

## Proposed changes to the 2024 Tax Preference Review Schedule

### **Background:**

In May 2023, the Citizen Commission for Performance Measurement of Tax Preferences adopted the following 2024 tax preference review schedule:

- **Aerospace:** Nine preferences last reviewed in 2019. Legislature requires review every 5 years.
- **Aluminum:** Eight preferences last reviewed in 2015. 4 of these expire January 1, 2027.
- **Alternative fuel transportation:** Eight preferences with similar policy objectives. 3 expire July 1, 2025.
- **Customized workforce training:** one preference expiring July 1, 2026.

During preliminary research, JLARC staff determined the 2023 transportation budget requires the Joint Transportation Committee (JTC) to conduct a “review of the passenger vehicle tax incentive in current law and evaluation of its utility, to include possible modification of the criteria for eligibility and tax incentive amount maximums, as applicable.” The study is due to the Legislature by January 2, 2024.

JLARC’s alternative fuel transportation review would potentially duplicate the JTC study. As a result, JLARC staff propose the Commission adopt two changes the 2024 review schedule.

### **Proposed changes:**

- **Remove 8 alternative fuel transportation tax preferences (multiple taxes)** from the 2024 full review schedule.
- **Move three preferences from the alternates** to the 2024 full review schedule:
  - Billing discounts (public utility tax).
  - Precious Metals and Bullion (B&O Tax).
  - Precious Metals and Bullion (sales and use tax).

Please see attached for the proposed 2024 full review schedule.

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

-Move to full review: **Billing Discounts (Public Utility Tax), Precious Metals and Bullion (B&O Tax), and Precious Metals and Bullion (Sales and Use Tax)**

-Move to "Not subject to full review": 8 alternative fuel transportation tax preferences (multiple taxes)

2024: Staff Recommendation for full JLARC review							
#	Preference Name	Category	RCW	Enacted	Expiration	Beneficiary Savings	Current Review Year
1	Aerospace Product Development (B&O Tax)	Aerospace	82.04.290(3)	2008	07/01/2040	\$5,206,000	2024
2	Superefficient Airplane Production Facilities (Property Tax)	Aerospace	84.36.655	2003	07/01/2040	\$0	2024
3	Aerospace Product Development Expenditures (B&O Tax)	Aerospace	82.04.4461	2003	07/01/2040	\$229,900,000	2024
4	Commercial Airplane Manufacturing - Credit for Taxes Paid (B&O Tax)	Aerospace	82.04.4463	2003	07/01/2040	\$68,360,000	2024
5	Superefficient Airplane Production Facilities (Leasehold Excise Tax)	Aerospace	82.29A.137	2003	07/01/2040	\$0	2024
6	Commercial Airplane Production Facilities (Sales and Use Tax)	Aerospace	82.08.980; 82.12.980	2003	07/01/2040	\$0	2024
7	Aerospace Product Development Computer Expenditures (Sales and Use Tax)	Aerospace	82.08.975; 82.12.975	2003	07/01/2040	\$9,000,000	2024
8	Certified Aircraft Repair Firms (B&O Tax)	Aerospace	82.04.250(3)	2003	07/01/2040	\$1,590,000	2024
9	Manufacturing commercial airplanes - 0.357 rate	Aerospace	82.04.260(11)(e); 82.04.2602	0	07/01/2040	\$0	2024
10	Aluminum Production Anodes and Cathodes (Sales and Use Tax)	Aluminum	82.08.02568; 82.12.02568	1996		Not disclosable	2024
11	Aluminum Master Alloy Producers (B&O Tax)	Aluminum	82.04.110(2)(b)	1997		\$0	2024
12	Aluminum Smelter Property Taxes (B&O Tax)	Aluminum	82.04.4481	2004	01/01/2027	\$0	2024
13	Aluminum Smelter Electricity or Natural Gas Purchases (B&O Tax)	Aluminum	82.04.4482	2004		\$0	2024
14	Aluminum Smelter Use of Natural Gas (Use Tax)	Aluminum	82.12.022(5)	2004	01/01/2027	\$0	2024
15	Aluminum Smelter Purchases (Public Utility Tax)	Aluminum	82.16.0498	2004		\$0	2024
16	Aluminum Manufacturing (B&O Tax)	Aluminum	82.04.2909	2004	01/01/2027	\$0	2024
17	Aluminum Smelter Purchases (Sales and Use Tax)	Aluminum	82.08.805; 82.12.805	2004	01/01/2027	\$0	2024
18	Customized Workforce Training (B&O Tax)	Education and Childcare	82.04.449	2006	07/01/2026	\$125,500	2024
19	<b><i>Billing Discounts (Public Utility Tax)</i></b>	<b><i>Other</i></b>	<b><i>82.16.0497</i></b>	<b><i>2001</i></b>		<b><i>\$5,000,000</i></b>	<b><i>2024</i></b>
20	<b><i>Precious Metals and Bullion (B&amp;O Tax)</i></b>	<b><i>Other</i></b>	<b><i>82.04.062</i></b>	<b><i>1985</i></b>		<b><i>\$639,000</i></b>	<b><i>2024</i></b>
21	<b><i>Precious Metals and Bullion (Sales and Use Tax)</i></b>	<b><i>Other</i></b>	<b><i>82.04.062</i></b>	<b><i>1985</i></b>		<b><i>\$7,432,000</i></b>	<b><i>2024</i></b>