O)	82.04.2404	2006	$2,968,000
15	Nonprofit Boarding Homes (B&O)	82.04.4264	2005	$2,965,000
16	Tribal (Property)	84.36.010(1)	2004	$2,466,000
17	Standing Timber (REET)	82.45.195	2007	$2,156,000
18	Computers for Publishers (Sales and Use)	82.08.806; 82.12.806	2004	$1,659,000
19	Food and Beverages Consumed on Site (Litter Tax)	82.19.050(4)	2003	$1,445,000
20	Electric Power Sold in Rural Areas (PUT)	82.16.053	1994	$1,400,000
21	Donations to Nonprofits and Government (Sales and Use)	82.12.02595	1995	$1,271,000
22	Fund-Raising Sales Of Magazines (Sales and Use)	82.08.02535	1995	$999,000
23	Salmon Habitat Restoration Grants (B&O)	82.04.4339	2004	$800,000
24	Camps for Disabled Persons (Leasehold)	82.29A.130(13)	1995	$703,000
25	Direct Mail Delivery (Sales and Use)	82.08.807; 82.12.807	2005	$405,000
26	Commute Trip Reduction (PUT)	82.70.020	2003	$220,000
27	Historic Property (Leasehold)	82.29A.130(17)	2005	$217,000
28	Parking and Business Improvement Areas (B&O)	82.04.4267	2005	$188,000
29	Housing For Youth In Crisis (Sales and Use)	82.08.02915; 82.12.02915	1995	$173,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2016	(57 Total Preferences)			
30	Catering (Litter Tax)	82.19.050(5)	2005	$82,000
31	Treating Chemical Dependency (B&O)	82.04.2906	2003	$70,000
32	Veteran Widows and Widowers (Property)	84.39.010	2005	$40,000
33	Child Care Resource and Referral (B&O)	82.04.3395	1995	$30,000
34	Federal Small Business Technology Transfer Grants (B&O)	82.04.4262	2004	$30,000
35	Direct Mail Delivery (B&O)	82.04.4272	2005	$22,000
36	Nonprofit Fundraising for Individual Artists (Property)	84.36.650	2003	$12,000
37	Natural Gas Not Delivered Via Pipeline (Sales and Use)	82.12.022(3)	1994	$0
38	Job Training Services (B&O)	82.04.4333	1996	$0
39	Grocery Distribution Co-ops (B&O)	82.04.298(2)	2001	$0
40	Tobacco Settlement Authority (B&O)	82.04.311	2002	$0
41	Manufacturing Semiconductor Materials $ 1 Billion Investment (B&O)	82.04.240(2)	2003	$0
42	Sellers with Limited Washington Connection (B&O)	82.04.424	2003	$0
43	Semiconductor Microchip Manufacturing (B&O)	82.04.426	2003	$0
44	Manufacturing Semiconductor Materials, New Jobs (B&O)	82.04.448	2003	$0
45	Sellers With Limited Washington Connection (Sales and Use)	82.08.050(11); 82.12.040(5)	2003	$0
46	Electricity And Steam (Sales and Use)	82.08.950; 82.12.950	2003	$0
47	Manufacturing Semiconductor Materials (Sales and Use)	82.08.965; 82.12.965	2003	$0
48	Semiconductor Materials, Gases and Chemicals (Sales and Use)	82.08.970; 82.12.970	2003	$0
49	Semiconductor Manufacturing Equipment (Property)	84.36.645	2003	$0
50	Federal Small Business Innovation Grants (B&O)	82.04.4261	2004	$0
51	Liquified Gasses (Petroleum Products)	82.23A.010(1)	2004	$0
52	RTA Maintenance Contracts (Sales and Use)	82.04.050(13)	2005	$0
53	Amphitheater (Leasehold)	82.29A.130(18)	2005	$0
54	Neighborhood Revitalization (B&O and PUT)	82.73.030	2005	$0
55	Hazardous or Toxic Waste; Recycling or Salvage Materials (Solid Waste Collection)	82.18.010(3)	1986	*
56	Legal Services To Low-Income Persons (B&O)	82.04.635	2009	*
57	Data Center Equipment (Sales and Use)	82.08.986; 82.12.986	2010	*
		Subtotal		**$1,856,851,000**
2017	(48 Total Preferences)			

