



November 30, 2002

The Honorable Lisa Brown, Chair
Senate Ways and Means Committee
Post Office Box 40482
Olympia, Washington 98504-0482

The Honorable Jeff Gombosky, Chair
House Finance Committee
Post Office Box 40600
Olympia, Washington 98504-0600

Dear Senator Brown and Representative Gombosky:

We are pleased to present to the Ways and Means Committee of the Senate and the Finance Committee of the House of Representatives the report of the 2002 Washington State Tax Structure Study Committee. As required by our legislative mandate, this report provides a systematic analysis of Washington's existing tax structure and provides recommendations for alternatives to improve the tax system.

We believe that the analysis in this report provides a comprehensive evaluation of our tax structure, and that the recommendations and alternatives developed by the Committee will provide valuable guidance to policy makers. It is also our hope that this report will serve to bring an understanding of tax issues and problems to a significant number of citizens.

The research in this report is governed by the principles of taxation outlined in our charge: equity, stability, economic neutrality, economic vitality, transparency, administrative simplicity, and harmony with other states. It was the Committee's goal to provide alternatives and recommendations that advance each of these principles.

Because of the depth of knowledge and experience possessed by the members of this Committee, this report should have lasting significance as a policy tool. Each member brought to the project valuable skills and technical expertise, but more importantly all were receptive to learning new ideas and willing to devote their time and energy to this study.

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We would also like to express our sincere gratitude to the Department of Revenue staff members who devoted so much time and technical expertise to the work of this Committee. In addition, we would like to acknowledge the valuable input of the Advisory Group and the numerous Washington citizens who took the time to share their views with the Committee.

Thank you for this opportunity.

Sincerely,

William H. Gates Sr.
Chair