Mitigation Advisory Committee Meeting Minutes
October 30, 2008

Attendees:
Lorrie Brown, Office of Financial Management
Shawn Hunstock, City of Tukwila
Bob Jean, City of University Place
Jim Justin, Association of Washington Cities
Bob Nachlinger, City of Kent
Rick Peterson, House Finance Committee
Jim Turpie, Community Transit

Department of Revenue Staff - Matthew Bryan, Kim Davis, Joyce Fouts, Miki Gearhart, Don Gutmann, Jim Harden, Tim Jennrich, Tiffany Johnson, Janet Shimabukuro, Janetta Taylor, Valerie Torres, Mary Welsh

Welcome and announcements

New member

Miki introduced Bob Jean from the city of University Place. Bob was recently appointed to the committee to replace Iwen Wang as a representative from a positively-impacted city.

Advisory Committee meeting schedule

The next meeting of the committee is scheduled for Thursday, January 8, 2009.

The impact of the economy on SST mitigation

Don Gutmann presented two reports that could be valuable resources for local governments. One is the Economic and Revenue Forecast Council's monthly revenue collections report. The Economic and Revenue Forecast Council (ERFC) was established to prepare the official state economic and revenue forecasts. The ERFC web site is www.erfc.wa.gov.

The Department of Revenue (DOR) resource is the taxable retail sales comparison which is produced quarterly. This table compares the current quarter's taxable retail sales for the cities and counties to the same quarter a year ago. The taxable retail sales comparison is available on the DOR web site at www.dor.wa.gov.

These two reports show that the amount of mitigation is going down because of the economy.

Jim Justin: The positively-impacted cities are getting nervous. They want to know where the money is going.

Mary Welsh: There is revenue loss, but it is not all from destination-based sourcing.

Don Gutmann: The destination-based sourcing gain is being overwhelmed by the impact of the economy.

Jim Justin: We are meeting with the King County finance managers next week, and they are going to ask some really hard questions.

Don Gutmann: Tiffany Johnson and I will be attending that meeting.

Miki Gearhart: We know it is hard for people to budget. Everyone is so eager to see the data as it comes in the door, but there are a lot of missing pieces in the data. We strongly feel that we don't want to hand out the data when part of it is missing, and it could actually decrease confidence in the agency's numbers if we release it. We are still in the testing phase to make sure all the components are working right. We are sticking to our guns to say we won't have data until December.

Jim Justin: Who is calling you with questions about mitigation data?

Miki Gearhart: I have had calls from about seven cities. Based on sourcing, it is mostly negatively-impacted cities. We have told them we don't have preliminary numbers to give them.

Rick Peterson: These cities are trying to figure out their budgets. They are trying to determine what their base looks like. It seems to me that you need to be able to give them some kind of information to help them with that. They have to figure out what part will not be in their base next year.

Jim Justin: I went to a meeting last night with about 60 people in the room. They are trying to avoid cuts. They are looking for every nickel and dime to determine if they will have to lay people off. I am getting calls from cities who are saying I am getting less.

Don Gutmann: Are they looking for totally new firms that they haven't seen before? Both new firms and old firms are delivering goods into their jurisdiction.

Jim Justin: That is the kind of information you need to bring to the meeting next week.

Mary Welsh: E-commerce is down from 20 percent to 9 percent.

Jim Justin: Did you project a straight 20 percent growth for e-commerce sales?

Lorrie Brown: I think we projected 10 percent.

Don Gutmann: We are trying to find the businesses that are reporting in their regular account and not in their SST account.

Jim Justin: When do you think you will have estimated the amount of money needed to fund mitigation for the Legislature?

Don Gutmann: We have to have the number by the end of November.

Bob Jean: We all need to take a deep breath. I don't know how you can forecast what is going to happen. We are in for a long road. We need to figure out a way to help each other through it. Would I like a flow of SST dollars? You bet. It would help a lot right now. I don't think anyone can predict where this is going. Somebody needs to put a big asterisk on this saying we really don't know. I think we need to wait at least through December and see where we are at the beginning of the year. If the banks don't put credit into the economy, it is going to keep going down. We don't know whether this has hit bottom yet or if it is still going to go down.

