

**ALASKA STATE LEGISLATURE**  
**SENATE RESOURCES STANDING COMMITTEE**

April 10, 2012

3:34 p.m.

**MEMBERS PRESENT**

Senator Joe Paskvan, Co-Chair  
Senator Thomas Wagoner, Co-Chair  
Senator Bill Wielechowski, Vice Chair  
Senator Lesil McGuire  
Senator Hollis French

**MEMBERS ABSENT**

Senator Bert Stedman  
Senator Gary Stevens

**COMMITTEE CALENDAR**

CS FOR HOUSE CONCURRENT RESOLUTION NO. 24(FIN)  
Relating to the establishment and operation of a state food resource development working group.

- MOVED CSHCR 24(FIN) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 118(FIN)  
"An Act relating to a tax credit for qualified research and development expenditures; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HCR 24

SHORT TITLE: STATE FOOD RESOURCE DEVELOPMENT GROUP

SPONSOR(S): REPRESENTATIVE(S) STOLTZE

02/17/12	(H)	READ THE FIRST TIME - REFERRALS
02/17/12	(H)	FIN
02/29/12	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
02/29/12	(H)	Heard & Held
02/29/12	(H)	MINUTE(FIN)
03/13/12	(H)	FIN AT 8:30 AM HOUSE FINANCE 519
03/13/12	(H)	Scheduled But Not Heard
03/14/12	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
03/14/12	(H)	Moved CSHCR 24(FIN) Out of Committee

03/14/12 (H) MINUTE(FIN)  
03/15/12 (H) FIN RPT CS(FIN) 11DP  
03/15/12 (H) DP: FAIRCLOUGH, GARA, T.WILSON,  
GUTTENBERG, JOULE, NEUMAN, COSTELLO,  
EDGMON,  
03/15/12 (H) DOOGAN, STOLTZE, THOMAS  
03/29/12 (H) TRANSMITTED TO (S)  
03/29/12 (H) VERSION: CSHCR 24(FIN)  
03/30/12 (S) READ THE FIRST TIME - REFERRALS  
03/30/12 (S) RES  
04/10/12 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HB 118

SHORT TITLE: RESEARCH AND DEVELOPMENT TAX CREDIT

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/24/11 (H) READ THE FIRST TIME - REFERRALS  
01/24/11 (H) L&C, FIN  
02/18/11 (H) L&C AT 3:15 PM CAPITOL 106  
02/18/11 (H) Heard & Held  
02/18/11 (H) MINUTE(L&C)  
02/25/11 (H) L&C AT 3:15 PM BARNES 124  
02/25/11 (H) Scheduled But Not Heard  
03/11/11 (H) L&C AT 3:15 PM BARNES 124  
03/11/11 (H) Moved CSHB 118(L&C) Out of Committee  
03/11/11 (H) MINUTE(L&C)  
03/14/11 (H) L&C RPT CS(L&C) 5DP 1NR  
03/14/11 (H) DP: THOMPSON, SADDLER, JOHNSON, MILLER,  
OLSON  
03/14/11 (H) NR: CHENAULT  
03/14/11 (H) L&C AT 3:15 PM BARNES 124  
03/14/11 (H) <Bill Hearing Canceled>  
04/07/11 (H) FIN AT 8:30 AM HOUSE FINANCE 519  
04/07/11 (H) Heard & Held  
04/07/11 (H) MINUTE(FIN)  
04/08/11 (H) FIN AT 9:00 AM HOUSE FINANCE 519  
04/08/11 (H) -- MEETING CANCELED --  
02/06/12 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
02/06/12 (H) Heard & Held  
02/06/12 (H) MINUTE(FIN)  
02/13/12 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
02/13/12 (H) Moved CSHB 118(FIN) Out of Committee  
02/13/12 (H) MINUTE(FIN)  
02/15/12 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
02/15/12 (H) Moved CSHB 118(FIN) Out of Committee  
02/15/12 (H) MINUTE(FIN)  
02/17/12 (H) FIN RPT CS(FIN) NT 2DP 4NR 3AM