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2017	(48 Total Preferences)			
Uncategorized				
1	Exported and Imported Fuel (Fuel)	82.36.230; 82.38.030	1933	$2,700,000,000
2	Motor Vehicle And Special Fuel (Sales and Use)	82.08.0255(1)(f); 82.12.0256(2)(d)	1935	$1,462,000,000
3	Churches, Parsonages, Convents (Property)	84.36.020	1854	$130,700,000
4	Contributions and Donations (B&O)	82.04.4282	1935	$128,370,000
5	Cigarettes Covered By Indian Tribal Contracts (Tobacco)	82.24.295(1)	2001	$126,000,000
6	Nonprofit Hospitals (Property)	84.36.040(1)(e)	1886	$104,760,000
7	Motor Vehicle Fuel Taxes (B&O)	82.04.4285	1935	$49,500,000
8	Nonsectarian Organizations (Property)	84.36.030(1)	1915	$35,100,000
9	Cigarettes Sold via Tribal Contracts (Sales and Use)	82.08.0316; 82.12.0316	2001	$22,200,000
10	Cemeteries (Property)	84.36.020	1854	$14,700,000
11	Billing Discounts (PUT)	82.16.0497	2001	$11,000,000
12	Historic Auto Museum Deferral (Sales and Use)	82.32.580	2005	$8,800,000
13	Fuel For Nonhighway Use (Fuel)	82.36.280; 82.38.180(1)	1923	$8,200,000
14	Collections, Museums (Property)	84.36.060(1)(a)	1915	$6,520,000
15	Nonprofit Nursing Homes (Property)	84.36.040(1)(d)	1891	$5,890,000
16	Nursing Homes (B&O)	82.04.4289	1945	$5,700,000
17	Handling Losses (Fuel)	82.36.029	1939	$5,533,000
18	Growing Crops (Property)	84.40.030(3)	1890	$5,450,000
19	Horse Racing (B&O)	82.04.350	1935	$4,440,000
20	Membership Dues and Fees (B&O)	82.04.4282	1935	$4,380,000
21	Nonprofit Youth Organizations (Property)	84.36.030(3)	1933	$4,020,000
22	Exported Fuel Refunds (Motor Vehicle Fuel)	82.36.300; 82.38.180(2)	1923	$3,300,000
23	Electricity Sold To Electrolytic Processors (Public Utility)	82.16.0421	2009	$1,560,000
24	Nonprofit Water Cooperatives (Property)	84.36.250	1965	$1,491,000
25	Veterans' Organizations (Property)	84.36.030(4)	1929	$1,180,000
26	Public Transit Charges (PUT)	82.16.050(14)	2006	$1,038,000
27	Driver Training Vehicles (Sales and Use)	82.12.0264	1955	$554,000
28	Nonprofit Convention and Tourism Promotion (B&O)	82.04.4251	2006	$500,000
29	State Credit Unions (Sales and Use)	82.12.860	2006	$490,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2017	(48 Total Preferences)			
30	Workforce Training (B&O)	82.04.449	2006	$383,000
31	Humane Societies (Property)	84.36.060(1)(d)	1915	$350,000
32	Sand and Gravel for Local Road Construction (B&O)	82.04.415	1965	$342,000
33	Nonprofit Orphanages (Property)	84.36.040(1)(c)	1891	$299,000
34	Accomodation Sales (B&O)	82.04.425	1955	$211,000
35	Nonprofit Libraries (Property)	84.36.040(1)(b)	1854	$75,000
36	Services For Salmon Canners (B&O)	82.04.260(13)	2006	$49,000
37	Watershed & Flood Protection (Sales and Use)	82.08.0271; 82.12.930	1963	$44,000
38	Boxing and Wresting Matches (B&O)	82.04.340	1935	$41,000
39	Fire Companies (Property)	84.36.060(1)(c)	1890	$11,500
40	Truck Auxilary Power (B&O)	82.04.4338	2006	$5,000
41	Lost or Destroyed Fuel (Fuel)	82.36.370; 82.38.180(4)-(6)	1923	$0
42	Ships Under Construction (Property)	84.36.079	1959	$0
43	Purchases By Residents Of Alaska & Hawaii (Sales and Use)	82.08.0269	1961	$0
44	Form Lumber (Sales and Use)	82.08.0274; 82.12.0268	1965	$0
45	Auxilary Power for Trucks, Structures and Equipment (Sales and Use)	82.08.815; 82.12.815	2006	$0
46	Auxiliary Power for Trucks, Parts and Labor (Sales and Use)	82.08.825; 82.12.825	2006	$0
47	Solar Hot Water Equipment (Sales and Use)	82.08.835; 82.12.835	2006	$0
48	Goods in Transit (Property)	84.36.300	1961	*
			Subtotal	**$4,855,186,500**
2018	(43 Total Preferences)			
Uncategorized				
1	Intangibles (Property)	84.36.070	1931	$24,929,600,000
2	Insurance Premiums (B&O)	82.04.320	1935	$836,200,000
3	Real Estate sales (B&O)	82.04.390	1935	$638,951,000
4	Items Used In Interstate Commerce (Sales and Use)	82.04.4289	1949	$443,000,000
5	Import and Export Commerce (B&O)	82.04.610	2007	$155,296,000
6	Public Utilities (B&O)	82.04.310(1)	1935	$113,200,000
7	Nonprofit Private Colleges (Property)	84.36.050(1)	1925	$75,800,000
8	Agricultural Products (B&O)	82.04.330; 82.04.410	1935	$65,800,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2018	(43 Total Preferences)			
9	Rural County Deferral (Sales and Use)	82.60.040; 82.60.049	1985	$64,071,000
10	Nonprofit Private K-12 Schools (Property)	84.36.050(1)	1925	$48,100,000
11	Other Ships and Vessels (Property)	84.36.090	1931	$30,500,000
12	Bad Debts (B&O)	82.04.4284	1935	$20,700,000
13	Commercial Vessels (Property)	84.36.080(1)	1931	$19,000,000
14	Urban Transportation (PUT)	82.16.020(1)(d)-(e)	1935	$17,200,000
15	Tobacco Sales To U.S. or Indian Tribes (Tobacco)	82.26.110	2007	$7,166,000
16	Sales For Resale (PUT)	82.16.050(2)	1935	$5,200,000
17	Radio and TV Broadcasting (B&O)	82.04.280(1)(f)	1935	$4,900,000
18	Fraternal Insurance (B&O)	82.04.370	1935	$4,200,000
19	Sales Tax Sourcing Costs (Sales and Use)	82.32.760(1)(b)	2007	$4,166,000
20	Farm Auction Sales (Sales and Use)	82.08.0257; 82.12.0258	1943	$4,100,000
21	Credit Losses (PUT)	82.16.050(5)	1935	$3,640,000
22	Processing Horticultural Products (B&O)	82.04.4287	1935	$3,500,000
23	$2,000 Monthly Minimum (PUT)	82.16.040	1935	$2,600,000
24	Irrigation Water (PUT)	82.16.050(7)	1935	$2,500,000
25	Fraternal Benefit Societies (Insurance Premium)	48.36A.010; 48.36A.240	1911	$2,200,000
26	Alcohol and Biodiesel Fuel Production Facilities (Property)	84.36.635(2)(a)	2003	$922,400
27	Public Utility Property (Sales and Use)	82.08.0256; 82.12.0257	1935	$524,600
28	Public Development Authorities (B&O)	82.04.615	2007	$39,000
29	Cigarette Stamping (B&O)	82.04.601	2007	$12,000
30	Amateur Radio Repeaters (Leasehold)	82.29A.138	2007	$12,000
31	Public Authority Sales (Sales and Use)	82.08.995; 82.12.995	2007	$2,000
32	Airports Owned by Cities in Other States (Property)	84.36.130	1941	$0
33	Alcohol, Biodiesel, or Wood Biomass Fuel Production Facilities (Leasehold)	84.36.635, 82.29A.135, 82.04.260	1980	$0
34	Standing Timber (B&O)	82.04.334	2007	$0
35	Import and Export Commerce (Sales and Use)	82.08.990	2007	$0
36	Quinault Tribal Tax (Timber)	84.33.0776	2007	$0
37	Alcohol, Biodiesel, or Wood Biomass Fuel Production Facilities (Leasehold)	84.36.635, 82.29A.135, 82.04.260	2008	$0
38	Corporate Headquarters (Sales and Use)	82.82.020	2008	*

