

OVERVIEW

Citizen Commission for Performance Measurement of Tax Preferences

Proposed Process for Commission Action on 2022 Tax Preference Reviews

September 8, 2022

STEP 1 Completion date – Thursday, September 8th

Commissioners receive public testimony.

STEP 2 Completion date – Friday, September 9th

Commissioners receive formal agency responses and comments.

STEP 3 Completion date – Wednesday, September 21st

Using the Commissioner Draft Comment Form, Commissioners forward to the Legislative Auditor any proposed comments by Wednesday, September 21st (See [Commissioner Comment Form](#)).

The Legislative Auditor will compile proposed comments and distribute to all Commissioners by C.O.B., Friday, September 30th.

For an example of the format of comments from prior years, [See Exhibit 1](#).

STEP 4 Completion date – Monday, October 10th

Chair to prepare consolidated draft of proposed Commissioner comments. Legislative Auditor will distribute to all Commissioners.

STEP 5 Completion date – Tuesday, October 18th

At the October 18th meeting, Commissioners will determine which comments to adopt. JLARC staff will be prepared to amend proposed comment language on the spot during the meeting, as Commissioners deliberate on the various comment proposals.

PROCESS FOR OCTOBER 18th MEETING

First, the Commission will consider comments for preferences that received a full JLARC staff review.

Typically, Commissioners have elected to use one of the following options for each comment (see example in [Exhibit 1](#)):

- a. Endorse Legislative Auditor Recommendation without comment
- b. Endorse Legislative Auditor Recommendation with additional comment
- c. Do Not Endorse Legislative Auditor Recommendation without comment
- d. Do Not Endorse Legislative Auditor Recommendation with additional comment

The Chair will ask for proposals for comments individually for each of the preferences reviewed by JLARC staff. Any Commissioner can ask to add a minority report reflecting their individual comments (see [Exhibit 2](#)).

PREFERENCES REVIEWED BY JLARC STAFF WITH LEGISLATIVE AUDITOR RECOMMENDATIONS

1	Commuter Trip Reduction	The Legislative Auditor recommends continuing and modifying the preference.
2	Food Processors	The Legislative Auditor recommends: (1) continuing and clarifying the B&O preferences for dairy processors, (2) allowing to expire the B&O preference for dairy products used as an ingredient or component to create other dairy products, (3) continuing and clarifying the B&O preferences for fruit & vegetable processors, and (4) reviewing and clarifying the B&O preferences for seafood processors.
3	Historic Automobile Museums Sales and Use Tax Deferral	The Legislative Auditor recommends continuing the preference until the deferral is repaid in 2032.
4	Property Tax Exemption for Nonprofit Hospitals and Cancer Clinics	The Legislative Auditor recommends clarifying the objectives of the preferences by including performance statements.

Then the Commission will consider whether there are any comments they wish to adopt for preferences that received an expedited review.

- See Expedited Review report posted [here](#).
- The Commission has the option, but is not required, to comment on any preference with an Expedited Review.
- Any preferences proposed for commentary will be discussed individually.
- The Commission will then entertain a motion to act on each proposal.
- Any Commissioner can ask to add a minority report reflecting their individual comments.

EXHIBIT 1

Example from 2020 Commissioner Comment Process

Adopted Comment

Farmworker Housing (Sales and Use Tax)

Legislative Auditor Recommendation: The Legislature should clarify the preference by including a performance statement and determining if the preference should align with other housing practices or be maintained in its current form.

While there is an ongoing need for farmworker housing, the preference was enacted before the Legislature required a performance statement for new preferences. The Legislature should clarify its expectations for this preference by adding a performance statement that clearly states the public policy objectives and metrics to determine whether the objectives have been met. Requirements for the preference do not align with other current farmworker housing practices, which may limit how often it is used.

Commission Comment: Endorse Legislative Auditor recommendation with additional comment.

Testimony from non-profit housing agencies noted that the tax preference has helped to increase the supply of housing by offering an additional incentive that improves the financial viability of housing developments. As noted by Legislative Auditor, the preference can be improved by better aligning it with other funding source requirements. In addition, combined written testimony by the Office of Rural and Farmworker Housing, Catholic Charities, the Yakima Housing Authority, and Beacon Development Group offers specific changes to the preference that should be thoroughly reviewed by the Legislature.

EXHIBIT 2

Citizen Commission for Performance Measurement of Tax Preferences Bylaws

Article VII: Minority Reports

Section 1: Minority Report(s): Any Commission member may request a minority report for any motion that has been approved by a vote of the Commission. Requests must be made to the Chair at the meeting, following the approval of the motion. The Chair shall ensure that minority reports requested by members are registered in the record of business for the Commission meeting.