



PROPOSED FINAL REPORT

2022 Tax Preference Performance Reviews

Five of seven Legislative Auditor recommendations require action.

Citizen Commission unanimously endorsed all recommendations, adopted comments on three.

Citizen Commission plays vital role in tax preference review process

July | Presented preliminary report to JLARC.

August | Presented preliminary report to Citizen Commission.

September | Citizen Commission heard public testimony.

October | Citizen Commission adopted comments to report.

November | Present proposed final report to JLARC.

Five of seven Legislative Auditor recommendations require action

Commuter Trip Reduction (Continue and modify)

Food Processors – Dairy (Continue and clarify)

Food Processors – Fruit & Vegetable (Continue and clarify)

Food Processors – Seafood (Review and clarify)

Nonprofit Hospitals & Cancer Clinics (Clarify)

Allow one preference to expire

Food Processors - Dairy products used as an ingredient or component to create other dairy products

Continue one preference

Historic Auto Museums (Until current deferral repaid in 2034)

Legislative Auditor Recommendations & Conclusions: Preferences with Commission Comments

Commute Trip Reduction (Continue and Modify)

More Washingtonians are using commute alternatives. However, fewer employers are requesting the tax credit, and the credit likely has limited influence on the amount of financial incentives employers provide.

Food Processors – Fruit & Vegetable (Continue and Clarify)

Fruit and vegetable beneficiaries had job and wage increases that exceeded industry and state averages. The preferences reduced the effective tax rates, but rates remain higher than neighboring states.

Nonprofit Hospitals & Cancer Clinics (Clarify)

Property tax exemptions for nonprofit hospitals and cancer clinics meet the inferred intent of encouraging charity care and community benefits. Beneficiaries provide 99% of charity care statewide, and the value of charity care exceeds tax savings.

Five Commissioners, appointed by caucuses and Governor

Dr. Grant D. Forsyth, *Chair*
Chief Economist, Avista Corp.

Andi Nofziger-Meadows, *Vice Chair*
President, Edmonds Education
Association

Ronald L. Bueing
Retired Tax attorney and CPA

Dr. Sharon Kioko
Associate Professor of
Public Administration,
Evans School of Public
Policy and Governance,
University of Washington

James Orr
Retired teacher

Non-Voting Members

Representative Gerry Pollet
JLARC Chair

Pat McCarthy
State Auditor

Citizen Commission's comments on three preferences

Commute Trip Reduction (Continue and Modify)

Increasing commute alternatives, decreasing traffic congestion, and decreasing energy use and air pollution are becoming more important to our state for quality of life and sustainability.

Traffic congestion and energy use is not solely a Puget Sound corridor issue; Eastern Washington and rural communities can all benefit from reducing single-occupant travel.

Citizen Commission's comments on three preferences

Food Processors – Fruit & Vegetable (Continue and Clarify)

Public testimony highlighted the importance of this tax preference for our state's wine industry, which has shown solid industry growth in jobs, wages, and tourism in the past decade.

More generally, food processors face higher tax burdens in Washington compared to neighboring states. This preference helps level the playing field for all kinds of food processors, allowing them to remain competitive and/or grow.

Citizen Commission's comments on three preferences

Nonprofit Hospitals & Cancer Clinics (Clarify)

Preference should be continued with clarification. Legislature should state public policy objectives and metrics so the intent and performance of this preference can be more easily measured in future reviews.

The non-profit hospitals and cancer centers provide essential charity care to vulnerable populations in our state, and metrics would assist them in demonstrating the value of the service they provide to our state and communities.

Contact Us

Research Analysts

Zack Freeman

360.786.5179

zack.freeman@leg.wa.gov

Dana Lynn

360.786.5177

dana.lynn@leg.wa.gov

Pete van Moorsel

360.786.5185

pete.vanmoorsel@leg.wa.gov

Project Coordinator

Eric Thomas

360.786.5182

eric.thomas@leg.wa.gov

Legislative Auditor

Keenan Konopaski

360.786.5187

keenan.konopaski@leg.wa.gov