02/17/12 (H) DP: NEUMAN, COSTELLO  
02/17/12 (H) NR: T.WILSON, EDGMON, STOLTZE, THOMAS  
02/17/12 (H) AM: GARA, GUTTENBERG, DOOGAN  
02/29/12 (H) BEFORE THE HOUSE WITH AM NO 1 PENDING  
03/02/12 (H) TRANSMITTED TO (S)  
03/02/12 (H) VERSION: CSHB 118(FIN)  
03/05/12 (S) READ THE FIRST TIME - REFERRALS  
03/05/12 (S) RES, FIN  
04/04/12 (S) RES AT 3:30 PM BUTROVICH 205  
04/04/12 (S) Scheduled But Not Heard  
04/06/12 (S) RES AT 4:30 PM BUTROVICH 205  
04/06/12 (S) Scheduled But Not Heard  
04/09/12 (S) RES AT 3:30 PM BUTROVICH 205  
04/09/12 (S) Heard & Held  
04/09/12 (S) MINUTE(RES)  
04/10/12 (S) RES AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

REPRESENTATIVE BILL STOLTZE  
Alaska State Legislature  
Juneau, AK  
**POSITION STATEMENT:** Sponsor of HCR 24.

DAVID TEAL, Director  
Legislative Finance Division  
Legislative Affairs Agency  
Alaska State Legislature  
Juneau, AK  
**POSITION STATEMENT:** Neutral position on HB 118.

JOHANNA BALES, Deputy Director  
Tax Division  
Department of Revenue  
Juneau, AK  
**POSITION STATEMENT:** Opposed Amendment 1 of HB 118.

WANETTA AYERS, Director  
Division of Economic Development  
Department of Commerce, Community and Economic Development  
(DCCED)  
Juneau, AK  
**POSITION STATEMENT:** Available for questions on HB 118.

**ACTION NARRATIVE**

[3:34:44 PM](#)

**CO-CHAIR THOMAS WAGONER** called the Senate Resources Standing Committee meeting to order at 3:34 p.m. Present at the call to order were Senators McGuire, French, and Co-Chair Wagoner.

**HCR 24-STATE FOOD RESOURCE DEVELOPMENT GROUP**

[3:35:11 PM](#)

CO-CHAIR WAGONER announced the consideration of HCR 24. [CSHCR 24(FIN) was before the committee.]

[3:36:30 PM](#)

REPRESENTATIVE BILL STOLTZE, sponsor of HCR 24, said the bill seeks to establish a state food resource development working group with the primary goal of producing more locally grown and harvested food items, including seafood, to be consumed in Alaska, by Alaskans. He noted that the governor's staff indicated that it was receptive to the idea. The resolves ask the state agencies to work together with farmer's, fishermen, cattle ranchers and shellfish growers, and the governor will be the facilitator. This is an opportunity to work together.

[3:41:43 PM](#)

CO-CHAIR WAGONER asked how the resolution was accepted in the other body.

REPRESENTATIVE STOLTZE replied it had 31 co-sponsors.

[3:42:54 PM](#)

At ease from 3:42 to 3:45 p.m.

SENATOR WIELECHOWSKI joined the committee.

[3:43:19 PM](#)

CO-CHAIR WAGONER reconvened the meeting and briefed Senator Wielechowski. He asked for a motion to bring the resolution before the committee.

[3:43:46 PM](#)

SENATOR WIELECHOWSKI moved to bring HCR 24 before the committee.

CO-CHAIR WAGONER objected for discussion purposes. Finding no questions or discussion, he asked the will of the committee.

[3:44:08 PM](#)

SENATOR MCGUIRE moved to report CSHCR 24(FIN) from committee with individual recommendations and attached fiscal note(s).

CO-CHAIR WAGONER removed his objection, and seeing no further objection announced that CSHCR 24(FIN) moved from the Senate Resources Standing Committee.

At ease from 3:44:50 to 3:47:59 p.m.

**HB 118-RESEARCH AND DEVELOPMENT TAX CREDIT**

[3:47:50 PM](#)

CO-CHAIR WAGONER announced the consideration of HB 118 [CSHB 118(FIN) was before the committee]. He asked for a motion to bring the bill before the committee.

SENATOR WIELECHOWSKI moved to bring HB 118 before the committee.

CO-CHAIR WAGONER objected for discussion purposes. Finding no public testimony, it was closed. He asked the pleasure of the committee.

[3:49:14 PM](#)

CO-CHAIR PASKVAN joined the committee.

