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# Citizen Commission for Performance Measurement of Tax Preferences

**Dr. Grant D. Forsyth, Chair**  
Avista Corp  
**Stephen B. Miller, Vice Chair**  
Washington Education Association  
**Ronald Bueing**  
PricewaterhouseCoopers

**Diane Lourdes Dick**  
Seattle University School of Law  
**Justin Marlowe**  
Evans School of Public Policy and Governance, UW

**NON-VOTING MEMBERS:**  
**Senator John Braun**  
Chair, Joint Legislative Audit and Review Committee  
**Troy Kelley**  
State Auditor

## Citizen Commission for Performance Measurement of Tax Preferences

Meeting Minutes  
October 14, 2016  
John L. O'Brien Building  
House Hearing Room E  
Olympia, WA

### Members Present:

Grant Forsyth	Stephen Miller
Ron Bueing	Diane Lourdes Dick (via telephone)
Justin Marlowe	State Auditor Troy Kelley

### Members Absent:

Senator John Braun

### Staff:

Keenan Konopaski	Rachel Murata
John Woolley	Ashley Elliott
Eric Whitaker	Dana Lynn
Marilyn Richter	Ian Larsen
Emily Schroeder	Stacia Hollar, AGO
Pete van Moorsel	

### CALL TO ORDER AND WELCOME

Commission Chair Grant Forsyth called the meeting to order at 10:03 am.

The Chair welcomed Justin Marlowe. Dr. Marlowe was recently appointed to the Commission by Governor Jay Inslee. Dr. Marlowe is a professor at the University of Washington's Evans School of Public Affairs, where he also serves as an Associate Dean for Executive Education.

#### 1. Action item: Approval of 9/9/16 meeting minutes

**MOTION:** A motion was made to approve the September 9, 2016 meeting minutes.

The motion was seconded and carried. (See TVW recording at [01:16](#))

#### 2. Action item: Discussion/Adoption of policy regarding records retention

Assistant Attorney General Stacia Hollar explained that the Commissioners' individual records, including notes, are required to be retained as long as necessary for business purposes. In accordance with this requirement, the proposed policy states that Commissioners individual records will be retained each year until the Commission completes the adoption of its comments.

**MOTION:** A motion was made to approve the records retention policy.

The motion was seconded and carried. (See TVW recording at [01:38](#))

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### 3. Approve 2017 Meeting Schedule

The Commission discussed the proposed meeting dates. The Commission agreed the proposed dates will work for next year.

(See TVW recording at [06:34](#))

### 4. Action Item: Discussion/Adoption of Commission Comments on 2016 Tax Preference Reviews

#### *Group A*

No Commissioner had proposed any comments on preferences in Group A prior to the meeting. The Chair asked whether any Commissioners had any proposed comments on the preferences in Group A at the meeting. No Commissioners had any additional comments to propose on these preferences.

**MOTION:** A motion was made to endorse the Legislative Auditor's recommendations to continue **Custom Software (Sales and Use Tax)**, expire **Fuel Use by Mint Growers (Sales and Use Tax)**, continue **Standing Timber (Real Estate Excise Tax)** and review and clarify **Solar Energy and Silicon Product Manufacturers (B&O Tax)**.

The motion was seconded and carried unanimously. (See TVW recording at [07:40](#))

#### *Group B*

The preferences in Group B received a recommendation of "Continue" by the Legislative Auditor and there were proposed comments.

**MOTION:** A motion was made to endorse the Legislative Auditor's recommendation for **Data Center Equipment (Sales and Use Tax)** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [13:40](#))

**MOTION:** A motion was made to endorse the Legislative Auditor's recommendation for **Self-Service Laundry Facilities (Sales and Use Tax)** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [20:17](#))

#### *Group C*

The preferences in Group C received a recommendation of "Review and Clarify" by the Legislative Auditor and there were proposed comments.

**MOTION:** A motion was made to endorse the Legislative Auditor's recommendation for **Clay Targets (Sales and Use Tax)** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [22:19](#))

Chair Forsyth disclosed that his company would potentially have interest in the following tax preference which is the Customer-Generated Power tax preference.

**MOTION:** A motion was made to endorse the Legislative Auditor's recommendation for **Customer-Generated Power (Public Utility Tax)** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [24:18](#))

**MOTION:** A motion was made to endorse the Legislative Auditor's recommendation for **Flavor-Imparting Items (Sales and Use Tax)** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [25:59](#))

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**MOTION:** A motion was made to endorse the Legislative Auditor's recommendation for **Timber and Wood Products Reduced B&O (B&O Tax)** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [28:53](#))

**MOTION:** A motion was made to endorse the Legislative Auditor's recommendation for **Trade-Ins (Sales and Use Tax)** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [36:33](#))

**MOTION:** A motion was made to endorse the Legislative Auditor's recommendation to terminate six preferences not in use and review and clarify the remaining two preferences for **Semiconductor Materials Manufacturing: Multiple Taxes** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [45:31](#))

## *Group D*

The preference in Group D received a recommendation of "Modify" by the Legislative Auditor and there was a proposed comment.

**MOTION:** A motion was made to not endorse the Legislative Auditor's recommendation and continue **Rural Electric Cooperative Finance Organization (B&O Tax)** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [49:24](#))

## *Group E*

The preferences in Group E received a recommendation of "Allow to Expire or Repeal" by the Legislative Auditor and there were proposed comments.

**MOTION:** A motion was made to continue **Nonresident Large Airplanes (Sales and Use Tax)** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [59:54](#))

**MOTION:** A motion was made to endorse the Legislative Auditor's recommendation to repeal the **Syrup Taxes Paid (B&O Tax)** with comment.

The motion was seconded and carried unanimously. (See TVW recording at [1:15:04](#))

The Commission received public testimony. Those testifying provided an update to the aerospace industry tax preferences that were reviewed in 2014. (See TVW recording at [1:16:43](#))

## *Group F*

The Commission received public testimony about the Grocery Distribution Co-Op preference included in DOR's expedited preference reports. (See TVW recording at [1:35:58](#))

**MOTION:** A motion was made to continue the **Grocery Distribution Co-Ops (B&O Tax)** with added comment.

The motion was seconded and carried unanimously. (See TVW recording at [1:45:34](#))

The Commission discussed other expedited tax preferences included in DOR's expedited preference reports. In accordance with Commission bylaws, Commissioner Miller noted he intended to submit minority comments on some of the expedited preferences.

Meeting adjourned at 12:36 pm.