



# PROPOSED STUDY QUESTIONS 2024 Tax Preference Review: Aluminum

State of Washington Joint Legislative Audit and Review Committee

September 2023

## JLARC to review eight tax preferences that are available to businesses involved with aluminum manufacturing

Aluminum smelters and related businesses may be eligible for certain tax preferences. JLARC reviewed six of the preferences in 2015, and several will expire in 2027. Since our last review, many of the activities eligible for the preferences no longer take place in Washington due to the closure of the smelters in Wenatchee and Ferndale.

Business type	Preferences	Past JLARC review	Expiration	Stated public policy objective
Aluminum smelters	1. Reduced business and occupation (B&O) tax rate for manufacturing and wholesaling 2. B&O credit for property taxes paid 3. Brokered natural gas tax exemption 4. Sales and use tax exemption for materials incorporated into facilities	2015 <a href="#">(report)</a>	January 2027	Preserve jobs in Washington's aluminum manufacturing industry
Entities that sell power to aluminum smelters	5. B&O credit for entities that are not utilities 6. Public utility tax (PUT) credit for utilities	2015 <a href="#">(report)</a>	None	None
Businesses engaged in aluminum production	7. B&O tax exclusion for aluminum master alloy producers 8. Sales and use tax exemption for purchases of anodes and cathodes	None	None	None

## This study will address the following questions

Study questions define the scope of the audit, based on the study mandate. They reflect preliminary outreach, research, and analysis of potential racial equity considerations per RCW 44.28.076.

1. To what extent have the preferences been used since JLARC's 2015 review? How much have beneficiaries saved?
2. How has employment in Washington's aluminum manufacturing industry changed?
  - a. What are the racial and ethnic characteristics of those that benefit from the preferences and their employees?
3. What local, national, and international factors may have contributed to changes in Washington's aluminum manufacturing industry?

## Study timeframe

Preliminary Report: July 2024

Proposed Final Report: December 2024

## Study team

<b>Team Lead</b>	Eric Whitaker	(360) 786-5618	<a href="mailto:eric.whitaker@leg.wa.gov">eric.whitaker@leg.wa.gov</a>
<b>Research Analyst</b>	Geoff Cunningham	(360) 786-5672	<a href="mailto:geoffrey.cunningham@leg.wa.gov">geoffrey.cunningham@leg.wa.gov</a>
<b>Project Coordinator</b>	Stephanie Hoffmann	(360) 786-5297	<a href="mailto:stephanie.hoffmann@leg.wa.gov">stephanie.hoffmann@leg.wa.gov</a>
<b>Legislative Auditor</b>	Eric Thomas	(360) 786-5182	<a href="mailto:eric.thomas@leg.wa.gov">eric.thomas@leg.wa.gov</a>





# PROPOSED STUDY QUESTIONS Tax Preference Review: Aluminum Manufacturing Preferences (2024)

State of Washington Joint Legislative Audit and Review Committee

September 2023

## JLARC Study Process