[3:49:22 PM](#)

SENATOR WIELECHOWSKI moved Amendment 1, labeled 27-GH1951\I.15.

27-GH1951\I.15

**AMENDMENT 1**

OFFERED IN THE SENATE BY SENATOR WIELECHOWSKI  
TO: CSHB 118(FIN)

Page 1, line 1, following "Act":

Insert "**relating to the reporting and analysis of certain information relating to tax credits, exclusions, exemptions, waivers, and other tax expenditures; relating to bills creating tax expenditures; relating to confidentiality and use of tax information;**"

Page 1, following line 3:

Insert new bill sections to read:

"\* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

SHORT TITLE. Sections 1 - 9 of this Act may be known as the Alaska Tax Break Transparency Act.

\* **Sec. 2.** AS 24.08 is amended by adding a new section to read:

**Sec. 24.08.038. Tax expenditure bills.** The legislature shall include a statement of the rationale and purpose of a tax expenditure in a bill creating a tax expenditure. In this section, "tax expenditure" has the meaning given in AS 43.05.090.

\* **Sec. 3.** AS 24.20 is amended by adding a new section to read:

**Sec. 24.20.232. Analysis of tax expenditures.** If the sum of tax expenditures of a specific type exceeds \$1,000,000 in fiscal year 2012 or a succeeding fiscal year, the legislative finance division shall analyze the use of the tax expenditure on the following schedule to determine whether the statute authorizing the tax expenditure has achieved its purpose:

(1) tax expenditures existing on July 1, 2015, shall be analyzed once between July 1, 2015, and June 30, 2020, and before a delayed repeal of a tax expenditure;

(2) a tax expenditure created after July 1, 2015, shall be analyzed after it has been in effect for seven years or, if the statute authorizing the expenditure has a delayed repeal date, one year before the effective date of the delayed repeal of the tax expenditure.

\* **Sec. 4.** AS 37.07.020(a) is amended to read:

(a) After considering the revenue and tax expenditure report prepared by the Department of Revenue under AS 43.05.090, the [THE] governor shall prepare a budget for the succeeding fiscal year that must cover all estimated receipts, including all grants, loans, and money received from the federal government and all proposed expenditures of the state government. The budget shall be organized so that the proposed expenditures for each agency are presented separately. The budget must be accompanied by the information required under AS 37.07.050 and by the following separate bills: (1) an appropriation bill authorizing the operating and capital expenditures of the state's integrated comprehensive mental health program under AS 37.14.003(a); (2) an appropriation bill authorizing state operating expenditures other than those included in the state's integrated comprehensive mental health program; (3) an appropriation bill authorizing capital expenditures other than those included in the state's integrated

comprehensive mental health program; and (4) a bill or bills covering recommendations, if any, in the budget for new or additional revenue. The budget for the succeeding fiscal year and each of the bills shall become public information on December 15 at which time the governor shall submit copies to the legislature and make copies available to the public. The bills, identical in content to the copies released on December 15, shall be delivered to the rules committee of each house before the fourth legislative day of the next regular session for introduction.

\* **Sec. 5.** AS 37.07.020(b) is amended to read:

(b) In addition to the budget and bills submitted under (a) of this section, the governor shall submit a capital improvements program covering the succeeding six fiscal years. The governor shall also submit a fiscal plan with estimates of significant sources and uses of funds for the succeeding 10 fiscal years. The fiscal plan

(1) must include sufficient details to identify

(A) significant sources of funds;

(B) significant uses of funds, including lump sum projections of

(i) operating expenditures;

(ii) capital expenditures;

(iii) debt service expenditures;

(iv) fund capitalizations;

(v) appropriations of income of the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska), if any;

(2) must balance sources and uses of funds held while providing for essential state services and protecting the economic stability of the state;

(3) must include projected balances of significant funds held in separate accounts, including the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska), the public education fund (AS 14.17.300), and the Alaska capital income fund (AS 37.05.565);

(4) must set out significant assumptions used in the projections with sufficient detail to enable the legislature to rely on the fiscal plan in understanding, evaluating, and resolving issues of state budgeting, including information that supports major areas of operating increases, such as population

demographics that affect the need for particular government services;

**(5) must consider issues raised by the revenue and tax expenditure report prepared by the Department of Revenue under AS 43.05.090.**

\* **Sec. 6.** AS 40.25.100(a) is amended to read:

