

STATE OF WASHINGTON

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AGENDA

January 5, 2011
10:00 a.m. – 12:00 p.m.
John A. Cherberg Building
Senate Hearing Room 4
Olympia, Washington

► Brief descriptions of agenda items are on the reverse side.

- 10:00 – 10:05 *1. Approval of December 1, 2010, JLARC Meeting Minutes
- 10:05 – 10:30 2. State Ferry Terminals Cost Accounting—Preliminary Report
- 10:30 – 10:45 *3. Streamlined Sales Tax Mitigation—Proposed Final Report
- 10:45 – 11:00 *4. Stormwater Permit Requirements at the Department of Transportation—Proposed Final Report
- 11:00 – 11:15 *5. Department of Natural Resources Helicopter Cost and Use—Proposed Final Report
- 11:15 – 12:00 *6. 2010 Annual Reports on Tax Preference Reviews—Proposed Final Reports

* Action Item

Please note: All listed times are estimates only and the Committee reserves the right to move agenda items as needed

1. **Approval of Meeting Minutes:** Approval of minutes from the October 20, 2010, JLARC meeting.
2. **State Ferry Terminals Cost Accounting—Preliminary Report:** The 2009-11 Transportation Budget directed JLARC to conduct an audit of the capital cost accounting practices of the Washington State Ferries. The assignment follows a 2006 Joint Transportation Committee study of ferry financing and 2007 legislation (ESHB 2358) addressing a broad range of state ferries operational issues. JLARC's audit focused on ferry terminals. JLARC found that the Office of Financial Management and State Ferries have made progress in implementing the 2007 legislation, but additional actions are necessary to ensure the Legislature receives appropriately detailed information and justification when State Ferries requests funding for ferry terminal preservation projects.
3. **Streamlined Sales Tax Mitigation—Preliminary Report:** As directed by SSB 5089 (2007), JLARC reviewed provisions that mitigate the negative impacts to local sales tax revenue experienced by some local jurisdictions due to Washington's participation in the Streamlined Sales and Use Tax Agreement. This report describes the mitigation program and includes observations on how it functions. JLARC found that the Department of Revenue followed statutory requirements to estimate the losses experienced by local jurisdictions, and notes that mitigation payments and new sales tax revenue are lower than initially expected. However, the extent to which the mitigation provisions mitigate impacts is unclear, and mitigation provisions may not reflect all losses over time.
4. **Stormwater Permit Requirements at the Department of Transportation—Preliminary Report:** The 2010 Supplemental Transportation Budget directed JLARC to review options for implementing a new stormwater permit issued to the Department of Transportation (WSDOT) in 2009. WSDOT initially requested \$21.6 million in the 2011-13 Transportation Budget to implement the requirements of the permit. As directed, JLARC reviewed whether WSDOT, the Department of Ecology, a consortium of state and local entities, and the private sector could perform the major permit activities. JLARC found that there are viable options for meeting the major permit requirements, but there is no clear choice due to key gaps in information related to timing and costs. JLARC makes one recommendation to the Legislature and one recommendation to WSDOT to fill the largest information gaps so that more comprehensive information is available for future budget decision making.
5. **Department of Natural Resources Helicopter Cost and Use—Preliminary Report:** The Legislature directed JLARC in ESSB 6444 (2010) to complete a report on the cost and use of helicopters by the Department of Natural Resources (DNR) for wildland fire suppression. The JLARC review examined whether it is more advantageous to the state for DNR to use its own helicopters or to enter into exclusive use contracts with private vendors or non-state governmental entities. JLARC found that it is significantly less expensive for DNR to operate its own helicopters. We also found that availability of helicopters sufficiently outfitted and rated for fire suppression activities is limited. The report recommends that DNR conduct an analysis of the number of helicopters the Department should have in its fleet and how many helicopters must be ready for immediate deployment.
6. **2010 Annual Reports on Tax Preference Reviews—Proposed Final Reports:** In 2006, the Legislature enacted chapter 43.136 RCW which mandated performance audit reviews of Washington's tax preferences. There are two reports detailing the review of 20 statutory references to tax preferences for 2010. The reviews are divided into expedited and full categories, depending on the size of the tax preference. Full tax preference performance reviews answer ten primary questions outlined in law, while the expedited tax preference performance reviews answer four questions. All tax preference performance reviews place an emphasis on whether the preference has met its public policy objectives.