
Finance Committee

HB 3063

Brief Description: Requiring a six-year review of property tax exemptions.

Sponsors: Representatives Morris and Hunt.

Brief Summary of Bill

- Requires the Joint Legislative Audit and Review Committee to review property tax exemptions every six years.

Hearing Date: 2/5/04

Staff: Bob Longman (786-7139).

Background:

Tax exemptions, exclusions, deductions, credits, deferrals, and preferential rates are known as tax preferences. The Department of Revenue publishes a report on tax preferences every four years. The report covers more than 400 tax preferences and describes each preference, the year of enactment, the purpose of the preference (or the Department's best guess), an indication of primary beneficiaries, and estimated fiscal impact.

In 1982 the Legislature enacted legislation that initiated a sunset review of tax preferences. The legislation directed the Joint Select Committee on Sunset to prepare a bill that would terminate all tax preferences over a period of four years. If this termination bill had been subsequently enacted, the Legislative Budget Committee (LBC) (now known as the Joint Legislative Audit and Review Committee (JLARC)) would have been required to review each preference before its termination date and report back to the Legislature. The termination bill was not enacted, and the LBC did not conduct tax preference reviews. The statute directing LBC to review tax preferences is still on the books, but is inactive because the review was structured to take place only if a tax preference termination schedule is enacted by the Legislature.

Summary of Bill:

Existing references to the LBC in the tax preference review statutes are changed to the JLARC. The JLARC must review property tax exemptions every six years and submit a report to the Legislature by June 30th of the year of review. The review must address factors such as the persons directly affected by the exemption, the amount of taxes involved, and legislative objectives of the exemption.

Appropriation: None.

Fiscal Note: Available.

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