(a) Information in the possession of the Department of Revenue that discloses the particulars of the business or affairs of a taxpayer or other person is not a matter of public record, except as provided in AS 43.05.230(i) **and 43.05.090(d)** or for purposes of investigation and law enforcement. The information shall be kept confidential except when its production is required in an official investigation, administrative adjudication under AS 43.05.405 - 43.05.499, or court proceeding. These restrictions do not prohibit the publication of statistics presented in a manner that prevents the identification of particular reports and items, prohibit the publication of tax lists showing the names of taxpayers who are delinquent and relevant information that may assist in the collection of delinquent taxes, or prohibit the publication of records, proceedings, and decisions under AS 43.05.405 - 43.05.499.

\* **Sec. 7.** AS 43.05.090 is amended to read:

**Sec. 43.05.090. Preparation and publication of reports and statistics.** The department shall prepare and annually publish statistics of the revenues derived under the tax laws administered by it, **including an analysis of tax revenue losses due to tax expenditures.**

\* **Sec. 8.** AS 43.05.090 is amended by adding new subsections to read:

(b) The revenue and tax expenditure report must include

(1) the statutory authority for each type of tax expenditure;

(2) the annual sum of tax expenditures for the prior fiscal year, separately calculated for each type of expenditure, and the total number of taxpayers who benefitted from each type of expenditure;

(3) an estimate of tax expenditures for the current fiscal year, separately calculated for each type of expenditure;

(4) an estimate of the public costs of administering the tax expenditures.

(c) The department shall annually transmit an electronic copy of the revenue and tax expenditure report to each member of the legislature and make the report available to the public on the department's Internet website.

(d) The department shall notify the legislative finance division when the sum of tax expenditures of a specific type has exceeded \$1,000,000 in fiscal year 2012 or a succeeding fiscal year and provide the legislative finance division with the nonconfidential or, subject to the division's execution of a confidentiality agreement, confidential information necessary to complete the analysis under AS 24.20.232.

(e) In this section, "tax expenditure" means a tax credit, exclusion, exemption, waiver, or other loss of state tax revenue due to an express provision of state tax law; "tax expenditure" does not include federal tax expenditures under federal law adopted by reference in AS 43.20.021 or tax deductions incurred in the ordinary course of trade or business.

\* **Sec. 9.** AS 43.05.230(a) is amended to read:

(a) It is unlawful for a current or former officer, employee, or agent of the state to divulge the amount of income or the particulars set out or disclosed in a report or return made under this title, except

(1) in connection with official investigations or proceedings of the department, whether judicial or administrative, involving taxes due under this title;

(2) in connection with official investigations or proceedings of the child support enforcement agency, whether judicial or administrative, involving child support obligations imposed or imposable under AS 25 or AS 47;

(3) as provided in AS 38.05.036 pertaining to audit functions of the Department of Natural Resources;

(4) as provided in AS 43.05.090(d);

(5) as provided in AS 43.05.405 - 43.05.499; and

(6) [(5)] as otherwise provided in this section or AS 43.55.890."

Page 1, line 4:

Delete "**Section 1**"

Insert "**Sec. 10**"

Page 2, line 26:

Delete all material and insert:

"\* **Sec. 11.** Sections 3 - 9 of this Act take effect July 1, 2015.

\* **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect immediately under AS 01.10.070(c)."

CO-CHAIR WAGONER objected for discussion purposes.

SENATOR WIELECHOWSKI explained that the amendment attempts to address how the state's tax credits, exemptions and other indirect expenditures are being spent. This bill requires the Department of Revenue (DOR) to publish information about each tax expenditure in its annual Revenue Sources Book; it would include the sum of tax expenditures for the prior fiscal year and an estimate of the current fiscal year. It also requires the Legislative Finance Division to conduct a one-time analysis of tax expenditures over \$1 million seven years after their passage to determine whether the tax expenditure is achieving its intended purpose. He said that 45 other states publish similar types of information; Alaska is one of only five others that don't. He said several people testified in strong support of it in the State Affairs Committee.

