

Washington State Tax Structure Study

Committee Meeting Minutes

November 9, 2001

Committee members present: John Beck
Neil Bruce
Jack Cairnes
Dow Constantine
Dick Conway
Bill Gates, Sr.
Lily Kahng
Jim McIntire
Hugh Spitzer
Gary Strannigan

Committee member absent: Debbe Sanders

Welcome, Approval of Minutes

Bill Gates, Sr. welcomed the Committee members. The minutes of the October 15, 2001, meeting were approved as submitted by the staff.

Web Site, Reference Materials Update

Will Rice stated that Committee information is available on the Department of Revenue web site at <http://dor.wa.gov>. Click on the "Washington State Tax Structure Study" icon. The web site has information on the Committee meetings as well as tax studies done by other states. Let Will know if there are resource materials that you would like added to the web site.

Committee members were given copies of *Comparative State and Local Taxes 1999* and *Tax Exemptions 2000*. These publications are also available on the Department of Revenue web site.

In order to provide information on all current exemptions, Committee members will be given a compilation of tax exemptions which were passed during the 2000 and 2001 legislative sessions.

Brief History of Washington's Tax System

Committee Member Hugh Spitzer gave a presentation on the history of Washington's tax system from 1854 to 1935. Don Burrows presented a history of the tax system from 1935 to the present. The PowerPoint presentation is available on the web site.

Overview of Tax Principles

Committee Member Neil Bruce gave a presentation entitled "Tax Structure Design -- Economic Principles." The PowerPoint presentation is available on the web site.

Advisory Group: Critical Issues; Communicating with the Committee

Julie Sexton and Nicole Stewart of the Department of Revenue discussed the first Advisory Group meeting which was held on October 24, 2001. The Committee was given a handout which gave the Advisory Group's responses to two questions which they were asked to respond to at the meeting: (1) What's good about the current tax system? and (2) What are your concerns about the current system? The Advisory Group's homework assignment was to ask their interest groups for their responses to the same two questions. Those responses were also provided to the Committee.

There was discussion about communication with the Advisory Group. Committee members felt it was important to get input from the Advisory Group members on tax issues that the Committee is discussing. The Advisory Group members have access to the Committee meeting minutes, meeting materials and the reference materials on the web site. At this time the Advisory Group can provide comments to the Committee using the Internet. It would be beneficial to have the Advisory Group meet again when the Committee has developed its recommendations.

Bill Gates will send a letter to the Advisory Group members describing the Committee's tentative views on how they plan to interact with the Group.

Committee's Work Plan

Will Rice presented a proposed work plan giving possible themes, agenda items, resources, and questions for the Advisory Group for each month's Committee meeting.

It was suggested to invite someone from OFM to the January or February meeting to describe how OFM estimates expenditures over time.

For the December meeting, Neil Bruce and Lily Kahng will give a presentation on public perception of taxes. Debbe Sanders will be asked to work with Neil and Lily.

Wrap Up

Will Rice will provide the following to the Committee members: a summary of 2000 and 2001 tax exemption legislation, the fees and charges study done by the National Conference of State Legislatures, an analysis and summary of the impacts of Initiative 747, and a summary of the phaseout of the federal estate tax and the impact on Washington's pick-up tax.

Bill Gates Sr. will send a letter from the Committee to the Advisory Group.

The next meeting of the Washington State Tax Structure Study Committee will be held on Friday, December 14, 2001, from 11 a.m. to 2 p.m. at the SeaTac DoubleTree Hotel in the Cascade Room.