

STATE OF WASHINGTON

**TASK FORCE FOR REFORM OF
EXECUTIVE AND LEGISLATIVE
PROCEDURES DEALING WITH
TAX PREFERENCES**



Marty Brown, Director
Office of Financial Management

Amber Carter
Association of Washington Businesses

Jeff Chapman
Washington Budget and Policy Center

Paul Guppy
Washington Policy Center

Ross Hunter
State Representative

Troy Kelley, State Representative
Chair, Joint Legislative Audit and Review
Committee

Bill Longbrake
Governor's Council of Economic Advisors

James L. McIntire
State Treasurer

Ed Orcutt
State Representative

Phil Rockefeller
State Senator

Joseph Zarelli
State Senator

Ruta Fanning, Legislative Auditor
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Olympia, WA 98504-0910
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AGENDA

July 22, 2010
9:00 a.m. – 11:00 a.m.
John A. Cherberg Building
Senate Hearing Room 3
Olympia, Washington

- 9:00 – 9:15 Introduction of Members
- 9:15 – 9:30 *Election of Chair and Vice Chair
- 9:30 – 10:00 Roles and Requirements of Task Force
- Review of Enabling Statute and Task Force Duties
 - Overview of Ethics Requirements and Open Public Meetings Act
 - *Discussion and Adoption of Task Force Rules of Procedure
- 10:00 – 11:00 *Planning for Future Meetings and Meeting Schedule

* Action Item

➤ Please note that times listed above are estimated and may vary. Every effort will be made, however, to adhere to the proposed timelines.

Member Appointments

Task Force for Reform of Executive and Legislative Procedures Dealing with Tax Preferences

The Task Force has 11 voting members as follows:

- **Marty Brown**, Director, Office of Financial Management
- **Amber Carter**, Association of Washington Businesses (*House Republican Caucus Appointee*)
- **Jeff Chapman**, Washington Budget & Policy Center (*Senate Democratic Caucus Appointee*)
- **Paul Guppy**, Washington Policy Center (*Senate Republican Caucus Appointee*)
- **Representative Ross Hunter**, House Democratic Caucus Appointee
- **Representative Troy Kelley**, Chair, Joint Legislative Audit & Review Committee
- **Bill Longbrake**, Member, Governor's Council of Economic Advisors (*House Democratic Caucus Appointee*)
- **James L. McIntire**, Washington State Treasurer
- **Representative Ed Orcutt**, House Republican Caucus Appointee
- **Senator Phil Rockefeller**, Senate Democratic Caucus Appointee
- **Senator Joseph Zarelli**, Senate Republican Caucus Appointee

July 16, 2010

Task Force for Reform of Procedures Dealing with Tax Preferences

- ***The task force for reform of Executive and Legislative procedures dealing with tax preferences is established in ESSB 6444 (2010 Supplemental Operating Budget).***
- ***Task force duties:***
 - Review current executive and legislative budget and policy practices and procedures associated with the recommendation, development, and consideration of tax preferences;
 - Assess the effectiveness of budgeting requirements and practices;
 - Assess the general rigor of justifications and evaluations typically provided during legislative consideration of tax preferences; and
 - Assess the role and value of methodologies currently used to measure the public benefits and costs, including opportunity costs, of tax preferences.
- ***Task force recommendations:***
 - May make recommendations to improve the effectiveness of the review process conducted by the Citizen Commission on Performance Measurement of Tax preferences; and
 - May recommend changes and improvements in the manner in which both the executive branch and legislature address tax preferences, including those in effect and those that may be proposed to protect the public interest and assure transparency, fairness, and equity in the tax code.
- ***Task force report due to the governor and legislature by November 15, 2010.***
- ***Task force members:***
 - State Treasurer
 - Chair of JLARC
 - Director of OFM
 - Four legislators appointed by the Chair of each caucus
 - Four persons who are not legislators appointed by the Chair of each caucus; these should be individuals who have a basic understanding of state tax policy, government operations and public services
 - Task force must elect a Chair from among its members
- ***JLARC must provide clerical, technical, and management personnel to serve as the task force staff.***
 - Staff of the Legislative Fiscal Committees, Legislative counsel, and OFM must provide technical assistance.
 - The Department of Revenue must provide necessary support and information to the task force.

**Excerpt from Section 103 of
Engrossed Substitute Senate Bill 6444**

(10) (a) The task force for reform of executive and legislative procedures dealing with tax preferences is hereby established. The task force must:

(i) Review current executive and legislative budget and policy practices and procedures associated with the recommendation, development, and consideration of tax preferences, assess the effectiveness of budgeting requirements and practices, the general rigor of justifications and evaluations typically provided during legislative consideration of tax preferences, and the role and value of methodologies currently used to measure the public benefits and costs, including opportunity costs, of tax preferences, as defined in RCW 43.136.021.

(ii) Consider but not be limited to, the factors listed in RCW 43.136.055.