[3:50:53 PM](#)

MICHELLE SYDEMAN, staff to Senator Wielechowski, explained that the amendment would provide Alaskans and state policy makers with summary information about how much Alaska spends each year on each type of tax credit, tax deferral, tax waiver and other indirect tax expenditures authorized by statute. These indirect forms of spending amount to about \$1 billion per year, yet they are not reviewed annually as are other normal budget items; they just get paid automatically once enacted. She said more money is spent on them than the Department of Revenue, Department of Natural Resources, Department of Environmental Conservation, Department of Law, the Court System and the Legislature combined and yet there is no regular review of them.

She said that 45 other states publish annual information about their tax expenditures; Alaska is one of only five states that doesn't.

MS. SYDEMAN said the amendment does three things. First, it requires the legislature to adopt intent language when enacting new tax credits, deferrals and waivers. This would facilitate

later evaluation about their effectiveness. Second, it requires DOR to publish summary information annually about each tax credit in the Revenue Source Book. Third, it requires Legislative Finance to conduct a one-time analysis of tax expenditures with a price tag over \$1 million after they have been in effect for seven years to determine whether they are achieving their intended purpose.

She said the Finance Committees have long sought this information from the Department of Revenue, but because the department is just in the process of getting its new automated tax system, it hasn't been possible in the past to easily provide this information. This amendment has an effective date of 2015 so part of the information can be provided at a lower cost to the state.

[3:54:15 PM](#)

DAVID TEAL, Director, Legislative Finance Division, Legislative Affairs Agency, said he could give them his opinion, but the division didn't take positions on bills. He said they share the concern about the lack of information and it has been requested in the past. He is glad to see that it is being asked for in a more formal way. He is also glad to see that the DOR has the capital appropriation to put a tax system together that will allow them to compile this type of information.

MR. TEAL said his role will be to review tax credits and other waivers and determine whether the statute authorizing the tax credit achieves the intended purpose. He noted the \$50,000 fiscal note for additional staff, but added that it is "strictly a guess." He didn't know how much this would involve. He opined that he would do a brief analysis of where things stand today and what has been achieved to see if they should be investigated further. It couldn't be done with current staff and he didn't know how much work it would involve. It depends on what kind of information the department's system can deliver.

[3:57:01 PM](#)

JOHANNA BALES, Deputy Director, Tax Division, Department of Revenue, introduced herself.

WANETTA AYERS, Director, Division of Economic Development, Department of Commerce, Community and Economic Development (DCCED), introduced herself.

CO-CHAIR WAGONER asked them to speak to the amendment.

MS. BALES stated opposition to Amendment 1, particularly the ambiguous language that does not provide guidance for what type of analysis would be expected from either the DOR or Legislative Finance. For example, page 3, line 21, talks about the report they prepare and what the governor must consider in constructing his budget each year and it says the governor must consider issues raised by the Revenue and Tax Expenditure Report, but nowhere does the amendment talk about what the issues would be.

She knew Legislative Finance mentioned their expectation of looking at all the different tax credits and tax expenditures within the tax codes and that it would perform what, she believed, is a relatively in-depth analysis for a total of \$50,000, which she thought was unrealistic. However, she thought their estimate was based on the ambiguous language. For example, she identified 21 different tax credit programs throughout their 22 tax programs and at least 24 other specific types of exemptions or deferrals, one of those being the 6,600 S corporations (as of 2011) that are not taxed because they aren't subject to corporate income tax. Without a tax revenue management system, the department is unable to easily pull that information together to tell them what the total tax effect is of not taxing them. Just even the underlying information at this point in time is difficult for them to pull together.

[4:00:42 PM](#)

CO-CHAIR WAGONER asked for a definition of an S corporation.

MS. BALES explained the Internal Revenue Code and Corporate Income Tax have basically two types of corporations, one is called sub-chapter C and the other is sub-chapter S. A sub-chapter S corporation is for small businesses where the earnings get flowed through to the shareholders and reported on their individual income tax returns. These profits are not taxed by the state because it doesn't have an individual income tax. That would be identified as one of the tax expenditure items to be analyzed. She said she was willing to work with the sponsor to refine the language, maybe put on some sidebars and standards of review and mentioned that seven auditors were assigned to do a performance audit on the film credits for at least six months.

[4:02:36 PM](#)

CO-CHAIR PASKVAN said he appreciated her comments, but it's amazing to think of 22 credits and an additional 24 deductions or deferrals, but nothing comes back to the Legislature indicating that they are working. The purpose of the amendment is to get feedback to the people who put the credits and

deferrals out there in the first place. He asked why the department hadn't affirmatively done this before and remarked that the Legislature can't do anything else other than impose it on the department.

