



Citizen Commission for Performance Measurement of Tax Preferences

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

Stephen B. Miller, *Vice Chair*
Washington Education Association

James Bobst
Pacific Fibre Products, Inc.

Ruta Fanning
Retired Legislative Auditor

Paul Guppy
Washington Policy Center

Non-voting Members:

Senator Craig Pridemore
Chair, Joint Legislative Audit
and Review Committee

Brian Sonntag
State Auditor

Citizen Commission for Performance Measurement of Tax Preferences Meeting Minutes

September 14, 2012
John A. Cherberg Bldg.,
Senate Hearing Rm. 3
Olympia, WA

Members Present:

William A. Longbrake
James Bobst
Sen. Craig Pridemore

Stephen Miller
Ruta Fanning

Members Absent:

Paul Guppy

Brian Sonntag

Staff:

Keenan Konopaski
Mary Welsh
Peter Heineccius
Curt Rogers
Stacia Hollar, AG's Office

John Woolley
Dana Lynn
Eric Tietz
Suzanne Kelly

WELCOME

Commission Chair Bill Longbrake welcomed those in attendance and called the meeting to order at 2:04 p.m.

APPROVAL OF MEETING MINUTES

MOTION: A motion was made to approve the August 24, 2012, meeting minutes.

The motion was seconded and carried.

APPROVAL OF 10-YEAR TAX PREFERENCE REVIEW SCHEDULE

John Woolley, JLARC staff, reminded commissioners that they finalized the 2012 10-Year Review Schedule at the August meeting. After the meeting, staff revised the 10-Year Schedule to reflect the Commission's modifications at the August meeting and also made a number of technical changes (e.g., name changes and updated savings amounts). In addition, preferences enacted in the 2012 session were added to the schedule. (See TVW recording at [0:00:44](#))

MOTION: A motion was made to adopt the 2012 10-Year Schedule, as revised by JLARC staff.

The motion was seconded and carried.

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STAFF RESPONSES TO QUESTIONS RAISED AT THE AUGUST MEETING

John Woolley, JLARC staff, responded to questions raised by the Commission at the August meeting. JLARC will make minor modifications to the 2012 Tax Preference Reviews to clarify the methodology used to arrive at certain estimates regarding the credit for High Technology R&D (B&O Tax). Staff informed the Commission that there is no tax preference for financial institutions similar to the insurance guarantee fund preference. Staff informed the Commission that determining the profit margins of the stevedoring industry across the states would take considerable staff resources and would not be pursued at this time. However, staff will provide existing national average information about profit margins that is available from the federal government.

Commissioner Fanning asked staff whether the Commute Trip Reduction beneficiaries included public entities. Staff responded that the public sector was included in those taking advantage of the program. Commissioner Fanning clarified that the public sector does not pay the B&O Tax, and thus does not benefit from the credit. (See TVW recording at [0:03:23](#))

PUBLIC COMMENT

Scott Hazlegrove, representing the Pacific Merchant Shipping Association, testified in support of the preferential rate for Stevedoring and International Charter and Freight Brokers (B&O Tax). (See TVW recording at [0:15:55](#))

Bill Stauffacher and Dan Holst, representing the Independent Insurance Agents & Brokers of Washington, testified in support of the preferential rate for Insurance Providers, Title Insurance Agents, and Surplus Line Brokers (B&O Tax). (See TVW recording at [0:30:35](#))

Brent Dippie, representing Zetron Incorporated, testified in support of the credit for High Technology R&D (B&O Tax). (See TVW recording at [0:46:40](#))

Patti McKinnell Davis, representing the Washington Biotechnology & Biomedical Association, testified in support of the credit for High Technology R&D (B&O Tax). (See TVW recording at [0:57:20](#))

Andrew Nicholas, representing Washington State Budget and Policy Center, testified in opposition to the credit for High Technology R&D (B&O Tax). (See TVW recording at [1:16:04](#))

Dick Nelson, former Washington State Representative, testified about recommendations to the Commission and the Legislature of ways to improve the tax preference review process. (See TVW recording at [1:19:45](#))

PROCESS FOR PROPOSING COMMISSIONER COMMENTS

Keenan Konopaski, Legislative Auditor, briefed Commissioners on the procedure for proposing written comments on the 2012 Tax Preference Reviews, as well as comments on three preferences reviewed in 2010 that the Commission indicated it may wish to revise.

Chair Longbrake recommended that Commissioners identify as soon as possible any reviews where JLARC recommended "Continue" that a Commissioner wants to make a comment or discuss further at the October meeting. Staff informed the Commission that written comments should be submitted to staff by October 1, 2012, for distribution to the other Commissioners. (See TVW recording at [1:30:25](#))

Chair Longbrake adjourned the meeting at 3:50 p.m.