Lorrie Brown: When you look at the next forecast when it comes out, I think it may help if you also look at the industrywide data from last month. Some industries have a little more of a decline and you can expect a similar relationship to continue. The decline will probably be a lot more.

Jim Justin: We use the forecast and give that information to our members. We tell them to look at the industries. That is helpful.

Miki Gearhart: That is the earliest indication of what your distributions will look like. The Forecast Council has automated e-mail notification – if you want to be automatically notified of any of the publications that are updated, you will get notification of that.

Don Gutmann: If the downturn of the economy continues, the mitigation payments are going to be less. That does imply that your payments into the future will also be less. Everyone needs to understand the impact. Once those annual losses are determined, we are not going to do the calculations anymore. We are going to take that amount and divide by four to determine the payments.

To do the distribution we use the 2008 percents of taxable retail sales that make up the firms' total taxable retail sales and apply them toward 2009. As we discussed the mitigation payment up to this point, that is what we agreed on. The committee wanted to compare 2008 to 2009. Once the annual loss is determined, the annual payment amount could be less. Do we want to have the post-destination period something other than 2009?

Mary Welsh: The statute does say at some point the payment does get fixed, but it doesn't say at what point.

Lorrie Brown: So if the economy starts turning around, we might want to use another year.

Rick Peterson: You need to be careful because the farther you get from the true data, the muddier it gets.

Jim Justin: My understanding is that you will use six months of data but use four quarters for true-up. I was a little bit surprised that there wasn't a push to leave a few more quarters, depending on how long we are in this funk, to understand the true impact of destination sourcing.

Miki Gearhart: That is something that can still be talked about. At what point in time we do that is not set in stone, so after session we can come back and revisit that.

Don Gutmann: We might start to think if there is another way.

Jim Justin: I would appreciate the ability to revisit that decision with the understanding that we could look down the road.

Bob Jean: Finding a leveling base for the negatively-impacted cities is really important. I want to make sure that we don't let this whole agreement unravel because the negatively-impacted cities get burned. As a positively-impacted city I am waiting for some good news, but I am not counting on it. I want to make sure that, whatever we do on baselines, we are attentive to that.

Kim Davis: At our last committee meeting the committee was very adamant about using 2009, but with the economy we want to keep this open to address again later.

Jim Justin: At some point OFM is going to ship a number to the Governor. When is that going to occur and when are you going to make that decision?

Don Gutmann: That's why we need to have the number by the end of November.

Lorrie Brown: I thought the voluntary compliance and the mitigation are not connected.

Jim Justin: Not in legislators' minds.

Don Gutmann: We have been asked for both numbers.

Miki Gearhart: For the calculations we can't figure out what the mitigation will be without the voluntary compliance amount.

Don Gutmann: We have been told in Research that we need to have the numbers done by the end of November. That will give us the first quarter of data for the mitigation component.

Jim Justin: From AWC's perspective, we want that number to be accurate.

Don Gutmann: It will be as accurate as possible based on one month of data.

Lorrie Brown: The good news is if the economy goes down, we will tend to overestimate it.

<u>Notification of mitigation amounts</u>

Janetta Taylor: The next document is a timeline for notification of SST mitigation payment information. This is an estimate based on our current understanding of the time needed to test and verify. We are trying to get these payments out early, so this is a reasonably optimistic plan. We will start by sending out a letter with a logon and password. The following week we will be sending an e-mail out to all the entities with a link to our public web site, and it will show the gains and losses and whether the jurisdiction will get a payment or not. The next day we will send a link to our secure message center to provide access to firm-level detail. The following week the State Treasurer will send out the notice saying the payment is coming, and three days later the money should be transferred.

Miki Gearhart: So if all goes well, they will have it before the 31st.

Janetta Taylor: We have had to get contacts from all the jurisdictions and get secrecy clauses signed. We are down to three left out of over 360. We do have a couple of cities that don't have computers, so they will get phone calls. We have done several rounds of testing and we are doing a full round all the way through to sending the information to the State Treasurer. We are very confident that things will go well.