MS. BALES responded they are not opposed to the concept of it, but when the analysis is undertaken there should be some general standards for it. This language provides that intent needs to be put on every bill, which is important going forward, but for existing tax credits it isn't that simple to identify legislative intent and whether or not an expenditure has met its intended purpose without having guidelines on what it was. This doesn't provide sufficient guidance on what would raise an issue. She asked for additional guidance as to meeting the intended purpose.

[4:04:59 PM](#)

CO-CHAIR PASKVAN said he understood what she was saying, but it would be better received by him if DOR had been preparing some type of report for the last five years on whether the credits appear to be working or not. Also, he would be more receptive to DOR's argument if they had brought forward a standard today that she believed would be an appropriate one for the sideboards she addressed. At this point it is a one-way conversation.

MS. BALES said, for instance, her understanding of why S corporations aren't taxed is because there is no individual state income tax. Do they need to analyze that now?

[4:06:51 PM](#)

SENATOR WIELECHOWSKI said he appreciated her comments, but added that Mr. Teal testified that Legislative Finance is capable of doing the analysis and she is testifying about what Legislative Finance is going to do and their ability to do it. They said they could do the analysis and all DOR has to do under this amendment is tell them how much is being spent. He said the legislature had worked with the department; they original had the department doing the analysis and they said they didn't want to do it. So, they gave it to Legislative Finance and Mr. Teal said he can do it.

MS. BALES said the last time the issue was addressed Mr. Teal said he wasn't sure how much it would cost to do this type of analysis. For DOR, the ambiguity lies in the concept that they are supposed to identify issues, but they need guidance on what they would be.

[4:09:07 PM](#)

SENATOR WIELECHOWSKI said DOR is supposed to address issues that are raised by the report they prepared, not identify issues. Section 7 says the department shall prepare an analysis of tax revenue losses; Legislative Finance is the one that actually does the analysis. He said his office has been working with her for months on this bill and if it needs tweaking he would be happy to do that. This is something this committee has long sought.

CO-CHAIR WAGONER asked if this could be done by meeting time tomorrow.

SENATOR WIELECHOWSKI answered yes.

MS. BALES expressed reservations about fixing the problems in that time. Most of the information is gathered already but getting the deferrals is a little more difficult. And everyone is aware they don't have a revenue management system in place and the figures would have to be pulled by hand.

CO-CHAIR WAGONER noted that the effective date is three years from now and expressed hope that there could be resolution in that time.

MS. BALES responded that an implementation RFP for the revenue management system hadn't even been put out yet. It is a very large RFP to draft and they don't expect implementation until the beginning of next year, January 1, and it's a five-year implementation schedule.

CO-CHAIR WAGONER commented that it seems if the state wants to do something in nine months that it always finds a way to do it and spend hundreds of millions of dollars doing it, but now her system is taking five years. "I think our state is in real trouble in some ways," he said. If it took a private business that long to do a plan, it would be out of business before getting in.

[4:13:39 PM](#)

CO-CHAIR PASKVAN emphasized the need to get real numbers.

CO-CHAIR WAGONER said he agreed in concept, but his problem is forcing something like this onto DOR if they say they aren't ready for it.

SENATOR FRENCH described it as encouragement to try to work together.

[4:14:27 PM](#)

CO-CHAIR WAGONER said he would like to hold the amendment until tomorrow.

SENATOR WIELECHOWSKI said that would be okay and he would continue to work with the department. This is an important concept. He agreed that spending billions of dollars on tax credits and having no idea where they are going or how effective they are - there isn't a business in the world that would operate that way.

CO-CHAIR WAGONER said maybe they want to extend it out to five years, but they need to get it in statute.

CO-CHAIR PASKVAN asked of the 22 credit types and 24 deduction and deferrals if they were only to look at oil and gas credits or deferrals, how much would that reduce the load.

MS. BALES replied about 50 percent.

[4:15:54 PM](#)

CO-CHAIR WAGONER maintained his objection to Amendment 1 and announced the discussion would resume tomorrow. HB 118 was held in committee.

[4:16:10 PM](#)

There being no further business to come before the committee, Co-Chair Wagoner adjourned the meeting at 4:16 p.m.