

Standard Financial Information

JLARC Staff 2017 Tax Preference Performance Evaluation

Sales and Use Tax Preference

Objectives (stated)	Results
Exempt standard financial information purchased by international investment management companies from sales and use tax.	Met. Exempts the first \$15 million in qualifying purchases of standard financial information per company, per year.
Revenue impact to “reasonably conform” to the original fiscal estimates.	Unknown. Standard financial information is taxed based on its format. Some may be exempt without the preference. How much is not reported.

Standard financial information has many formats, including searchable online databases

Information such as financial market data, bond ratings, and credit ratings

Created for use by multiple customers

Searchable online databases would be taxed without preference, others not taxed regardless

Businesses not required to report what portion of information is a searchable database

Revenue impact, conformity to original fiscal estimate unknown

	Estimated fiscal impact	Original fiscal estimate	Increase over original estimate
If 100% are searchable online databases	\$1.1 million	\$0.5 million	+ 120%
If 42% are searchable online databases	\$0.5 million	\$0.5 million	0%

Legislative Auditor recommendation: Clarify

The Legislature should clarify what is meant by “reasonably conforms” and require reporting by taxpayers to determine the preference’s fiscal impact.

The complete report is on the JLARC web site.

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