Don Gutmann: Our financial division will work with the Office of the State Treasurer to transfer the information to them.

<u>Information that will accompany mitigation</u>

Don Gutmann: Part of this testing process is that we prepared the data that we will send to the jurisdictions. We shared the data with Seattle and Kent last month. Originally we promised that we could give you the registration number, the firm's name, address, and the NAICS and the taxable retail sales for that jurisdiction for that location and we would give you the percent by location code for 2008 and 2009. You could back into the taxable retail sales for the whole firm for the state. That can be given out. We can provide the percents at the firm level for every jurisdiction. You will have the taxable retail sales for that jurisdiction and the loss or gain.

The second part is when we started looking at the detail, we ran into another disclosure problem. The voluntary compliance offset is based on 1,200 firms. At this point we have less than 500 firms that are reporting. For smaller cities you will not have more than three businesses reporting, so that is a disclosure issue. So this could cascade through multiple jurisdictions.

Jim Justin: Back up to the 1,200 firms – 1,200 is a national level. What about the 500?

Don Gutmann: On the first month we had about 150 taxpayers who were paying on a monthly basis. Right now we estimate that 400 to 500 taxpayers will report under their SST accounts.

Bob Nachlinger: Have you done any work yet to figure out the multichannel taxpayers?

Don Gutmann: We have started trying to figure out if they are reporting under other accounts. We have always assumed that only 25 percent would come through the SST accounts that we set up. The other 75 percent would come through an existing account.

Given that we have the disclosure problem, this is the solution we came up with.

Matthew Bryan: We worked really hard the last week to find out the maximum amount of data we can give to the jurisdictions. Each individual jurisdiction can see its own information only.

Don Gutmann: There will be a file that will break down the calculation of the mitigation payment by every location in your jurisdiction.

Matthew Bryan: You can analyze your jurisdictions' data completely, just not other jurisdictions' data.

Bob Nachlinger: Will I be able to see the sales tax pre-destination compared to third quarter of the previous year?

Don Gutmann: You can look at the distribution data from the previous year and see the dollar change.

Mary Welsh: But the dollar change might be because of the downturn of the economy.

Bob Nachlinger: It would be nice to be able to calculate and check that mitigation payment.

Matthew Bryan: That is true, but unfortunately we can't give you the detail you would need to calculate that. There are all of these layers of disclosure between what we can see and what we can give you.

Miki Gearhart: There is no way to back into the calculations and redo what we have done.

Bob Nachlinger: We would have no way of knowing whether systemically it is working other than what DOR says. I wonder if we could hire someone who could work for all the cities to make sure the systematic approach is working. Would that be legal for us to do collectively with nondisclosure issues? Would we be interested in doing this?

Miki Gearhart: We asked that question, too. We have internal folks double-checking everything we possibly can and the cities are testing too. The hard part is understanding the mitigation process and calculations. Could someone come in and understand all of the details that we are actually dealing with?

Don Gutmann: We always thought the state auditor would come in and look at our process.

Mary Welsh: The Joint Legislative Audit and Review Committee will be doing their audit in 2010.

Miki Gearhart: I don't know if legally someone could come in and see all the data. We would have to look into it to see if it is possible.

Don Gutmann: Where the cities can really help us is to look at the data and the firms. Does the data make sense? There are a bunch of reasons why it could be wrong – we might have the wrong NAICS code.

Bob Nachlinger: We have been trying to advance a horizontal information sharing agreement so the cities could share data.

Janetta Taylor: All the way up to the top of our organization we recognize how important this process is. Our Director is committed to this process. I am feeling much more comfortable about it – we have put a lot of resources into seeing that the data is correct.

Bob Nachlinger: You've heard the saying, "Trust but verify." I do trust, but I sure would like to verify.

Matthew Bryan: The aggregated, nonaggregated, and voluntary-only components handout is a review of what was decided at the last meeting. You can see the taxes that will be aggregated and those that won't be aggregated. The voluntary-only components are any components that are brought up after July 1.

