

Washington State Tax Structure Study

**Committee Meeting Minutes
September 23, 2002**

Committee members present: Neil Bruce
Jack Cairnes
Bill Gates, Sr.
Hugh Spitzer
Lily Kahng
Jim McIntire
Gary Strannigan

Committee members
participating by phone: John Beck
Lisa Brown
Dick Conway

Committee member absent: Debbe Sanders

Welcome

Bill Gates welcomed the Committee members.

The minutes of the September 13, 2002, Committee meeting were approved as submitted.

Discussion on Income Tax Proposals

This was a continuation of the discussion at the September 13th meeting regarding which sample tax packages should be included in the final report. The three sample packages containing an income tax are:

- Package 4: Flat Personal Income Tax buys down Retail Sales Tax and eliminates state Property Tax
- Package 5: Graduated personal Income Tax buys down RST and eliminates state Property Tax levy
- Package 6: Flat Personal Income Tax buys down RST and eliminates state Property Tax levy. Corporate Income Tax replaces B&O

Mary Welsh and Lorrie Brown of the Department of Revenue modeled these packages using the SimTax computer model. The information presented showed the amount of money generated by each tax package proposal, the tax burden on households, and the share of the tax borne by households and by business. After some discussion, it was decided to include Packages 4, 5 and 6 in the final report.

Rainy Day Fund

Hugh Spitzer and Dick Conway presented their proposal for a constitutionally-mandated rainy day fund. The Committee discussed the provisions of the proposal, and Hugh said that they would continue to work on it.

Next Steps

Bill Gates stated that he, Hugh and the staff would continue working on the report. As parts of the report are written, they will be sent out to be edited. The first draft of the report will be presented at the November 8 meeting. At the October meeting, there will be a discussion about the incremental alternatives to include in the final report.

Next Meeting

The next Committee meeting will be held on Friday, October 11, 2002, from 10:30 a.m. to 2:30 p.m. at the SeaTac DoubleTree Hotel.