(b) The task force may make recommendations to improve the effectiveness of the review process conducted by the citizen commission on performance measurement of tax preferences process as described in chapter 43.136 RCW. The task force may also recommend changes or improvements in the manner in which both the executive branch and legislative branch of state government address tax preferences generally, including those in effect as well as those that may be hereafter proposed, in order to protect the public interest and assure transparency, fairness, and equity in the state tax code.

(c) The task force may recommend structural or procedural changes that it feels will enhance both executive and legislative procedures and ensure consistent and rigorous examination of such preferences.

(d) The task force must report its recommendations to the governor and legislative fiscal committees by November 15, 2010.

(e) The task force has eleven voting members as follows:

(i) One member is the state treasurer;

(ii) One member is the chair of the joint legislative audit and review committee;

(iii) One member is the director of financial management;

(iv) A member, four in all, of each of the two largest caucuses of the senate and the two largest caucuses of the house of representatives, appointed by the chair of each caucus; and

(v) An appointee who is not a legislator, four in all, of each of the two largest caucuses of the senate and the two largest caucuses of the house of representatives, appointed by the chair of each caucus.

(f) Persons appointed by the caucus chairs under (e)(v) of this subsection should be individuals who have a basic understanding of state tax policy, government operations, and public services.

(g) The task force must elect a chair from among its members. Decisions of the task force must be made using the sufficient consensus model. For the purposes of this subsection, "sufficient

consensus" means the point at which the substantial majority of the commission favors taking a particular action. The chair may determine when a vote must be taken. The task force must allow a minority report to be included with a decision of the task force if requested by a member of the task force.

(h) The joint legislative audit and review committee must provide clerical, technical, and management personnel to the task force to serve as the task force's staff. The staff of the legislative fiscal committees, legislative counsel, and the office of financial management must also provide technical assistance to the task force. The department of revenue must provide necessary support and information to the joint task force.

(i) The task force must meet at least once a quarter and may hold additional meetings at the call of the chair or by a majority vote of the members of the task force. The members of the task force must be compensated in accordance with RCW 43.03.220 and reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

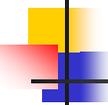
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Overview of Executive and Legislative Ethics Law

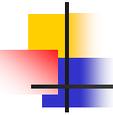


RCW 42.52

BACKGROUND



- Created in 1994 Legislative Session
- Law effective January 1, 1995
- Applies to Task Force Members
- Executive Ethics Board website
<http://ethics.wa.gov/>
- Legislative Ethics Board website
<http://www.leg.wa.gov/LEB/Pages/default.aspx>

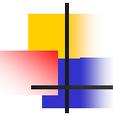


OVERALL CORE ETHICAL PRINCIPLE

PUBLIC OFFICE – WHETHER ELECTED OR
APPOINTED – MAY NOT BE USED FOR
PERSONAL GAIN OR
PRIVATE ADVANTAGE
No matter how tempting . . .



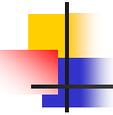
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GENERAL ETHICAL PRINCIPLES

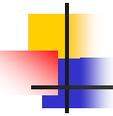
- A task force member may not have a financial interest or engage in any activity that is in conflict with the proper discharge of the member's official duties.
- A task force member may not use his or her official position to secure special privileges for himself or herself or any other person.

4



A task force member may not receive compensation from any person, except the State of Washington, for performing his or her official duties.

5



USE OF STATE RESOURCES

A task force member may not use state resources – the office, money, property, or personnel – for personal benefit or to benefit another person.

6

USE OF STATE RESOURCES FOR POLITICAL CAMPAIGNS

- BASIC RULE:



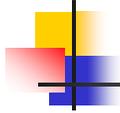
- A task force member may not use state resources for political campaigns.

7

THIS PROHIBITION APPLIES TO KNOWING ACQUIESCENCE

A task force member, with authority to direct, control or influence the actions of another officer or employee, may not turn a blind eye to other officer's or employee's use of state resources for a political campaign.

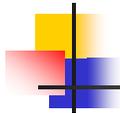
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BASIC RULES FOR GIFTS

A task force member may not accept a gift, if it could reasonably be expected to influence the performance or nonperformance of the member's official duties.

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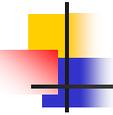


CONFIDENTIAL INFORMATION

A task force member may not disclose confidential information to an unauthorized person.



10



A task force member may not disclose or use confidential information for personal benefit or to benefit another.

11



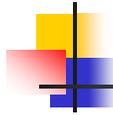
Open Public Meetings Act – RCW 42.30

- All meetings of the Task Force, with very few exceptions, must be open to the public.
- Avoid conducting Task Force business outside of a public meeting.
- Do not inadvertently conduct a meeting subject to the Act via email – i.e. a majority of members discussing Task Force business using email.

Public Records Act – RCW 42.56

- Emails between task force members on task force business may be subject to public disclosure.