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2018	**(43 Total Preferences)**			
39	Digital Goods/Services, Instate & Out-Of-State	82.08.02088; 82.12.02088	2009	*
40	Electric Vehicle Battery Charging Stations (Sales and Use)	82.08.816; 82.12.816	2009	*
41	Customer-Generated Electricity (Public Utility)	82.16.130	2009	*
42	Electric Vehicle Infrastructure (Leasehold)	82.29A.125	2009	*
43	Aircraft For Air Ambulances (Property)	82.48.100(7); 84.36.575	2010	*
		Subtotal		**$27,503,102,000**
2019	**(29 Total Preferences)**			
Uncategorized				
1	Employee Income (B&O)	82.04.360	1935	$4,910,000,000
2	Investments by Nonfinancial Firms (B&O)	82.04.4281	1935	$577,800,000
3	Feed and Seed (Sales and Use)	82.04.050(11)	1935	$144,000,000
4	Cash Discounts (B&O)	82.04.4283; 82.08.010; 82.16.050(4)	1935	$90,200,000
5	Janitorial Services (Sales and Use)	82.04.050(2)(d)	1935	$86,800,000
6	Casual Sales (Sales and Use)	82.08.0251	1935	$65,100,000
7	Tuition and Fees (B&O)	82.04.4282(5); 82.04.4332	1935	$40,200,000
8	Newspapers (Sales and Use)	82.08.0253; 82.12.0345; 82.08.0253(1)(b)	1935	$24,800,000
9	General Aviation (Property)	82.48.100; 82.48.110	1949	$22,200,000
10	Joint Utility Services (PUT)	82.16.050(3)	1935	$20,000,000
11	Ocean Marine Insurance (Insurance Premium)	48.11.050; 48.11.105; 48.14.020(3)	1947	$4,900,000
12	Standard Digital Information (Sales and Use)	82.08.705; 82.12.705	2009	$4,226,000
13	Municipal Utility, Collected Taxes (PUT)	82.16.050(1)	1935	$1,400,000
14	Manufacturing Flour and Oil (B&O)	82.04.260(1)(a)	1949	$832,000
15	Nonprofit Fairs (Property)	84.36.480	1975	$201,000
16	Nonprofit Races (Parimutel Tax)	67.16.105(1)	1979	$20,000
17	Commercial Aircraft (Aircraft)	82.48.100(4)	1949	($19,900,000)
18	Aircraft, Nonresident or Held for Sale (Aircraft)	82.48.100(3),(5)	1955	*
19	Route 520 Replacement Bridge (Sales and Use)	47.01.412	2008	*
20	Trail Grooming (Sales and Use)	82.08.0203	2008	*
21	Waste Vegetable Oil, Biodiesel (Sales and Use)	82.08.0205; 82.12.0205	2008	*
22	Temporary Medical Housing (Sales and Use)	82.08.997	2008	*