Miki Gearhart: I want a little bit of discussion on this section. In the past we told folks that we were going to mitigate each tax separately because we thought we could not mitigate cities for the county-imposed taxes. We figured out that we can mitigate cities for county-imposed taxes, so we went back to how the sourcing study was done. A lot of the taxes were aggregated. So you could potentially have a gain in one tax and a loss in another and you could potentially not get a payment. The nonaggregated might be the one and only tax that a jurisdiction has like a transit district. Some of the taxes go to pay off bonds, so they were put in the nonaggregated column. The voluntary compliance calculation takes into effect the current rate of all the components, so that would include the voluntary components. If we have annexation tax services in there, those dollars can only be used for a certain purpose. When it is new money it has to be used for a specific purpose, so is the new money from that tax offsetting a loss from a different tax?

Matthew Bryan: Yes – that is how it works. Those revenues are offsetting losses that you have because of destination-based sourcing.

Jim Justin: Why are we doing that?

Kim Davis: We are doing that because we were told we have to.

Don Gutmann: Greg Potegal's interpretation is that we have to use all components.

Kim Davis: Matt and I talked to Greg again this past week and that is why we did it this way, because of that conversation.

Miki Gearhart: We thought about what if we didn't aggregate. There was the possibility that it could potentially be more than what was set aside, and then we would have to prorate.

Kim Davis: The committee felt that nonaggregating makes it more probable that they would have to use the funds for those exact uses.

Jim Justin: They were worried about that?

Kim Davis: Yes they were.

Jim Justin: Frankly, I don't think it is going to happen about the amount of money set aside. We made a proposal and we were told no, we can't use July 1, 2009, we have to use July 1, 2008. That was a decision your legal team made, right?

Miki Gearhart: No new taxes or increased rates after June 30 would be mitigated. If there is a loss due to a new increase, that is not because of destination-based sales tax. We were not going to mitigate anything outside of when destination-based sourcing was passed. First, it is rare that something goes away, but there is that possibility. If a tax went away and something else was created in its place – you use the same revenue stream but it is called something else – would you continue to mitigate that new tax? We said no, it is going to be everything up to June 30. The last meeting we heard some different views – does anyone think we should continue to mitigate a tax that ceases to exist? How about if a rate decreases -- do we alter the amount of mitigation because that tax has decreased? It is complicated because after mitigation is set, how do you go back and change the amount that is set?

Lorrie Brown: It is a snapshot in time. You're not changing mitigation to reflect a change.

Miki Gearhart: So should we continue to mitigate a tax that no longer exists?

Lorrie Brown: Yes.

Jim Turpie: How can you continue to mitigate a tax that goes away? You have to stop it or else it never goes away.

Bob Nachlinger: I agree with everything you are saying, but realistically how many taxes have you seen go away?

Miki Gearhart: If they do, we have to have some sort of agreement. What we are proposing is – first, we have an issue paper that says if that happens, we will review it at the annual meeting. Does that work for everyone?

Lorrie Brown: If you disaggregate it, it would never go away but if you aggregate it, it will eventually go away.

Bob Nachlinger: It is the voluntary-only components on this chart. So if I do an annexation and get the money from 6686, that will reduce my mitigation.

Miki Gearhart: Only from the voluntary portion. The rest of your annexation dollars will not reduce mitigation.

Bob Nachlinger: The voluntary compliance for the area that I annex?

Miki Gearhart: No, it is citywide. All new voluntary sellers' dollars that come from that component citywide.

Rick Peterson: The effect of the voluntary compliance will be a little bit greater because there is a small city tax.

Bob Nachlinger: But that tax wasn't effective on July 1, 2008.

Don Gutmann: We have to use the most current rate to get current voluntary compliance revenues.

Kim Davis: Bob's concern is this new 2 percent tax could bring six million dollars to your city. That entire six million will not be subtracted from your loss because that money will probably come from businesses in Washington. The only part in that offset would be the out-of-state sellers.

Don Gutmann: The area that makes up the city of Kent would be larger.

