Appendix A: Statutory Authority

Section 138, Engrossed Substitute Senate Bill (ESSB) 6153

The appropriations in this section are subject to the following conditions and limitations:

$269,000 of the general fund-state appropriation for fiscal year 2002 and
$49,000 of the general fund-state appropriation for fiscal year 2003 are provided
solely to establish and provide staff support to a committee on taxation to study the
elasticity, equity, and adequacy of the state’s tax system.

(1) The committee shall consist of eleven members. The department shall
appoint six academic scholars from the fields of economics, taxation, business
administration, public administration, public policy, and other relevant disciplines as
determined by the department, after consulting with the majority and minority leaders
in the senate, the co-speakers in the house of representatives, the chair of the ways
and means committee in the senate, and the co-chairs of the finance committee in the
house of representatives. The governor and the chairs of the majority and minority
caucuses in each house of the legislature shall each appoint one member to the
committee. These appointments may be legislative members. The members of the
committee shall either elect a voting chair from among their membership or a
nonvoting chair who is not a member of the committee. Members of the committee
shall serve without compensation but shall be reimbursed for travel expenses under
RCW 43.03.050 and 43.03.060.

(2) The purpose of the study is to determine how well the current tax system
functions and how it might be changed to better serve the citizens of the state in the
twenty-first century. In reviewing options for changes to the tax system, the
committee shall develop multiple alternatives to the existing tax system. To the
extent possible, the alternatives shall be designed to increase the harmony between
the tax system of this state and the surrounding states, encourage commerce and
business creation, and encourage home ownership. In developing alternatives, the
committee shall examine and consider the effects of tax incentives, including
exemptions, deferrals, and credits. The alternatives shall range from incremental
improvements in the current tax structure to complete replacement of the tax
structure. In conducting the study, the committee shall examine the tax structures of
other states and review previous studies regarding tax reform in this state. In
developing alternatives, the committee shall be guided by administrative simplicity,
economic neutrality, fairness, stability, and transparency. Most of the alternatives
presented by the committee to the legislature shall be revenue neutral and contain no income tax.

(3) The department shall create an advisory group to include, but not be limited to, representatives of business, state agencies, local governments, labor, taxpayers, and other advocacy groups. The group shall provide advice and assistance to the committee.

(4) The committee shall present a final report of its findings and alternatives to the ways and means committee in the senate and the finance committee in the house of representatives by November 30, 2002.