

# Joint Legislative Audit and Review Committee (JLARC)



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## LEGISLATIVE AUDITOR

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## SENATORS

Randi Becker  
 John Braun, *Chair*  
 Sharon Brown  
 Annette Cleveland  
 David Frockt  
 Bob Hasegawa  
 Mark Mullet, *Assistant Secretary*

## REPRESENTATIVES

Jake Fey  
 Larry Haler  
 Christine Kilduff  
 Drew MacEwen  
 Ed Orcutt, *Secretary*  
 Gerry Pollet  
 Derek Stanford, *Vice Chair*  
 Drew Stokesbary

July 20, 2016

## JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE REGULAR COMMITTEE MEETING MINUTES

### COMMITTEE BUSINESS

- Senator Braun, JLARC Chair, called the meeting to order at 10:04 a.m.
- Legislative Auditor Konopaski introduced Matt Beverlin, a new JLARC staff member.
- *Chair called for a motion to approve the April 20, 2016 meeting minutes. A motion was made and seconded. The motion carried unanimously. (See TVW recording at [01:25](#)).*

### REPORTS, PRESENTATIONS, DISCUSSIONS

#### **I-900 Recommendations to the Legislature – Status Report**

Legislative Auditor Konopaski reminded the Committee that this is a status report rather than an audit report. Suzanna Pratt from the JLARC staff presented the I-900 status report. Initiative 900, approved by voters in November 2005, directs the State Auditor's Office (SAO) to conduct performance audits of state and local government agencies. This annual report provides information on the status of recommendations to the Legislature made by State Auditor performance audits. It includes information on the implementation status of nine specific recommendations to the Legislature included in SAO's 2015 performance audits, as well as on ten unresolved recommendations in performance audits issued by the SAO between calendar years 2013 and 2014. (See TVW recording at [01:40](#)).

#### **Lodging Tax – Status Report**

Legislative Auditor Konopaski introduced the lodging tax status report, explaining that this is a data collection exercise rather than an audit. Suzanna Pratt from the JLARC staff presented a status report on lodging tax distributions for calendar years 2014 and 2015. The 2013 Legislature directed JLARC to collect and report local use of lodging tax revenues for tourism purposes (ESHB 1253). JLARC staff established a reporting system and provided reporting guidelines. JLARC staff then compile the report each year, based on data submitted by municipalities. Municipalities are responsible for the accuracy of their data, and JLARC staff do not independently verify the information. (See TVW recording at [04:55](#)).

#### **2016 Tax Preference Performance Reviews—Preliminary Report**

John Woolley, Dana Lynn, Rachel Murata, and Pete van Moorsel from the JLARC staff presented the preliminary report for the 2016 tax preference reviews. Statute directs JLARC to conduct annual performance audit reviews of Washington's tax preferences. JLARC's first tax preference reviews were completed in 2007. This 2016 report includes reviews of 22 tax preferences combined into 14 reports. All tax preference

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performance audit reviews place an emphasis on whether the preference has met its public policy objectives. The presentation focused on the results of five of the tax preference reviews:

- Syrup Tax Paid (B&O Tax)
- Customer-Generated Power (Public Utility Tax)
- Timber and Wood Products (B&O Tax)
- Data Center Equipment (Sales & Use Tax)
- Trade-Ins (Sales & Use Tax)

(See the TVW recording at [14:54](#))

## Other Discussion

Chair Braun reminded the Committee that there is an I-900 meeting at 1:30 p.m. today. SAO will present their report titled “Cost and Sustainability at the Washington Health Benefit Exchange.”

## ATTENDANCE

ILARC Members Present: Senators Randi Becker and John Braun; Representatives Larry Haler, Christine Kilduff, Drew MacEwen, Ed Orcutt, Gerry Pollet, Derek Stanford and Drew Stokesbary.

ILARC Staff Present: Keenan Konopaski, Legislative Auditor; John Woolley, Valerie Whitener, Marilyn Richter, Emily Schroeder, Ashley Elliott, Stephanie Hoffman, Dana Lynn, Rachel Murata, Suzanna Pratt, Erin Manning, Pete Van Morsel, Eric Whitaker, and Matt Beverlin

## ADJOURNMENT

The meeting was adjourned at 11:13 p.m.

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CHAIR

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VICE CHAIR