Bob Nachlinger: So my tax rate is the same. It is a credit against the state sales tax.

Rick Peterson: Technically your rate is higher and the state rate is lower.

Bob Nachlinger: After my 15 percent of the 1 percent that goes to the county, that's about a quarter of my taxes.

Miki Gearhart: But you're still getting the whole amount of the annexation tax. You're getting the voluntary compliance dollars from that new component as well. You are getting the whole amount to go towards the services in the annexed area.

Lorrie Brown: You don't lose that whole 2 percent. It is not offsetting your mitigation – it is the 2 percent times the voluntary compliance.

Miki Gearhart: It is still going to be to your benefit to do the annexation tax.

Bob Nachlinger: If the bill talks about revenues and I eliminated my sales tax, the revenues would be down quite a bit.

Miki Gearhart: He's talking about total voluntary compliance revenues, and that continues on after the amount is set. Whether we use a formula or whatever, we have to use the current tax rates that are out there when we estimate those real dollars that come from the voluntary compliance sellers.

We would use any new local tax you would be benefiting from in the future just for the measurement of the voluntary compliance new dollars as a result of streamlined.

Bob Jean: Why would LIFT dollars come into play when they are an allocation and not a real tax?

Miki Gearhart: It is a real tax. The local components are increasing but the state component is decreasing. The state is not getting 6.5 percent.

For LIFT, there are caps on the money. For instance, Yakima has a LIFT and also has some offsets. There is a chance that the total 6.5 percent would be taken up with local components. If they get their total dollars halfway through the year, they won't get any more money.

Jim Turpie: There will be situations with reduced sales tax because Everett is going to annex into our PTBA and the rate will go down from .9 to .6. That is going to happen.

Miki Gearhart: Will that be soon?

Jim Turpie: They're trying to get the benefit of the annexation tax bill. What is the closing date on that?

Jim Justin: January 1, 2010.

Miki Gearhart: The other part of that is the dollars that are offsetting are not necessarily transferable.

Don Gutmann: The good news is we don't have to have a solution now.

Miki Gearhart: We do have to have a solution to the voluntary compliance and the aggregation. We will move forward with the aggregation as it is on this paper. Are we okay with the voluntary compliance being calculated with the current rate?

Jim Justin: If that is the interpretation that the Department has made, then I guess we have no choice, but I don't like it.

Miki Gearhart: We will talk to Greg again to confirm and we will send out an e-mail to the committee members letting them know whether there is any room for change or if this is the way we must go based on the language in the law.

Matthew Bryan: On the "Mitigated Payments" page, if you have a loss in the nonaggregated components, you do not want this added in with your aggregated components.

Don Gutmann: This data will not be available to this jurisdiction.

Matthew Bryan: On the "Non-aggregated Components" page, if you have a loss in one of these components, you want to get a mitigation payment for this. The next page shows all of the components, and the following page shows detail for one location code.

Don Gutmann: On the firm-level detail, if you see a firm that you never saw before, that could be a firm that is delivering into your area now. I would first sort by the gain or loss. Look at all the negatives. If you see a firm that you were expecting a large negative and it didn't have one, call Matthew or Tiffany and we will look into it.

Rick Peterson: Can you show last year's taxable retail sales?

Matthew Bryan: Yes, we could show it.

Don Gutmann: Would that be of interest?

Jim Justin: Yes.

Valerie Torres: You have to remember that the taxpayer has to be in both quarters. If they don't show up, did they report a year ago?

Miki Gearhart: We need a sheet to answer basic questions on why you might not see a business on there. If you don't see a business that you were expecting, here are some reasons why you don't.

Matthew Bryan: We could add a paragraph to the cover letter.

Kim Davis: Do we want to add a column to show a percent change from one year to the next?

Don Gutmann: I would rather let them do their own analysis.

Jim Justin: Can I get a list at some point of whose mitigation payment is less than $25?

Kim Davis: That would be on the web site.

