

**SENATE BILL REPORT**

**SB 6500**

**AS OF FEBRUARY 10, 1992**

**Brief Description:** Eliminating tax exemptions.

**SPONSORS:** Senator Erwin

**SENATE COMMITTEE ON WAYS & MEANS**

**Staff:** Terry Wilson (786-7715)

**Hearing Dates:** February 10, 1992

**BACKGROUND:**

In 1982, the Legislature enacted a procedure for the review and termination of tax preferences. Tax preferences were defined as exemptions, exclusions, deductions, credits, deferrals, or preferential rates. The Legislative Budget Committee and the Department of Revenue were to review each preference scheduled for termination in the next year and report their findings to the Legislature. The report was to address the persons affected by the preference, the objectives justifying the preference, evidence of the effectiveness in achieving the objective, the extent continuation of the preference would contribute to the objective, fiscal impacts of the objective, and the extent of tax redistribution resulting from termination.

A joint hearing was to be held by the fiscal committees of the Legislature following receipt of the report. Continuation or modification of a tax preference was to be by bill, and each bill could contain only one preference.

The select joint committee for sunset review of agencies and programs was given the responsibility of developing legislation providing a schedule for the termination of tax preferences to occur over a four-year period beginning in 1984. This legislation was introduced in 1983 as HB 199. HB 199 was not acted upon by the Legislature.

**SUMMARY:**

The select joint committee for sunset review is to develop legislation providing a schedule for the termination of tax preferences to occur on June 30, 1998. Proposed legislation, recommendations, and findings shall be submitted to the Legislature by February 15, 1993.

The select joint committee is to prepare the legislation as sunset legislation. If any tax exemption is not terminated or a new exemption is created, the select joint committee is to prepare sunset legislation with a six-year review period,

regarding that exemption for submission to the Legislature by February 15 of the next year.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested February 10, 1992

**TESTIMONY FOR:**

Scrutiny of tax preferences is good to see if the original reasons for enactment are still valid. Other people pay more than there are tax exemptions.

**TESTIMONY AGAINST:**

Exemptions are enacted with due deliberation and serve a valid purpose.

**TESTIFIED:** Bill Fritz, Washington Food Processors Council (con);  
Karen Davis, Washington Education Association (pro)