

# HOUSE BILL REPORT

## HB 1096

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**As Passed House:**  
March 8, 2005

**Title:** An act relating to tax expenditure reports.

**Brief Description:** Requiring a tax expenditure report as part of the biennial budget documents.

**Sponsors:** By Representatives Santos, Hasegawa, Conway, Darneille, Chase, McCoy, Hudgins, Schual-Berke and Morrell.

**Brief History:**

**Committee Activity:**

Finance: 1/19/05, 2/4/05 [DP].

**Floor Activity:**

Passed House: 3/8/05, 64-34.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Requires a tax expenditures report to be produced every two years with the Governor's budget.</li></ul>
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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 5 members: Representatives McIntire, Chair; Hunter, Vice Chair; Conway, Hasegawa and Santos.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Orcutt, Ranking Minority Member; Roach, Assistant Ranking Minority Member; Ahern and Ericksen.

**Staff:** Bob Longman (786-7139).

**Background:**

The Legislature has enacted more than 400 tax exemptions, according to a report published by the Department of Revenue every four years. The term "exemption" is used broadly to include tax exemptions, exclusions, deductions, credits, deferrals, and preferential rates. These are also sometimes referred to as "tax preferences." The report describes each exemption, the year of enactment, the purpose of the exemption (or the Department's best estimate of the purpose), an indication of primary beneficiaries, and estimated fiscal impact.

**Summary of Bill:**

A tax expenditures report is created as part of the Governor's biennial budget documents. The report will include the listing of tax exemptions prepared by the Department of Revenue and will categorize each exemption according to the program or function it supports. The Governor will make a recommendation on whether each exemption scheduled to terminate in the next biennium should be allowed to terminate, continue, or continue with modification.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** Having a tax expenditure report at the same time as the Governor's budget is very important. It will add additional perspective to the budget process. Tax expenditures should be considered at the same time as budget appropriation.

**Testimony Against:** None.

**Persons Testifying:** Shawn Cantrell, Washington Citizens Action; Steve Zemke, Taxpayers for Washington's Future; John Boonstra, Washington Tax Fairness Coalition and Washington Association of Churches; Marilyn Watkins, Economic Opportunity Institute; and Paul Benz, Lutheran Public Policy.

**Persons Signed In To Testify But Not Testifying:** None.