

VETO MESSAGE ON EHB 2777

March 22, 2018

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to Sections 6, 8, 11, 17, and 18, Engrossed House Bill No. 2777 entitled:

"AN ACT Relating to improving and updating administrative provisions related to the board of tax appeals."

Section 6 mandates the number of tax referees the Board must maintain. I have concerns that mandating the Board to hire a specific number of staff could change the Board's ability to be flexible with future budgetary decisions needed to reduce the backlog.

Section 8 requires the Board to hold regular meetings on both sides of the Cascade[s]. Although I agree with providing this access, we must continue to work towards using technology to find other ways of convening and providing access to all citizens.

Section 11 requires the Department of Revenue to adhere to precedential rulings by the Board of Tax Appeals, but does not differentiate between formal and informal proceedings. This leaves open the possibility for precedential rulings handed down by the Board of Tax Appeals that are exempt from appeals.

Section 17 mandates settlement conferences and providing a mediation process. I have concerns with the practical application of requiring attendance at a settlement conference. The Board of Tax Appeals is able to offer voluntary mediation services, per stakeholder demands, without requiring legislation.

Section 18 requires the Board to award attorneys' fees and costs. Typically, the authority to grant attorneys' fees and costs is limited to courts and not given to one executive agency with respect to another. There also appears to be an unintended drafting error that would require local boards of equalization to pay attorneys' fees and expenses rather than the county assessor which is party to the action.

Finally, the Department of Revenue and Office of the Attorney General will have a fiscal impact of \$1.2 million in fiscal year 2019 and \$2.2 million in the 2019-21 biennium. Both

agencies did not receive the funding needed to fulfill the duties of this bill in the 2018 Supplemental Budget.

For these reasons I have vetoed Sections 6, 8, 11, 17, and 18 of Engrossed House Bill No. 2777.

With the exception of Sections 6, 8, 11, 17, and 18, Engrossed House Bill No. 2777 is approved.

Respectfully submitted,
Jay Inslee
Governor