



STATE OF WASHINGTON

September 11, 2023

Eric Thomas, Legislative Auditor
Joint Legislative Audit and Review Committee
PO Box 40910
Olympia, WA 98504-0910

Dear Mr. Thomas:

The Office of Financial Management and the Washington State Department of Revenue have reviewed the Joint Legislative Audit and Review Committee's (JLARC) preliminary report on the 2023 tax preference performance reviews. This year's report includes six recommendations in six separate tax reports provided on preferences for interstate transportation, creating jobs in rural counties and CEZs, international business services, storing pesticides sold out of state, historic vessels, and rehabilitating historic properties.

We appreciate JLARC's thorough analysis and the detailed review provided by the Citizen Commission for Performance Measurement of Tax Preferences. A system that provides for a continuous review of state tax preferences is critical to ensure that the state of Washington maintains a fair and equitable tax system.

While we have no specific comments on the 2023 preliminary report, we continue to support JLARC's recommendations for the inclusion of performance statements and public policy objectives for all tax preferences where they do not exist in statute today. We also have reviewed your new racial equity analysis for this report and recognize the challenges you had in obtaining robust race and ethnicity data. As you requested, OFM will schedule a meeting with JLARC and the Equity Office to discuss ways in which you might obtain better data for this review in the future.

Thank you for the opportunity to review this material and the recommendations made by JLARC and provide comments.

Sincerely,

David Schumacher, Director
Office of Financial Management

Drew Shirk, Director
Department of Revenue

cc: Nona Snell, Budget Director, OFM
Rachel Knutson, Senior Budget Advisor, OFM
Kathy Oline, Assistant Director for Research & Fiscal Analysis, DOR