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2019	(29 Total Preferences)			
23	Weatherization Assistance Program (Sales and Use)	82.08.998; 82.12.998	2008	*
24	Military Housing (Property)	82.29A.130(19); 84.36.665	2008	*
25	Active Duty Military Penalty Waiver (B&O, Sales and Use)	82.32.055	2008	*
26	Newspapers (B&O)	82.04.260(14)	2009	*
27	Radioactive Waste Cleanup (B&O)	82.04.263	2009	*
28	Audio Or Video Programming (Sales and Use)	82.08.02081; 82.12.02081	2009	*
29	Digital Goods and Services For Business Purposes (Sales and Use)	82.08.02087; 82.12.02087	2009	*
			Subtotal	**$5,972,779,000**
2020	(52 Total Preferences)			
Uncategorized				
1	Nonresidents' Personal Property (Sales and Use)	82.04.425	1935	$8,548,000,000
2	Interstate Transportation Equipment (Sales and Use)	82.08.0262	1949	$4,457,400,000
3	Vehicles Used in Interstate Commerce (Sales and Use)	82.12.0254	1937	$1,094,800,000
4	Vehicles In Interstate Commerce (Sales and Use)	82.08.0263	1949	$220,300,000
5	Fertilizer and Chemical Spray (Sales and Use)	82.04.050(11)	1943	$166,600,000
6	Labor and Services to Construct Public Roads (Sales & Use)	82.04.050(10)	1943	$128,100,000
7	Vehicles Sold To Nonresidents (Sales and Use)	82.08.0264	1935	$68,700,000
8	Interstate Transportation, In-state Portion (PUT)	82.16.050(6)	1935	$59,700,000
9	Interstate Transportation, Through Freight (PUT)	82.16.050(8)	1937	$32,200,000
10	Breeding Livestock, Cattle, Milk Cows (Sales and Use)	82.08.0259; 82.12.0261	1945	$19,792,000
11	Shipments To Ports (PUT)	82.16.050(9)	1937	$15,200,000
12	Bailed Tangible Personal Property For R&D (Sales and Use)	82.12.0265	1961	$10,500,000
13	Farm Machinery Sold To Nonresidents (Sales and Use)	82.08.0268	1961	$9,900,000
14	Vehicles Acquired While In Military Service (Sales and Use)	82.12.0266	1963	$7,812,000
15	Title Insurance (Insurance Premium)	48.14.020	1947	$6,060,000
16	Sand & Gravel For Local Road Construction (Sales and Use)	82.08.0275; 82.12.0269	1965	$4,174,000
17	Conservation and Open Space Land (Property)	84.36.260; 84.34.220	1967	$3,909,000
18	Ride-Sharing Vehicles (Sales and Use)	82.08.0287; 82.12.0282	1980	$2,033,000
19	Nonprofit Sheltered Workshops (B&O)	82.04.385	1970	$1,983,000
20	Home Improvements (Property)	84.36.400	1972	$1,938,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2020	(52 Total Preferences)			
21	Agricultural Products (Litter Tax)	82.19.050(2)	1971	$1,929,000
22	Nursery Stock (Property)	84.40.220	1971	$1,521,000
23	METRO Transit Planning (PUT)	35.58.560	1967	$1,200,000
24	Forest Land Compensating Tax (Property)	84.33.140(13)-(14)	1971	$1,094,000
25	Certified Aircraft Repair Firms (B&O)	82.04.250(3)	2003	$1,004,000
26	Fuel Used In Urban Transportation (Fuel)	82.36.275; 82.38.080	1957	$987,000
27	Semen For Artifical Insemination (Sales and Use)	82.08.0272; 82.12.0267	1965	$870,000
28	Agricultural Fairs (B&O)	82.04.335	1965	$824,000
29	Ride-Sharing, Special Needs Transportation (PUT)	82.16.047	1979	$778,000
30	Pollution Control Facilities (B&O)	82.04.427; 82.34.060(2)	1967	$681,000
31	Pollution Control Facilities (PUT)	82.16.045	1967	$675,000
32	Christmas Trees, Cottonwoods (Timber)	84.33.170	1971	$660,000
33	Destroyed Property (Property)	84.70.010	1974	$481,000
34	Poultry Used In Production (Sales and Use)	82.08.0267; 82.12.0262	1961	$462,000
35	Commuter Ride Sharing (B&O)	82.04.355	1979	$148,000
36	Pollution Control Facilities, Credit for Tax Paid (Sales and Use)	82.34.050(2)	1967	$65,000
37	Processing Dried Peas (B&O)	82.04.260(2)	1967	$63,000
38	Pollen (Sales and Use)	82.08.0277; 82.12.0273	1967	$58,000
39	Printing by Local Governments (B&O)	82.04.397	1979	$26,000
40	Fuel Sales To Foreign Governments (Fuel)	82.36.245	1967	$8,000
41	Seafood Processing (B&O)	82.04.120	1975	$4,000
42	Annexation Sales (Sales and Use)	82.08.0278; 82.12.0274	1970	$0
43	Timber (Property)	84.33.040	1971	$0
44	Returnable Containers (Sales and Use)	82.08.0282; 82.12.0276	1974	$0
45	Services Performed Between Local Governments (B&O)	82.04.4291	1970	*
46	Interest On Agricultural Loans (B&O)	82.04.4294	1970	*
47	Special Fuel (Sales and Use)	82.08.0255(2); 82.12.0256(1)	1983	*
48	Meals Provided To Seniors (Sales and Use)	82.08.0293; 82.08.195; 82.12.0293	2009	*
49	Financial Institution Commercial Aircraft Loan Interest and Fees (B&O)	82.04.43391; 82.04.080(2)	2010	*
50	Financial Institution Affiliate Income (B&O)	82.04.645; 82.04.080(2)	2010	*

