

Chair's Draft: Questions for Stakeholders and Expedited Preference Commentary

Questions for Stakeholders to Address at the September 19, 2014 Meeting

Background: Each year the Citizens Commission for Performance Measurement of Tax Preferences (Citizens Commission) schedules specific tax preferences for review. These preferences are divided into two groups: those that receive an **in-depth review** by JLARC staff and those that receive only an **expedited review**. Expedited reviews are items that did not receive a JLARC evaluation because of budgetary and staff constraints. Generally, preferences receiving an expedited review have one or more of the following characteristics: (1) termination of the preference would not result in increased revenue; (2) preference has a small revenue impact; (3) preference has a limited number of beneficiaries; (4) preference has no beneficiaries or has not been used; and/or (5) beneficiary is a nonprofit entity. Although JLARC staff does not conduct an in depth review, the Citizens Commission may choose to review and comment on specific expedited preferences.

Questions for Stakeholders to Address on Both In-Depth and Expedited Reviews

Commissioners request that stakeholders include responses to the following four questions when presenting written or oral testimony in support of, or in opposition to, a tax preference:

1. Is there evidence that the tax preference achieved its purpose, as noted in the 2014 tax preferences reports? *Please provide any relevant evidence.*
2. Does the preference provide benefits in addition to those stated in its intended or implied purpose?
3. Does the economic activity stimulated by this tax preference exceed the loss of revenue to the state?
4. Does this preference have negative consequences? For example, were other industries, workers, or the environment harmed by activities stimulated by this tax preference?

Stakeholders Are Requested to Provide Specific Commentary and Recommendations to the Citizens Commission on Expedited Preferences

Testimony is encouraged on any of the expedited preferences. To facilitate response, some (but not all) of the preferences are grouped below according to common characteristics:

1. Preferences for which the Department of Revenue has indicated non-usage
 - Aluminum Master Alloy Producers (B&O Tax)
 - Bad Debts (Fuel Tax)
 - Inmate Employment Programs (Leasehold Excise Tax)
 - Second Narrows Bridge (Leasehold Excise Tax)
2. Preferences scheduled to terminate
 - Biodiesel and Alcohol Fuel Production Facilities (Leasehold Excise Tax) scheduled to expire December 31, 2015

- Biodiesel and Alcohol Fuel Production Facilities (Property Tax) scheduled to expire December 31, 2015
 - Wood Biomass Fuel Production Facilities (Leasehold Excise Tax) scheduled to expire December 31, 2015
 - Wood Biomass Fuel Production Facilities (Property Tax) scheduled to expire December 31, 2015
3. Preferences that benefit only a single organization or a limited number of organizations
- Discount Program Memberships (B&O Tax)
 - Fish Cleaning (B&O Tax)
4. Special purpose preferences
- Baseball Stadiums (Leasehold Excise Tax)
 - Film and Video Production Equipment (Sales and Use Tax)
 - Football Stadium and Exhibition Center Parking (Sales Tax)
 - Microbrewers (Beer Tax)
 - Nonresident Keeping Aircraft In-State (Aircraft Excise Tax)
 - Second Narrows Bridge (B&O Tax)
 - Truck Auxiliary Power-Batteries and Infrastructure (Sales and Use Tax)
 - Truck Auxiliary Power-Enabling Parked Operation (Sales and Use Tax)
 - Tuna, Mackerel, and Jack Fish (Enhanced Food Fish Tax)
 - Vessel Use by Manufacturers or Dealers (Use Tax)
 - Wax and Ceramic Materials to Create Molds (Sales and Use Tax)