

WASHINGTON STATE'S TAX STRUCTURE

(ESSB 6153, SECTION 138)

**WASHINGTON STATE
DEPARTMENT OF REVENUE**

October 15, 2001

TAX STRUCTURE COMMITTEE PURPOSE

“...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.”

TAX STRUCTURE COMMITTEE

Funds are provided to establish and provide staff support to,

“...a committee on taxation to study the *elasticity, equity, and adequacy* of the state’s tax system.”

TAX STRUCTURE COMMITTEE

“In reviewing options for changes to the tax system, the committee shall develop *multiple alternatives*, to the existing tax system.”

TAX STRUCTURE COMMITTEE

“The alternatives shall range from *incremental improvements* in the current tax structure to *complete replacement* of the tax structure.”

TAX STRUCTURE COMMITTEE

“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*.”

TAX STRUCTURE COMMITTEE

“In developing alternatives, the committee shall be guided by...

- Administrative simplicity,**
- Economic neutrality,**
- Fairness,**
- Stability, and**
- Transparency.”**

TAX STRUCTURE COMMITTEE

“In developing alternatives, the committee shall examine and consider the effects of tax incentives, including exemptions, deferrals, and credits.”

TAX STRUCTURE COMMITTEE

“Most of the alternatives presented by the committee to the legislature shall be revenue neutral and contain no income tax.”

TAX STRUCTURE COMMITTEE

“In conducting the study, the committee shall examine the tax structures of other states and review previous studies regarding the tax system in this state.”

TAX STRUCTURE COMMITTEE

By **November 30, 2002**, the committee shall present a final report of its *findings and alternatives*:

- The Senate Ways and Means Committee
- The House Finance Committee