<u>Mitigation calculation testing</u>

Don Gutmann: We will do a full test of the mechanics of the process in November. After the first month Valerie Torres provided a file to Seattle and Kent with the gains and losses for those location codes. Valerie identified some firms that looked suspicious.

Valerie Torres: We looked at them based on their NAICS and the gain/loss that was calculated for them. I sent them to TAA and they contacted the businesses. We found some taxpayers who were not reporting correctly. The businesses are going to amend their returns and correct them. Some taxpayers switched but didn't understand how sourcing was supposed to work.

Tim Jennrich: A couple of accounts put the amounts in the county and didn't put them in the cities. The quarterly due date is tomorrow and we will check to see if they reported correctly.

Don Gutmann: They might do everything correctly, but if we for some reason assigned them a NAICS that isn't in the analysis, it won't show up.

Jim Turpie: How does the business determine whether it is in the unincorporated area? What tools are available to them?

Kim Davis: There are several lookup tools available such as GIS.

Don Gutmann: We wanted to talk about the timing. If a city finds something and tells us, we can go back and correct the previous payment. It will be in the next payment. When we get into the true-up period we will pull all the data one more time and everything will be corrected before we determine the annual payment. We are going to share the second month data with Seattle and Kent.

Shawn Hunstock: Tukwila would also like to have the data.

Valerie Torres: It will be the first and second month together.

Don Gutmann: If a city finds a firm that has only a couple hundred dollars of taxable retail sales, it might not be worth it to correct it. We would like to focus on the ones that would impact the mitigation. Look at the "What is included in my mitigation payment?" handout.

Matthew Bryan: The columns on this table show the data or adjustments to data that might be included in each mitigation payment.

Kim Davis: For the predecessor/successor column, the business needs to be open in both periods.

Rick Peterson: Can you put an indicator on the data if it is a successor?

Valerie Torres: We need to look into whether that is disclosable or not.

Matthew Bryan: For negatives in the data, in the short term we are dropping all the negatives. Further down during the true-up period, we will make adjustments for negatives and we will do something with the annual returns. The next three columns tell what new money we are going to pick up in the payment. The major ones will be included in the first payment, but the other ones will be included later on.

Kim Davis: The early implementers have been adjusted for the data. As they are identified, they are doing amended returns.

Matthew Bryan: The miscoded NAICS column is firms that you suspect are making deliveries out of your jurisdiction but they don't show up because their NAICS code is wrong.

Miki Gearhart: The miscoded NAICS column is for NAICS that we find as we go along in the process and those that we correct their NAICS code during the true-up period.

Don Gutmann: We are trying to find the easiest way to understand this.

Jim Turpie: For column 6 – "Latest effective date for a tax rate to be used for voluntary offset" – I think there needs to be a footnote if anyone outside of this group will use this handout. It needs to distinguish that it is a small voluntary offset piece.

Matthew Bryan: That is possible. We could put links to some of the issue papers if you would like.

Miki Gearhart: We could put it on the web page if you think it would be used and not confuse people.

Bob Nachlinger: One of the issues that we came up against was the change in UBIs where someone closes an account and maybe opens another account. Your lookup tool doesn't provide any crossover to show if it opened another business.

Miki Gearhart: If we have the information we can note it.

Bob Jean: How widely distributed should this be? I think it should be distributed for anyone who is trying to test. Another reason to distribute it is because it really shows the effort at trying to be fair as far as how to compare data and it shows how complex it is. I think you should distribute it as widely as possible.

Rick Peterson: Is there something to tell at what point the true-up period will occur? You could put something generic that says this is the true-up period.

Don Gutmann: We know when the true-up period begins but not when it ends, so we can mark when it begins.

Miki Gearhart: We will need to discuss at the January meeting when the annual meeting will be held.

Rick Peterson: I suggest that the title of this handout be "What information is included to determine my mitigation payment?"

<u>What is left to be done by the Advisory Committee and DOR?</u>

Miki Gearhart: At the last meeting we talked about thresholds for corrections. Julie Murray talked about coming up with the thresholds ahead of time. We feel that we have no choice but to wait because we don't know what we are going to get.