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2020	**(52 Total Preferences)**			
51	Financial institution Investment Conduit or Securitization Entity Income (B&O)	82.04.650; 82.04.080(2)	2010	*
52	Community Centers (Property)	84.36.010(1)	2010	*
			Subtotal	**$14,872,639,000**
2021	**(66 Total Preferences)**			
Uncategorized				
1	REET Exemptions (REET)	82.45.010(3)	1951	$1,356,200,000
2	Exported and Commercial Uses (Aircraft Fuel)	82.42.030; 82.42.070	1967	$299,900,000
3	Interest On Real Estate Loans (B&O)	82.04.4292	1970	$172,600,000
4	Extracted Fuel (Sales and Use)	82.12.0263	1949	$69,200,000
5	Credit Unions, State Chartered (B&O)	82.04.405	1970	$60,900,000
6	Purchases By Nonresidents, No or Low Sales Taxes (Sales and Use)	82.08.0273	1965	$58,000,000
7	Renewable Energy Machinery (Sales and Use)	82.08.962; 82.12.962	2009	$40,800,000
8	Shared Real Estate Commissions (B&O)	82.04.255	1970	$36,000,000
9	Processing Meat (B&O)	82.04.260(4)	1967	$30,500,000
10	Interstate Bridges (Property)	84.36.230	1949	$29,100,000
11	Nonprofit Day Care Centers (Property)	84.36.040(1)(a)	1973	$15,750,000
12	Subsidiary Dividends (B&O)	82.04.4281(1)(b),(c)	1970	$14,400,000
13	Boats Sold To Nonresidents (Sales and Use)	82.08.0266; 82.08.02665	1959	$13,800,000
14	Hospital Laundry Service (Sales and Use)	82.04.050(2)(a)	1973	$8,800,000
15	Church Camps (Property)	84.36.030(2)	1971	$6,878,000
16	Nonprofit Blood, Bone, and Tissue Banks (Property)	84.36.035	1971	$6,090,000
17	Display Items For Trade Shows (Sales and Use)	82.12.0272	1971	$4,984,000
18	Nonprofit Sheltered Workshops (Property)	84.36.350	1970	$4,438,000
19	Open Space Land, Compensating Tax (Property)	84.34.108(6)	1973	$3,880,000
20	Hog Fuel To Produce Electricity (Sales and Use)	82.08.956; 82.12.956	2009	$3,237,000
21	Municipal Sewer Service Payments (B&O)	82.04.432	1967	$3,000,000
22	Church Offices (Property)	84.36.032	1975	$1,875,000
23	Interest On Government Obligations (B&O)	82.04.4293	1970	$1,760,000
24	Nonprofit Public Assembly Halls, Meeting Places (Property)	84.36.037	1981	$1,388,000
25	International Banking Facilities (B&O)	82.04.315	1982	$1,232,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2021	(66 Total Preferences)			
26	Easements for Removing Products (Leasehold)	82.29A.020(1)	1975	$998,000
27	Public Historical Sites (Leasehold)	35.21.755	1977	$997,000
28	Log Transportation (Public Utility)	82.16.020	2009	$971,000
29	Tax Paid In Other States (Fish)	82.27.040	1980	$852,000
30	Nonprofit Youth Organization Fees and Dues (B&O)	82.04.4271	1981	$847,000
31	Nonprofit Water Associations (PUT)	82.16.050(12)	1977	$650,000
32	Public Employee Housing (Leasehold)	82.29A.130(5)	1976	$567,000
33	Fuel For Transporting Special Needs Persons (Fuel)	82.36.285; 82.38.080(1)(h)	1983	$456,000
34	Product Leases, 33% credit (Leasehold)	82.29A.120(2)	1976	$438,000
35	Nonresidents' Rental Cars (Sales and Use)	82.08.0279	1980	$350,000
36	Biomass To Produce Electricity (Sales and Use)	82.08.957; 82.12.957	2009	$350,000
37	Cogeneration Facilities and Renewable Resources (PUT)	82.16.055	1980	$300,000
38	Low Income Property Tax Deferral (Property)	84.37.030	2007	$270,891
39	Homes Pending Destruction (Leasehold)	82.29A.130(10)	1976	$168,000
40	Public Works Contracts (Leasehold)	82.29A.130(11)	1976	$142,000
41	Printing by Schools (B&O)	82.04.395	1979	$112,000
42	Honey Beekeepers (Sales and Use)	82.08.0204; 82.12.0204	2008	$94,000
43	Honey Beekeepers (B&O)	82.04.629; 82.04.630	2008	$86,000
44	Funeral Home Reimbursement (B&O)	82.04.4296	1979	$26,000
45	Printing by Libraries (B&O)	82.04.600	1979	$8,000
46	Habitat For Endangered Species (Property)	84.33.140(13)-(14); 84.34.108(6)	2009	$6,000
47	Repaired Items Delivered Out-of-State (Sales and Use)	82.08.0265	1959	$0
48	Nonprofit Radio, TV Broadcast Facilities (Property)	84.36.047	1977	$0
49	Nonprofit Youth Organizations (Timber)	84.33.075	1980	$0
50	Public Property Leaseholds (Property)	84.36.451	1976	($33,394,000)
51	Credit For Tax Paid To Other States (Sales and Use)	82.12.035	1967	*
52	Imported Frozen or Packaged Fish (Fish)	82.27.030(1),(3)	1980	*
53	Ride-sharing Vehicles (MVET)	82.44.015	1980	*
54	Crop Dusting (Aircraft Fuel)	82.42.020	1982	*
55	Housing Finance Commission (B&O)	82.04.408	1983	*

