

Consistent with statute and the Commission's guidance to conduct in-depth reviews on a smaller number of preferences, JLARC staff reviewed the 2024 schedule and recommend the following:

Staff-recommended 2024 tax preference review schedule

1. **Aerospace:** Status update of nine preferences last reviewed in 2019. Legislature requires review every 5 years.
2. **Aluminum:** Eight preferences last reviewed in 2015. Four of these expire January 1, 2027. According to DOR, no entities using preference.
3. **Alternative fuel transportation:** Eight preferences with similar policy objectives. Three expire July 1, 2025.
4. **Customized workforce training:** One preference expiring July 1, 2026.

Proposed changes to existing 2024 tax preference review schedule

- Add the **Customized Workforce Training (B&O Tax)** preference to the full review schedule. Its July 1, 2026 expiration date means that a 2024 review would give the Legislature two sessions to implement the Legislative Auditor recommendation.
- Move three preferences from the full review schedule to "alternates":
 - **Billing Discounts (PUT)**
 - First alternate. JLARC staff likely lack capacity to review in 2024.
 - **Precious Metals and Bullion (B&O Tax)**
 - **Precious Metals and Bullion (Sales and Use Tax).**
 - Second alternate. Both precious metal preferences reviewed in 2013 with "Review and clarify" recommendation. No subsequent legislative action.
- Move the **Airplane Repair Facility New Construction (Sales and Use Tax)** preference to 2028. The 2023 Legislature extended the expiration date of the preference to January 1, 2031.

JLARC staff used the following criteria to evaluate the preferences on the schedule:

Consider adding or keeping a preference on the full review list if:

- There is **specific legislative guidance that JLARC review** a preference.
- **Data is available** and a **potential analytical approach** exists to conduct a review.
- **House and Senate legislative staff** express interest in a preference. Our nonpartisan colleagues work closely with members during session and offer valuable insight into members' interests and reviews likely to be of value.
- **There is a stated and measurable outcome.** A review based on clear criteria is more likely to yield actionable recommendations than one in which intent must be inferred.

Consider dropping the preference from the full review list if:

- **JLARC previously reviewed** the preference, there was no subsequent legislative action, and another review is unlikely to reach a different conclusion or provide new information.
- **There are fewer than three beneficiaries.** In these instances, JLARC staff cannot disclose information without the taxpayer's permission and may have little information or analysis to provide.
- The **Legislature exempted the preference** from the performance statement and expiration date requirements, indicating it likely considers the preference to be a permanent and structural preference.

Other considerations:

- **Legislative history:** Amendments to a preference—or lack thereof—can be a useful measure of legislative interest.
- **Industry groupings:** Statute directs the Commission to consider industry groupings when scheduling reviews. Groupings can also lead to efficiencies for JLARC staff and industry stakeholders.

Summary of proposed changes to 2024 tax preference review schedule (additions in bold italics in table):

- Move to full review: Customized Workforce Training (B&O Tax)
- Move to alternates:
 - Billing Discounts (Public Utility Tax)
 - Precious Metals and Bullion (B&O Tax)
 - Precious Metals and Bullion (Sales and Use Tax)
- Move to 2028 review schedule: Airplane Repair Facility New Construction (Sales and Use Tax)

