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SENATE BILL 6021

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State of Washington                      58th Legislature                      2003 Regular Session

By Senators Kohl-Welles, Benton and Fairley

Read first time 03/05/2003. Referred to Committee on Ways & Means.

1            AN ACT Relating to tax preferences; and amending RCW 43.136.030,  
2 43.136.040, and 43.136.050.

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

4            **Sec. 1.** RCW 43.136.030 and 1982 1st ex.s. c 35 s 41 are each  
5 amended to read as follows:

6            (1) The joint legislative audit and review committee shall annually  
7 review the tax preferences in chapters 82.60, 82.61, 82.62, and 82.63  
8 RCW.

9            (2) The joint legislative ((budget)) audit and review committee  
10 shall review each tax preference for termination by the processes  
11 provided in this chapter. The review shall be completed and a report  
12 prepared on or before June 30th of the year prior to the date  
13 established for termination.

14            (3) Upon completion of its report, the joint legislative ((budget))  
15 audit and review committee shall transmit copies of the report to the  
16 department of revenue. The department of revenue may then conduct its  
17 own review of the tax preference scheduled for termination and shall  
18 prepare a report on or before September 30th of the year prior to the  
19 date established for termination. Upon completion of its report the

1 department of revenue shall transmit copies of its report to the joint  
2 legislative (~~(budget)~~) audit and review committee. The joint  
3 legislative (~~(budget)~~) audit and review committee shall prepare a final  
4 report that includes the reports of both the department of revenue and  
5 the joint legislative (~~(budget)~~) audit and review committee. The joint  
6 legislative (~~(budget)~~) audit and review committee and the department of  
7 revenue shall, upon request, make available to each other all working  
8 papers, studies, and other documents which relate to reports required  
9 under this section. The joint legislative (~~(budget)~~) audit and review  
10 committee shall transmit the final report to all members of the  
11 legislature, to the governor, and to the state library.

12 **Sec. 2.** RCW 43.136.040 and 1982 1st ex.s. c 35 s 42 are each  
13 amended to read as follows:

14 (1) In reviewing a tax preference, the joint legislative (~~(budget)~~)  
15 audit and review committee shall develop information needed by the  
16 legislature to determine if the tax preference should be terminated as  
17 scheduled, modified, or reestablished without modification. The joint  
18 legislative (~~(budget)~~) audit and review committee shall consider, but  
19 not be limited to, the following factors in the review.

20 ~~((+1))~~ (a) The persons or organizations whose state tax  
21 liabilities are directly affected by the tax preference.

22 ~~((+2))~~ (b) Legislative objectives, including business development,  
23 business expansion and job creation, and emphasizing the creation of  
24 higher wage jobs and growth in state and local revenue due to the tax  
25 preference, that might provide a justification for the tax preference.

26 ~~((+3))~~ (c) Evidence that the existence of the tax preference has  
27 contributed to the achievement of any of the objectives identified in  
28 ~~((subsection-(2)))~~ (b) of this subsection.

29 ~~((+4))~~ (d) The extent to which continuation of the tax preference  
30 beyond its scheduled termination date might contribute to any of the  
31 objectives identified in ~~((subsection-(2)))~~ (b) of this subsection.

32 ~~((+5))~~ (e) Fiscal impacts of the tax preference, including past  
33 impacts and expected future impacts if it is not terminated as  
34 scheduled.

35 ~~((+6))~~ (f) The extent to which termination of the tax preference  
36 would affect the distribution of liability for payment of state taxes.

1       (2) As part of this audit, the joint legislative audit and review  
2 committee shall recommend to the legislature disclosure and  
3 accountability standards for future review of a tax preference.

4       **Sec. 3.** RCW 43.136.050 and 1982 1st ex.s. c 35 s 43 are each  
5 amended to read as follows:

6       (1) Following receipt of the final report from the joint  
7 legislative (~~((budget))~~) audit and review committee, the (~~((ways and~~  
8 ~~means))~~) fiscal committees of the house of representatives and the  
9 senate shall jointly hold a public hearing to consider the final report  
10 and any related data. The committees shall also receive testimony from  
11 the governor, or the governor's designee, and other interested parties,  
12 including the general public.

13       (2) Following the joint hearing, the committees may separately hold  
14 additional meetings or hearings to come to a final determination as to  
15 whether a continuation, modification, or termination of a tax  
16 preference is in the public interest. If a committee determines that  
17 a tax preference should be continued or modified, it shall make the  
18 determination as a bill. No more than one tax preference shall be  
19 reestablished or modified in any one bill.

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