

# Washington Legislative Auditor's Report to the Legislature:

## Guidance for Drafting Performance Statements in Tax Preference Legislation

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Presentation to the  
Pacific Northwest Intergovernmental Audit Forum

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# 2013: WA Law Now Requires Performance Statements for All New Tax Preferences

- 2013 Assignment to Legislative Auditor:
  - ✓ Recommend how to construct performance statements to better assist JLARC's tax preference evaluations

CERTIFICATION OF ENROLLMENT  
ENGROSSED SUBSTITUTE SENATE BILL 5882

Chapter 13, Laws of 2013

63rd Legislature  
2013 2nd Special Session

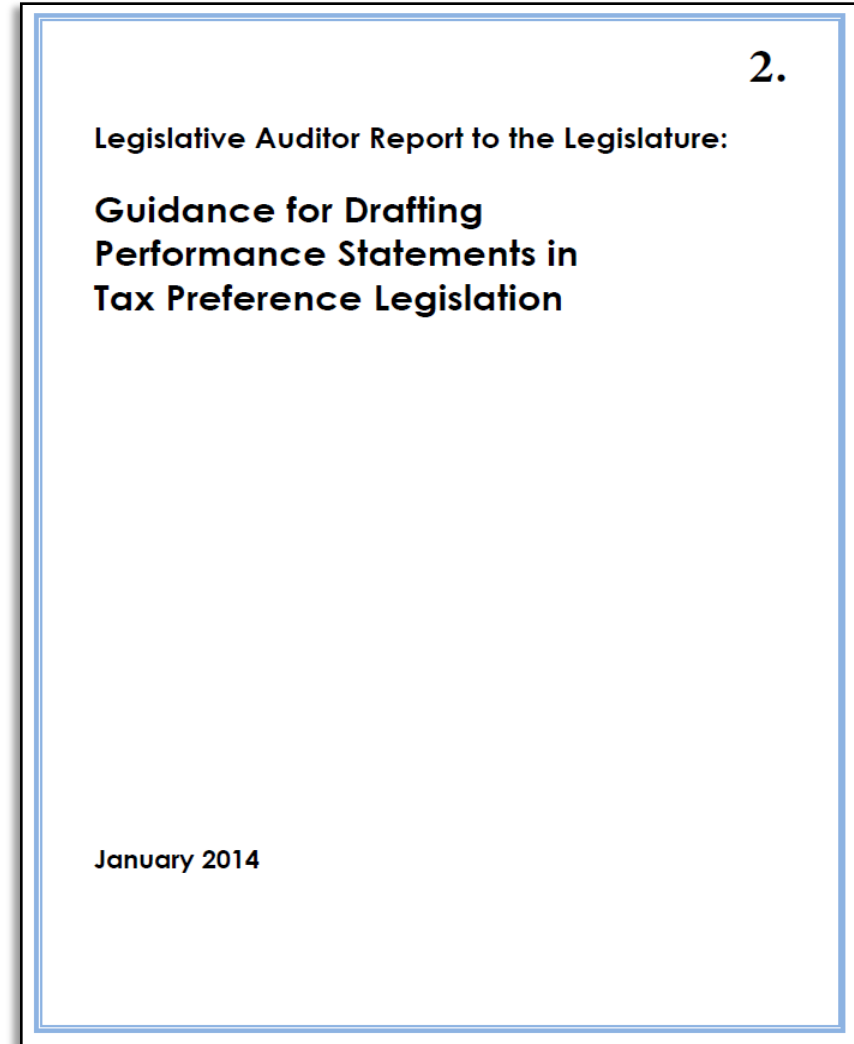
TAX PREFERENCES

EFFECTIVE DATE: 10/01/13 - Except section 203, which becomes effective 07/01/15, Parts III, X, XV, and XVI, which become effective 07/01/13, and Part XI, which becomes effective 01/01/14.

<p>Passed by the Senate June 28, 2013 YEAS 43 NAYS 5</p> <p style="text-align: center;">_____ BRAD OWEN President of the Senate</p> <p>Passed by the House June 28, 2013 YEAS 66 NAYS 25</p> <p style="text-align: center;">_____ FRANK CHOPP Speaker of the House of Representatives</p> <p>Approved June 30, 2013, 4:44 p.m.</p> <p style="text-align: center;">_____ JAY INSLEE Governor of the State of Washington</p>	<p style="text-align: center;">CERTIFICATE</p> <p>I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is <b>ENGROSSED SUBSTITUTE SENATE BILL 5882</b> as passed by the Senate and the House of Representatives on the dates hereon set forth.</p> <p style="text-align: center;">_____ HUNTER G. GOODMAN Secretary</p> <p style="text-align: center;">FILED July 1, 2013</p> <p style="text-align: center;">_____ Secretary of State State of Washington</p>
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# Legislative Auditor's Report Includes Three Parts

- 1. Tool** to assist policy makers to clarify what they want accomplished
- 2. Drafting guide** to help translate into a bill
- 3. Issues/ideas** to consider
  - Report developed with advice from task force: AWB, DOR, OFM, State Treasurer's Office



# Tool: “Logic Chain” Helpful in Clarifying Policy Expectations

Exempt solar-powered cars from sales and use tax

...in order to...

Reduce the price charged to customers for solar-powered cars

...thereby...

Inducing some customers to buy solar-powered cars when they might not otherwise

...thereby...

Increasing the number of solar-powered cars on the road in Washington

...thereby...

Reducing the amount of CO<sub>2</sub> emissions in Washington



# Tool: “Logic Chain” Helpful in Clarifying Performance Expectations

Exempt solar-powered cars from sales and use tax

Reduce the price charged to customers for solar-powered cars

**By an average of ?%**

Inducing some customers to buy solar-powered cars when they might not otherwise

Increasing the number of solar-powered cars on the road in Washington

**By a specific number of cars?**

Reducing the amount of CO<sub>2</sub> emissions in Washington

**By ?%**



# Issues/Ideas

## Legislative Auditor's Observations: Issues to Consider When Drafting Tax Preference Legislation



# Report Identifies Issues to Consider, Including:

- Choice: evaluate effectiveness by determining causality or achieving targets?
- What taxpayer info do you want to be disclosable or to remain confidential?
- Choice: performance at the firm level or performance industry-wide?
- If new information is needed from taxpayers, clearly identify it and a collection mechanism
- Some additional observations on specific data for measuring jobs and industry competitiveness

# Contact Information

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