



STATE OF WASHINGTON

August 29, 2025

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 (OFM) and Department of Revenue (DOR) have reviewed the Joint Legislative Audit and Review Committee's (JLARC) preliminary report on the 2025 tax preference performance reviews. This year's report evaluates 14 tax preferences included in nine separate reports covering a wide variety of topics, from natural gas for transportation to multipurpose senior citizen centers.

We appreciate the thorough analysis provided by JLARC staff 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. We have three comments regarding the 2025 preliminary report.

General Comment

We continue to support JLARC's recommendations for the inclusion of performance metrics and specific public policy objectives for all tax preferences where they do not exist in statute today.

Natural Gas for Transportation

We support the JLARC recommendation to modify the public utility tax exemption to require beneficiaries to report the amounts of compressed natural gas and liquefied natural gas produced and sold, as this information will allow DOR to provide more accurate estimates of the taxpayer savings and revenue impacts of this tax preference.

Nonprofit Low-Income Housing Development

We support the JLARC recommendation to modify the property tax exemption by requiring nonprofit developers to renew the preference annually. This would facilitate more consistent data collection between DOR, county assessors, and developers.

Thank you for the opportunity to review the JLARC tax preference performance reviews and provide comments.

Sincerely,

A handwritten signature in black ink, appearing to read "K.D. Chapman-See".

K.D. Chapman-See, Director
Office of Financial Management

A handwritten signature in black ink, appearing to read "Drew Shirk".

Drew Shirk, Director
Department of Revenue