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Resources

- Ethics Websites
 - <http://www.leg.wa.gov/LEB/Pages/default.aspx>
 - <http://ethics.wa.gov/>
- Frequently Asked Questions located on the Executive Ethics Board website
- Board & Commissions Membership Handbook
 - <http://www.governor.wa.gov/boards/handbook/handbook.pdf>
- Cindy Evans (360) 586-2837

Task Force for Reform of Executive and Legislative Procedures Dealing with Tax Preferences

Task Force Rules of Procedure

Article I: Name

The name of this task force, established in ESSB 6444 (2010), is the Task Force for Reform of Executive and Legislative Procedures Dealing with Tax Preferences. The task force may also be referred to as the Task Force on Tax Preference Reform.

Article II: Purpose

The 2010 Legislature created the Task Force to review executive and legislative budget and policy practices and procedures associated with the recommendation, development, and consideration of tax preferences. The Task Force shall carry out the provisions of Section 103(10) of Chapter 37, Laws of 2010, and shall perform the duties and functions as therein prescribed.

Article III: Organization and Rules

Section 1: Organization and Rules: The Task Force shall meet in accordance with dates it establishes and shall adopt its own policies and procedures. By a majority vote of Task Force members, the Task Force will adopt rules and procedures pursuant to Section 103(10) of Chapter 37, Laws of 2010. These rules may be amended or suspended by the Task Force in accordance with Robert's Rules of Order and in any manner which is not inconsistent with the laws of the state.

Article IV: Officers

Section 1: Officers: By a majority vote, the Task Force shall elect a Chair and a Vice Chair from its members.

Section 2: Duties of Officers: The Chair shall set the date, time and place for Task Force meetings, as well as set the proposed agenda for and preside over the meetings. The Chair shall ensure staff keep a record of business conducted at all meetings. The Vice Chair shall preside over meetings in the event of the Chair's absence.

Article V: Meetings

Section 1: Quorum and Approval of Business: Six of the eleven members of the Task Force must be present in order to have a sufficient quorum for transacting Task Force business. When a quorum has been established, a motion will be approved by sufficient consensus if no Task Force member objects. If there is an objection to a motion, such motion will be subjected to vote and approved if a majority of those voting are in favor of the motion.

Section 2: Open Public Meetings: Except when convened in Executive Session, all meetings of the Task Force shall be open to the public, as noted in chapter 42.30 RCW. An Executive Session may be called in accordance with chapter 42.30.110 RCW.

Section 3: Rules of Order: All meetings of the Task Force shall be governed by Robert's Rules of Order, except as specified by the applicable law or these bylaws.

Section 4: Meeting Date and Time and Location: The Chair shall set the date, time and location for regular Task Force meetings. Notice of meetings shall be sent to the Task Force members and made available to interested parties. Special meetings may be called, setting the date, time and place for the special meeting, by the Chair or by a majority vote of the members of the Task Force.

Section 5: Meeting Agenda: The proposed agenda for all regular meetings of the Task Force shall be set by the Chair prior to the meeting. The Chair reserves the right to change and modify the proposed agenda of a regularly scheduled meeting at any time prior to the meeting. Task Force members are encouraged to submit meeting agenda items to the Chair for consideration in advance of the meeting.

Section 6: Minutes: Staff to the Task Force shall maintain records of proceedings of all meetings and prepare minutes for approval by the Task Force. Following approval by the Task force, meeting minutes shall be published and made available to the public through the Task Force web site.

Section 7: Attendance: Task Force members are encouraged to make every effort to attend each meeting. If a Task Force member is unable to attend, he/she is responsible for notifying the Chair.

Article VI: Minority Reports

Section 1: Minority Report(s): Any Task Force member may request a minority report for any motion that has been approved by a vote of the Task Force. Requests must be made to the Chair at the meeting, following the approval of the motion. The Chair shall ensure that minority reports requested by members are registered in the record of business for the Task Force meeting.

Article VII: Housekeeping

Section 1: Travel and Per Diem: In accordance with 43.03.050 RCW and 43.03.220 RCW, through June 30, 2011 non-legislative Task Force members are not eligible for travel and per diem reimbursement. Task Force members who are members of the Legislature are eligible for travel and per diem reimbursement in accordance with the rules and administration of the House of Representatives and the Senate.

Section 2: Cessation of Duties: Unless its duties in Section 103(10) of Chapter 37, Laws of 2010 are amended by the Legislature, the Task Force will cease operations after the submission of its report to the Governor and legislative fiscal committees.

Section 3: Address of the Task Force:
Task Force on Tax Preference Reform
1300 Quince Street SE
PO Box 40910
Olympia, WA 98504-0910
e-mail: hennesy.lisa@leg.wa.gov
web: www.xxx.wa.gov

Adopted: Date

Potential Future Meetings
Task Force on Tax Preference Reform

Month	Date	Topics/Focus
August	TBD	Analysis/Discussion of Issues
September	TBD	Analysis/Discussion of Issues Discussion of possible recommendations
October	TBD	Discussion of Draft Report
November	TBD	Adoption of Final Report