

1 **SHB 1869 - H AMD 0143 FAILED 03-18-03**

2 By Representative Roach

3 On page 1, line 7, beginning with "However," strike the  
4 remainder of the bill and insert the following: "The legislature  
5 further recognizes that these preferences are a tool to recruit new  
6 job-providing businesses to our state and to retain current  
7 Washington state employers. Given the fact that some bordering  
8 states and many other states across the country offer a more  
9 business-friendly environment, the legislature finds that it would  
10 be in our best interest to have periodic performance audits of tax  
11 incentives offered by other states and to determine if similar  
12 incentives could be enacted in Washington in order to make us more  
13 competitive.

14 NEW SECTION. **Sec. 2** As used in this chapter, "tax preference"  
15 means an exemption, exclusion, or deduction from the base of a  
16 state tax; a credit against a state tax; a deferral of a state tax;  
17 or a preferential state tax rate; which is used as an incentive to  
18 attract and retain businesses and jobs.

19 NEW SECTION. **Sec. 3.** (1) The citizen commission for  
20 performance measurement of tax preferences is created.

21 (2) The commission has thirteen voting members, appointed by  
22 the governor as follows:

- 23 (a) Two persons representing small business;  
24 (b) One person representing the biotechnology industry;  
25 (c) One person representing the semi-conductor industry;  
26 (d) One person representing the software industry;  
27 (e) One person representing the aerospace industry;  
28 (f) One person representing the insurance industry;  
29 (g) One person representing the building industry;  
30 (h) One person representing the research and development  
31 industry;  
32 (i) One person representing the internet industry;

- 1 (k) One person representing the retail industry;  
2 (l) One person representing the farming industry;  
3 (m) One person representing labor.

4 (3) The commission has five nonvoting members, one appointed by  
5 the governor, and one appointed by each chair of the two largest  
6 caucuses of the senate and the two largest caucuses of the house of  
7 representatives.

8 (4)(a) Appointees representing small business must be filled  
9 from lists of nominees submitted by statewide business  
10 organizations representing a cross-section of industries.

11 (b) Appointees representing the other industries must be filled  
12 from lists of nominees submitted by statewide organizations  
13 representing the specified industry.

14 (c) The appointee representing labor must be filled from lists  
15 of nominees submitted by statewide labor organizations representing  
16 a cross-section of industries.

17 (5) The commission shall elect a chair from among its voting or  
18 nonvoting members. Decisions of the commission must be made using  
19 the sufficient consensus model. For the purposes of this  
20 subsection, "sufficient consensus" means the point at which the  
21 vast majority of the commission favors taking a particular action.  
22 If the commission determines that sufficient consensus cannot be  
23 reached, a vote must be taken. The commission must allow a  
24 minority report to be included with a decision of the commission,  
25 if requested by a member of the commission.

26 (6) Members serve for terms of four years, with the terms  
27 expiring on June 30th on the fourth year of the term. However, in  
28 the case of the initial members, four members shall serve four-year  
29 terms, four members shall serve three-year terms, and five members  
30 shall serve a two-year term, with each of the terms expiring on  
31 June 30th of the applicable year. Appointees may be reappointed to  
32 serve more than one term.

33 (7) The joint legislative audit and review committee shall  
34 provide clerical, technical, and management personnel to the  
35 commission to serve as the commission's staff. The department of  
36 revenue shall provide necessary support and information to the  
37 joint legislative audit and review committee.

38 (8) The commission shall meet at least once a quarter and may  
39 hold additional meetings at the call of the chair or by a majority

1 vote of the members of the commission. The members of the  
2 commission shall be compensated in accordance with RCW 43.03.220  
3 and reimbursed for travel expenses in accordance with RCW 43.03.050  
4 and 43.03.060.

5 NEW SECTION. **Sec. 4.** (1) The citizen commission for  
6 performance measurement of tax preferences shall develop a schedule  
7 to accomplish an orderly review of tax preferences. The commission  
8 shall schedule the review of other states' tax preferences in the  
9 order that they deem most appropriate, taking into consideration  
10 the business climates of those states. The commission shall  
11 analyze the different tax preferences and determine: (1) If the tax  
12 preference could be applied in Washington; (2) if the preference  
13 would help attract businesses to our state; and (3) if the  
14 preference would create jobs in Washington, directly or indirectly.  
15 For each tax preference that is considered, the committee shall  
16 provide a recommendation as to whether the tax preference should be  
17 implemented in Washington.

18 (2) The commission shall prepare a report that includes the  
19 comments of the commission and submit a final report to the finance  
20 committee of the house of representatives and the ways and means  
21 committee of the senate by November 30, 2003 and every year  
22 thereafter.

23 (3) Following receipt of a report under this section, the  
24 finance committee of the house of representatives and the ways and  
25 means committee of the senate shall jointly hold a public hearing  
26 to consider the final report and any related data.

27 NEW SECTION. **Sec. 5.** Upon request of the citizen commission  
28 for performance measurement of tax preferences or the joint  
29 legislative audit and review committee, the department of revenue  
30 and the department of employment security shall provide information  
31 needed by the commission or committee to meet its responsibilities  
32 under this chapter."

33 Correct the title.

34 --- END ---

**EFFECT:** Changes the intent of the tax preference commission to audit and evaluate tax preferences in other states to see if such incentives could be effective in attracting jobs to Washington. Adds to the definition of tax preferences language that defines them as incentives to attract and retain businesses. Changes the make-up of the committee to include representatives of the main business sectors in our state. Requires the commission to evaluate tax preferences in other states and determine if such preferences were applied in our state if they would attract businesses and create jobs. Requires the commission to report to the House Finance Committee and the Senate Ways and Means Committee by November 30, 2003 and every year thereafter.