
HOUSE BILL 2179

State of Washington

57th Legislature

2001 Regular Session

By Representatives Keiser, Ruderman, Conway, McIntire, Schual-Berke, Pflug and Edwards

Read first time 02/21/2001. Referred to Committee on Finance.

1 AN ACT Relating to termination of tax preferences; adding a new
2 section to chapter 43.131 RCW; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature recognizes that tax
5 preferences are enacted by the legislature to meet public interest
6 objectives. The legislature finds, however, that some tax preferences
7 may not be efficient or equitable tools for the achievement of current
8 legislative objectives. The legislature finds that unless the public
9 interest is served by the continued existence of tax preferences, they
10 should be terminated or modified. The legislature further finds that
11 an evaluation of tax preferences is needed to determine if they
12 continue to serve the public interest. It is the intent of the
13 legislature to create a procedure to evaluate and terminate tax
14 preferences. By this procedure the legislature intends to ensure that
15 thorough evaluations are made and that tax preferences which do not
16 continue to serve the public interest are repealed.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.131 RCW
18 to read as follows:

1 (1) The definitions in this subsection apply for the purposes of
2 this section.

3 (a) "Tax preference" means an exemption, exclusion, or deduction
4 from the base of a state tax; a credit against a state tax; a deferral
5 of a state tax; or a preferential state tax rate.

6 (b) "Selected tax preference" is a tax preference which reduces
7 state tax revenue by more than five million dollars in a biennium.

8 (c) "Selection biennium" means the biennium for which the tax
9 preference's state revenue reduction first exceeds five million
10 dollars.

11 (2) All selected tax preferences enacted after the effective date
12 of this act shall be reviewed under this chapter before July 1st of the
13 third year after the selection biennium. The review shall include, but
14 is not limited to, the following:

15 (a) Public interest objectives that provide a justification for the
16 tax preference;

17 (b) Evidence that the tax preference has contributed to the
18 achievement of these public interest objectives; and

19 (c) Fiscal impacts of the tax preference, including past impacts
20 and expected future impacts if the tax preference is not repealed.

21 (3) The agency responsible for administering the tax preference
22 shall provide information necessary for the joint legislative audit and
23 review committee to conduct the required review.

24 (4) All selected tax preferences enacted after the effective date
25 of this act are repealed effective June 30th of the fourth year after
26 the selection biennium. A tax preference shall not be excepted from
27 this section without specific amendment to this section in conformance
28 with Article II, section 37 of the state Constitution.

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