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2021	(66 Total Preferences)			
56	Grants to Local Government (B&O)	82.04.418	1983	*
57	Motor Vehicle and Special Fuel (Sales and Use)	82.08.0255(1)(d); 82.12.0256(2)(d)	1983	*
58	Boats Sold to Nonresidents (Sales and Use)	82.08.700; 82.12.700	2007	*
59	Solar Energy Machinery & Equipment (Sales and Use)	82.08.963; 82.12.963	2009	*
60	Property Management Personnel Payments (B&O)	82.04.4274	2011	*
61	Child Welfare Services (B&O)	82.04.4275	2011	*
62	Mental Health Services (B&O)	82.04.4277	2011	*
63	Restaurant Employee Meals (B&O)	82.04.750	2011	*
64	Fuel for State or County Ferries (Sales & Use)	82.08.0255(d),(e); 82.12.0256(e), (f)	2011	*
65	Public Institution R&D Machinery and Equipment (Sales and Use)	82.08.025651; 82.12.025651	2011	*
66	Restaurant Employee Meals (Sales & Use)	82.08.9995; 82.12.9995	2011	*
			Subtotal	**$2,220,006,891**
2022	(56 Total Preferences)			
Uncategorized				
1	Fuel Use Exemptions (Fuel)	82.38.080	1971	$1,603,421,000
2	Business and Mobile Home Inventories (Property)	84.36.477; 84.36.510	1974	$938,000,000
3	Hazardous Substance Exemptions (Hazardous Substance)	82.21.040	1989	$167,177,000
4	High Technology Deferral (Sales and Use)	82.63.010; 82.63.030	1994	$145,712,000
5	Annuities (Insurance Premium)	48.14.020(1)	1979	$129,860,000
6	High Technology R&D (B&O)	82.04.4452	1994	$61,228,000
7	Charter And Freight Brokers (B&O)	82.04.260(6)	1979	$49,463,000
8	Subsidized Housing (Leasehold)	82.29A.130(3)	1976	$46,548,000
9	Insurance Agents (B&O)	82.04.260(9)	1983	$45,232,000
10	Stevedoring (B&O)	82.04.260(7)	1979	$20,387,000
11	Ferry Boats (Sales and Use)	82.08.0285; 82.12.0279	1977	$18,870,000
12	Travel Agents (B&O)	82.04.260(5)	1975	$17,433,000
13	Precious Metals And Bullion (Sales and Use)	82.04.062	1985	$16,634,000
14	Insurance Guarantee Funds (Insurance Premium)	48.32.130; 48.32.145; 48.32A.125	1976	$13,485,000
15	Federal Government Structure Labor (Sales and Use)	82.04.050(12)	1975	$12,265,000
16	Condominium Maintenance Fees (B&O)	82.04.4298	1979	$10,030,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2022	(56 Total Preferences)			
17	Leases Under $250 Per Year or Short Term (Leasehold)	82.29A.130(8)-(9)	1976	$9,461,000
18	Urban Transit Fuel (Sales and Use)	82.08.0255(1)(a)-(c); 82.12.0256(2)(a)-(c)	1980	$7,919,000
19	Manufacturing Completed In-State (B&O)	82.04.4295	1977	$5,774,000
20	Commuting Programs (B&O)	82.70.020	2003	$5,280,000
21	Differential Rates (Fish)	82.27.020(4)	1980	$5,020,000
22	Biotechnology Deferral (Sales and Use)	82.75.010; 82.75.030	2006	$4,924,000
23	Manufacturing for Government (Leasehold)	82.29A.020(1)	1976	$3,499,000
24	Cargo Containers (Property)	84.36.105	1975	$2,901,000
25	Life Insurance Sales Employees (B&O)	82.04.360(1)	1991	$1,720,000
26	Health Insurance by State Pool (Insurance Premium)	48.14.022	1987	$1,558,000
27	Precious Metals and Bullion (B&O)	82.04.062	1985	$1,277,000
28	Solar Energy and Silicon Manufacturing (B&O)	82.04.294	2005	$795,000
29	Adult Family Homes (B&O)	82.04.327	1987	$748,000
30	Excess Tax Credit (Leasehold)	82.29A.120(1)	1986	$379,000
31	Returned Motor Vehicles (Sales and Use)	82.32.065	1987	$363,000
32	Used Floating Homes (Sales and Use)	82.08.034; 82.12.034	1984	$351,000
33	Historic Vessels (Property)	84.36.080(2)	1986	$333,000
34	Computers Donated to Schools (Sales and Use)	82.12.0284	1983	$184,000
35	Lodging For Homeless People (Sales and Use)	82.08.0299	1988	$46,000
36	Timber Tax Minimum (Timber)	84.33.086	1984	$12,000
37	Public Timber (Timber)	84.33.077	1983	$0
38	Conservation Futures (Property)	84.36.500	1984	$0
39	Delinquent Penalty, Interest Waivers (Property)	84.56.025	1984	$0
40	Student Loan Organizations (B&O)	82.04.367	1987	$0
41	Student Loan Organizations (Property)	84.36.030(6)	1987	$0
42	Health Insurance Claims (B&O)	82.04.4331	1988	$0
43	Crude Oil (Petroleum Products)	82.23A.010(1)	1989	$0
44	Successive Use (Petroleum Products)	82.23A.030(1)	1989	$0
45	Domestic Use (Petroleum Products)	82.23A.030(2)	1989	$0
46	Fuel Used Before Tax Imposed (Petroleum Products)	82.23A.030(4)	1989	$0