2024: Staff Recommendation for full JLARC review						
#	Preference Name	Category	RCW	Enacted	Expiration	Beneficiary Savings
1	Certified Aircraft Repair Firms (B&O Tax)	Aerospace	82.04.250(3)	2003	7/1/2040	\$1,730,000
2	Commercial Airplane Manufacturing - Preferential Rate (B&O Tax)	Aerospace	82.04.260(11)	2003	7/1/2040	\$268,690,000
3	Aerospace Product Development (B&O Tax)	Aerospace	82.04.290(3)	2008	7/1/2040	\$6,050,000
4	Superefficient Airplane Production Facilities (Property Tax)	Aerospace	84.36.655	2003	7/1/2040	\$0
5	Aerospace Product Development Expenditures (B&O Tax)	Aerospace	82.04.4461	2003	7/1/2040	\$201,760,000
6	Commercial Airplane Manufacturing - Credit for Taxes Paid (B&O Tax)	Aerospace	82.04.4463	2003	7/1/2040	\$68,360,000
7	Superefficient Airplane Production Facilities (Leasehold Excise Tax)	Aerospace	82.29A.137	2003	7/1/2040	\$0
8	Aerospace Product Development Computer Expenditures (Sales and Use Tax)	Aerospace	82.08.975; 82.12.975	2003	7/1/2040	\$9,000,000
9	Commercial Airplane Production Facilities (Sales and Use Tax)	Aerospace	82.08.980; 82.12.980	2003	7/1/2040	\$13,600,000
10	Aluminum Manufacturing (B&O Tax)	Aluminum	82.04.2909	2004	1/1/2027	\$0
11	Aluminum Smelter Property Taxes (B&O Tax)	Aluminum	82.04.4481	2004	1/1/2027	\$0
12	Aluminum Smelter Use of Natural Gas (Use Tax)	Aluminum	82.12.022(5)	2004	1/1/2027	\$0
13	Aluminum Smelter Purchases (Sales and Use Tax)	Aluminum	82.08.805; 82.12.805	2004	1/1/2027	\$0
14	Aluminum Master Alloy Producers (B&O Tax)	Aluminum	82.04.110(2)(b)	1997		Not Disclosable
15	Aluminum Production Anodes and Cathodes (Sales and Use Tax)	Aluminum	82.08.02568; 82.12.02568	1996		\$0
16	Aluminum Smelter Electricity or Natural Gas Purchases (B&O Tax)	Aluminum	82.04.4482	2004		\$0
17	Aluminum Smelter Purchases (Public Utility Tax)	Aluminum	82.16.0498	2004		\$0
18	Zero emissions buses	Alternative Energy	82.08.816(1)(e); 82.12.816(1)(d)	2019	7/1/2025	800000
19	Electric Vehicle Battery Charging Stations (Sales and Use Tax)	Alternative Energy	82.08.816(1)(a)-(d); 82.12.816(1)	2009	7/1/2025	\$1,640,000
20	Alternative Fuel Vehicles (Sales and use tax)	Alternative Energy	82.08.9999; 82.12.9999	2019	8/1/2028	\$0
21	Electric Vehicle Infrastructure (Leasehold Excise Tax)	Alternative Energy	82.29A.125	2009	7/1/2025	Not known
22	Alternative Fuel Commercial Vehicle Credit (B&O Tax)	Alternative Energy	82.04.4496(1)(a)(i)	2015	When Cap Reached	\$990,000
23	Alternative Fuel Commercial Vehicle Infrastructure Credit (B&O Tax)	Alternative Energy	82.04.4496(1)(a)(ii)	2020	When Cap Reached	\$0
24	Alternative Fuel Commercial Vehicle Credit (PUT)	Alternative Energy	82.04.0496(1)(a)(i)	2015	When Cap Reached	Not separately stated
25	Alternative Fuel Commercial Vehicle Infrastructure Credit (Public Utility Tax)	Alternative Energy	82.16.0496(1)(a)(ii)	2015	When Cap Reached	\$12,000,000
26	Customized Workforce Training (B&O Tax)	Other	82.04.449	2006	7/1/2026	\$162,000

2024: Staff Recommendation for Alternates						
#	Preference Name	Category	RCW	Enacted	Expiration	Beneficiary Savings
1	Billing Discounts (Public Utility Tax)	Other	82.16.0497	2001		\$5,000,000
2	Precious Metals and Bullion (B&O Tax)	Other	82.04.062	1985		\$1,526,000
3	Precious Metals and Bullion (Sales and Use Tax)	Other	82.04.062	1985		\$29,094,000
4	Nonprofit Camps and Conference Centers (Sales Tax)	Nonprofit	82.08.830	1997		\$2,017,000
5	Nonprofit Water Cooperatives (Property Tax)	Nonprofit	84.36.250	1965		\$2,011,000
6	Fund-Raising Sales of Magazines (Sales Tax)	Nonprofit	82.08.02535	1995		\$1,610,000
7	Nonprofit Youth Organization Fees and Dues (B&O Tax)	Nonprofit	82.04.4271	1981		\$1,104,000
8	Nonprofit Camps and Conference Centers (B&O Tax)	Nonprofit	82.04.363	1997		\$1,060,000
9	Community Centers (Property Tax)	Nonprofit	84.36.010(1)	2010		\$1,045,000
10	Nonprofit Water Associations (Public Utility Tax)	Nonprofit	82.16.050(12)	1977		\$800,000
11	Nonprofit Fairs (Property Tax)	Nonprofit	84.36.480	1975		\$551,000
12	Nonprofit Fundraising (Property Tax)	Nonprofit	84.36.550	1993		\$440,000
13	Nonprofit Youth Character Building Leases (Property Tax)	Nonprofit	84.36.031(2)	2012		\$49,000