Jim Turpie: We can set the thresholds at the January meeting.

Don Gutmann: We will have a better sense after the first payment goes out.

Bob Nachlinger: Do you think January 8 is too early to be able to discuss the kinds of phone calls you get?

Don Gutmann: The payment is going out December 22 – that gives three weeks until our meeting. So yes, we could discuss the phone calls at our January meeting.

Miki Gearhart: I did put thresholds for January and there will be feedback on the first payments.

Bob Jean: At what point will we start to get information that we have confidence in to use for forecasting?

Don Gutmann: The first payment will be an indication.

Miki Gearhart: We have talked about doing a report after we have a full year and the true-up periods.

Don Gutmann: To be comfortable about the estimate, I would like to have the December data after we have two payments.

Jim Justin: So, in the spring?

Don Gutmann: Yes. I would like to have at least two quarters. We need to have the numbers for Fiscal Year 2010 and Fiscal Year 2011 some time in December, and that will be our first guess of what is happening.

Bob Jean: Would we meet to look at the spring forecast?

Miki Gearhart: I assume we will meet after session.

Jim Justin: How quickly can jurisdictions appeal their payments? Can they appeal in January?

Miki Gearhart: There is no appeal process – there is just the annual meeting.

Janetta Taylor: Don't say appeal – say request for an adjustment.

Miki Gearhart: Send me any ideas you have of things that need to be included in future meetings.

<u>Other issue papers and documents</u>

Miki Gearhart: On the "Mitigation: Destination-based Sales Tax" handout, the health services tax was left off so I wrote the information on the bottom of the page.

Jim Justin: Can we get this fact sheet electronically? I would like to distribute it to my members.

Miki Gearhart: We will send it electronically to the committee after Don makes changes. We will probably talk about some of the issue papers in January, but we are trying to finalize as many as we can so we can have them done before session starts.

Why don't we send something to the committee in the next month or so to show the new taxes and the total components?

Bob Jean: Link the issue papers to the materials. The feeling I get is we need to let the jurisdictions know that they are still players. We, the cities, need to get the information out to our members. It is only going to be as good as we help with.

Miki Gearhart: Before we close, let's repeat the exercise that we have done at several other meetings. We will go around the room and ask for your ratings on two questions: What is your knowledge base on mitigation and what is your comfort level based on a scale of 1 to 5 with 5 being high and 1 being low.

Don Gutmann: Knowledge – 4.8, Comfort – 4.8

Valerie Torres: Knowledge – 5, Comfort – 5

Mary Welsh: Knowledge – 5, Comfort – 5

Jim Justin: Knowledge – 3.5, Comfort – 4. I don't want to get down to the detail level. I am comfortable with where the Department is going.

Jim Turpie: Knowledge – 3, Comfort – 4. Part of it is the more we talk about it, the more I find out I don't know and I find out how complex it is. The gap in between meetings takes me a few minutes to get up to speed.

Jim Harden: Knowledge – 4, Comfort – 4.5

Tiffany Johnson: Knowledge – 4, Comfort – 4

Janetta Taylor: Knowledge – 4.5, Comfort – 4.5

Lorrie Brown: Knowledge – 5, Comfort – 5

Bob Jean: Knowledge – no number, Comfort – high. I like the way it is going. I want to make sure it works for the negatively-impacted cities.

Bob Nachlinger: Knowledge – 3.5, Comfort – 4.5. The deeper we get into this, the more I find out I don't know.

Shawn Hunstock: Knowledge –2, Comfort – 2

Rick Peterson: Knowledge – 4, Comfort – 4. I am worried about mechanically how this is going to work. The real problem is putting the data together firm by firm. I am worried about the firms that are left out. I am worried a lot about the method. I am highly confident that the Department has the capability and resources to do the analysis.

Matthew Bryan: Knowledge – 5, Comfort – 4.5

Kim Davis: Knowledge – 4.5, Comfort – 5

Miki Gearhart: Knowledge – 4.5, Comfort – 4. I want to see some things finalized in the next month. My comfort level is high that we have reviewed everything really well.