



Citizen Commission for Performance Measurement of Tax Preferences

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

Lily Kahng, *Vice Chair*
Seattle University Law School

James Bobst
Pacific Fibre Products, Inc.

Stephen B. Miller
Washington Education Association

Paul Guppy
Washington Policy Center

Non-voting Members:

Representative Troy Kelley
Chair, Joint Legislative Audit
and Review Committee

Brian Sonntag
State Auditor

Citizen Commission for Performance Measurement of Tax Preferences Meeting Minutes

September 24, 2010
John A. Cherberg Bldg.,
Senate Hearing Rm. 3
Olympia, WA

Members Present:

William A. Longbrake
Stephen Miller
Rep. Troy Kelley

Lily Kahng
Paul Guppy
James Bobst

Members Absent:

Brian Sonntag

Staff:

Ruta Fanning
Mary Welsh
Peter Heineccius
Curt Rogers
Diane Morrill

Keenan Konopaski
Dana Lynn
Cindy Evans
Suzanne Kelly

WELCOME / INTRODUCTIONS

Commission Chair Longbrake welcomed those in attendance and called the meeting to order at 2:00 p.m.

APPROVAL OF MEETING MINUTES

MOTION: A motion was made to approve the August 20, 2010, meeting minutes.
The motion was seconded and carried.

STAFF REPORTS

Ruta Fanning provided an update on the Task Force on Tax Preference Reform. Commissioners Longbrake and Guppy, members of the Task Force, briefed other Commission members on potential proposals to the Task Force to modify the Commission's and JLARC's work.

MOTION: A motion was made to endorse the Task Force proposals specific to the Commission.
The motion was seconded and carried.

Dana Lynn provided a memo to the Commission that included additional explanation of the underlying analysis supporting JLARC's recommendation for the 2010 review of the in-state portion of interstate transportation.

APPROVAL OF 2011 10-YEAR TAX PREFERENCE REVIEW SCHEDULE

The Commission reviewed the 2011 Department of Revenue Descriptions for Expedited and Expedited Light reviews. The Commission found sufficient consensus to move the tax preference for international banking facilities (RCW 82.04.315) from the Expedited Light to the Expedited list.

The Commission discussed several other preferences on the Expedited Light list for 2011 that some Commissioners may wish to consider providing comments upon in next year's reports. JLARC noted they will not conduct an evaluation of these preferences, but for these specific preferences they will identify pre-existing documents for the Commission, such as statutes, bill reports, and fiscal notes. These documents will be provided to the Commission next year to assist them with considering any comments for these preferences. The specific Expedited Light preferences the Commission requested additional information on included:

- Product leases, 33% credit
- Funeral home reimbursement
- Nonprofit races
- Nonresidents' rental vehicles
- Honey beekeepers B&O tax exemptions
- Honey beekeepers sales and use tax exemptions
- Log transportation preferential public utility tax rate
- Sales of forest derived biomass to produce electricity
- Machinery and equipment used to generate solar energy

MOTION: A motion was made to approve the 2011 10-Year Tax Preference Review Schedule, as amended to adjust the level of review of international banking facilities. The motion was seconded and carried.

PUBLIC COMMENT ON 2010 TAX PREFERENCE REVIEWS

Chair Longbrake opened the meeting for public comment on the 2010 Tax Preference Reviews.

A panel consisting of Eric Johnson, Washington Public Ports; Clare Gallagher, Port of Seattle; Sean Eagan, Port of Tacoma; and Rick Wickman, Port of Vancouver, testified against JLARC's recommendations to terminate the three public utility tax preferences reviewed in 2010. A panel consisting of Jordan Royer, Pacific Merchant Shipping Association, and Scott Mason, President of the International Longshoremen's and Warehousemen's Union Local #23 and President of the Puget Sound District Council, testified against JLARC's recommendation to terminate the preference providing a public utility tax deduction for through freight in interstate transportation.

A panel consisting of Terry Fin, Burlington Northern Santa Fe Railway, and Larry Pursley, Washington Trucking Associations, testified that considerations for changes to the three public utility tax preference be dropped.

Louise Bray, Schnitzer Steel Industries, also testified against JLARC's recommendations for the three public utility tax preferences.

Ruta Fanning reminded Commission members that JLARC will seeking their written comments on the 2010 tax preference reviews by October 11th for compiling and mailing prior to the October 15th meeting.

With no further public comment or Commission discussion, the meeting was adjourned at 5:05 p.m.