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
2022	(56 Total Preferences)			
47	Fuel Used To Process Petroleum Products (Petroleum Products)	82.23A.030(5)	1989	$0
48	Exported Petroleum Products (Petroleum Products)	82.23A.030(6)	1989	$0
49	Packaged Petroleum Products (Petroleum Products)	82.23A.030(7)	1989	$0
50	Fuel Exported In Fuel Tanks (Petroleum Products)	82.23A.040(1)	1989	$0
51	Syrup Previously Taxed (Syrup)	82.64.030(1)	1989	$0
52	Syrup Exported (Syrup)	82.64.030(2)	1989	$0
53	Syrup Purchased Before Tax Imposed (Syrup)	82.64.030(4)	1989	$0
54	Trademarked Syrup (Syrup)	82.64.030(3)	1991	$0
55	Natural and Manufactured Gas (Sales and Use)	82.08.026; 82.12.023; 82.14.030(1)	1989	($24,477,000)
56	Ferrosilicon (Sales and Use)	82.04.050(1)(a)(iv); 82.04.190(1)(d)	1986	*
		Subtotal		**$3,323,812,000**
		Total Biennial Taxpayer Savings		**$65,009,834,191**

STATE OF WASHINGTON

August 7, 2012

TO: Keenan Konopaski, Legislative Auditor
Joint Legislative Audit and Review Committee

FROM: Marty Brown, Director
Office of Financial Management

Brad Flaherty, Director
Department of Revenue

SUBJECT: JLARC 2012 TAX PREFERENCE PERFORMANCE REVIEWS – PRELIMINARY REPORT

Thank you for the opportunity to review and comment on the Joint Legislative Audit and Review Committee's (JLARC) preliminary report titled, "2012 Tax Preference Performance Reviews."

We appreciate the efforts of JLARC and the Citizen Commission for Performance Measurement of Tax Preferences to continuously review and analyze the state's numerous tax preferences. It is important to systematically identify current tax preference legislation for further review by the Legislature. Informed discussion about the original intent and assumptions underlying current tax preferences – and legislative debate about their continuing effectiveness and relevance – can help state government maintain a fair and equitable tax system. It also may be beneficial to consider the administrative burdens for both taxpayers and state agencies that result from a particular tax preference.

We appreciate your team's thorough analysis of the tax preferences selected for review, and offer the following comments on items in the report that impact the Office of Financial Management and/or the Department of Revenue.

Our comments are specifically regarding the following two sections of the preliminary report:

- BIOTECHNOLOGY MANUFACTURING DEFERRAL/WAIVER (SALES AND USE TAX) SUPPLEMENT, Pages 29 – 31
- HIGH TECHNOLOGY R&D DEFERRAL/WAIVER SUPPLEMENT, Pages 97 – 100

The preliminary report states that:

- Annual surveys do not provide the information needed by the Legislature to evaluate the tax preferences, (Pages 30 and 98); and
- Improvements are needed in the Office of Financial Management's (OFM's) Input-Output Model, (Page 100)

Annual Surveys Do Not Provide the Information Needed by the Legislature to Evaluate the Tax Preferences

The Department of Revenue believes that annual surveys do provide the information required by the Legislature. The uniformity desired to allow comparison between tax preference programs provides challenges with respect to collecting and reporting data specific to deferrals. The data provided is the result of a combination of data required by statute, and includes the amount of tax deferred and the number of total employment positions, information stakeholders want to provide. As an example, when stakeholder work was conducted to create the current survey form, the business community specifically asked to report "new positions created" as a way to better reflect benefits directly tied to the tax preference.

We recognize that requiring taxpayers to include the full amount of the deferred tax on the annual survey can create confusion for those who request public information about the deferral, or for those who look up the information on our website. We are currently examining ways to more accurately convey the value of tax deferrals within the confines of the statute. We have also provided a notice about this issue on our public disclosure website and a telephone number to call for additional information.

While the Department of Revenue does not have a formal position on JLARC's recommendation to convene a work group to address how to improve the reliability and accuracy of information collected in the annual survey, we want to comment on JLARC's assumptions that this work can be completed within existing resources, has no fiscal impact, and will require no legislation. We believe that participating in the work group can be done within existing resources. However, we want to point out that if the result is a significantly modified annual survey, this may require legislation and funding to implement system changes to allow us to capture the new information.

Improvements are Needed in OFM's Input-Output Model

The Office of Financial Management will convene a work group to develop and recommend a methodology to evaluate the impact of Washington's state and local government sectors on the state's economy using our Input-Output Model for the state. The work group, comprised of technical experts from state agencies, will complete its recommendation by January 15, 2013.

Again, thank you for the opportunity to provide input on this preliminary report.

Recap of Legislative Actions on Prior Reviews As of July 2012
2007 through 2011 Studies

Implementation of JLARC Staff Recommendations

JLARC Staff Recommendation	Implemented	Bill introduced, but not enacted	Made different policy choice	Allowed to expire	No action required	No action taken	Total
Allow to expire			3	5	3		11
Continue					70		70
Continue and Modify Expiration Date	4						4
Re-examine or Clarify	1	23		1		4	29
Terminate		4				2	6
Total	**5**	**27**	**3**	**6**	**73**	**6**	**120**

For 9 of the 120 reviews, the Commission adopted a different recommendation than JLARC:

Implementation of Commission's Recommendations

Study Title	JLARC Recommendation	Commission Recommendation	Legislative Status
Hog Fuel To Produce Energy (Sales & Use Tax)	Allow to expire	Re-examine or clarify	No action taken
Instate portion of interstate transportation	Terminate	Re-examine or clarify	No action taken
Intangibles	Continue	Re-examine or clarify	Bill introduced, but not enacted
Janitorial Services	Continue	Terminate	Bill introduced, but not enacted
Kidney Dialysis, Nursing Homes, and Hospice	Re-examine or Clarify	Terminate	Bill introduced, but not enacted
Sales of Goods to Certain Nonresidents for Use Outside the State (Sales Tax)	Continue	Re-examine or clarify	Bill introduced, but not enacted
Through freight in interstate transportation	Terminate	Re-examine or clarify	No action taken
Tuition and Fees	Continue	Re-examine or clarify	Bill introduced, but not enacted
Wood Biomass Fuel: Production Facilities/ Sales / Distribution	Continue and Modify Expiration Date	Re-examine or clarify	Fully implemented