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INITIATIVE 277

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 277 to the Legislature is a true and correct copy as it was received by this office.

I-800 Ballot Title: This measure would require towns, cities, counties, and state government to obtain three-fourths legislative approval or voter approval for tax and fee increases and would require a revote on increases enacted prior to the effective date of this act.

I-800 REQUIRES LEGISLATIVE SUPERMAJORITIES TO RAISE TAXES OR FEES

AN ACT Relating to ensuring greater governmental fiscal responsibility by requiring towns, cities, counties, and state government to obtain legislative supermajorities to raise revenue; amending RCW 43.135.035; reenacting and amending RCW 43.135.055; adding a new section to RCW 43.135.035; adding a new section to RCW 43.135.055; adding a new section to chapter 35.32A RCW; adding a new section to chapter 35.33 RCW; adding a new section to chapter 35.34 RCW; adding a new section to chapter 35A.33 RCW; adding a new section to chapter 35A.34 RCW; adding a section to chapter 36.40 RCW; and creating new sections.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

POLICIES AND PURPOSES

NEW SECTION. **Sec. 1.** Washington has the highest unemployment in the nation. We are in the midst of a recession. Increasing taxes and fees will only make our economic conditions worse. Requiring a legislative supermajority to raise revenue protects taxpayers and our economy. This measure would require towns, cities, counties, and state government to obtain three-fourths legislative approval or voter approval for tax and fee increases and would require a revote on increases enacted prior to the effective date of this act. The people want to ensure that there is an overwhelming consensus among our elected officials that all other options are exhausted before taxes or fees are increased.

**REQUIRING 3/4 LEGISLATIVE APPROVAL FOR STATE GOVERNMENT
TO RAISE REVENUE THROUGH TAX INCREASES**

Sec. 2. RCW 43.135.035 and 2001 c 3 s 8 (Initiative Measure No. 728) and 2000 2nd sp.s. c 2 s 2 are each reenacted and amended to read as follows:

(1) After July 1, 1995, any action or combination of actions by the legislature that raises state revenue or requires revenue-neutral tax shifts may be taken only if approved by a ~~((two-thirds))~~ three-fourths vote of each house except actions that raise state revenue that are referred to the voters as allowed by subsection 3, and then only if state expenditures in any fiscal year, including the new revenue, will not exceed the state expenditure limits established under this chapter.

(2) For the purposes of this section, "raises state revenue" includes adding a new tax as authorized by law, expanding the base of any tax, increasing the monetary amount of an existing tax, increasing the rate of an existing tax, removing all or part of any exemption or deduction from any tax, and extending an expiring tax.

(3) State revenue increases referred to the voters for their approval or rejection at an election shall require a majority vote of each house of the legislature but only if state expenditures in any fiscal year, including the new revenue, will not exceed the state expenditure limits established under this chapter.

~~((2)(a))~~ (4) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature shall not take effect until approved by a vote of the people at a November general

election. The office of financial management shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this subsection. This adjustment shall not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit shall be adjusted downward upon expiration or repeal of the legislative action.

~~(b) The ballot title for any vote of the people required under this section shall be substantially as follows:~~

~~"Shall taxes be imposed on in order to allow a spending increase above last year's authorized spending adjusted for inflation and population increases?"~~

~~((+3))~~ (5)(a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a ~~((two-thirds))~~ three-fourths vote of each house of the legislature and signed by the governor. The law shall set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes shall expire upon expiration of the declaration of emergency. The legislature shall not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.

(c) The state or any political subdivision of the state shall not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

~~((+4))~~ (6) If the cost of any state program or function is shifted from the state general fund on or after January 1, 1993, to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall lower the state expenditure limit to reflect the shift. For the purposes of this section, a

transfer of money from the state general fund to another fund or account includes any state legislative action taken after July 1, 2000, that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to the dedication or use of lottery revenues under RCW 67.70.240(3) or property taxes under RCW 84.52.068, in support of education or education expenditures.

~~((+5))~~ (7) If the cost of any state program or function is shifted to the general fund on or after January 1, 2000, from another source of funding, or if moneys are transferred to the state general fund from another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall increase the state expenditure limit to reflect the shift.

**REQUIRING A LEGISLATIVE REVOTE FOR TAX INCREASES
IMPOSED BY STATE GOVERNMENT BEFORE THE EFFECTIVE DATE OF THIS ACT**

NEW SECTION. **Sec. 3.** A new section is added to RCW 43.135.035 to read as follows:

Any action or combination of actions by the legislature after November 1, 2002, and before the effective date of this act that raises state revenue or requires revenue-neutral tax shifts that does not receive three-fourths legislative approval or does not receive voter approval shall require a legislative vote to either reenact or repeal the revenue increase by the legislature in 2004. The people expect revenue increases that do not receive three-fourths legislative approval from the 2004 vote to be repealed by the legislature.

**REQUIRING 3/4 LEGISLATIVE APPROVAL FOR STATE GOVERNMENT
TO RAISE REVENUE THROUGH FEE INCREASES**

Sec. 4. RCW 43.135.055 and 2001 c 314 s 19 are each amended to read as follows:

(1) ~~((No fee may increase in any fiscal year by a percentage in excess of the fiscal growth factor for that fiscal year without prior legislative approval.))~~ No fee may increase in any fiscal year unless the increase is approved by a three-fourths vote of each house of the

legislature except increases referred to the voters for their approval or rejection which shall require a majority vote of each house of the legislature.

(2) This section does not apply to an assessment made by an agricultural commodity commission or board created by state statute or created under a marketing agreement or order under chapter 15.65 or 15.66 RCW, or to the forest products commission, if the assessment is approved by referendum in accordance with the provisions of the statutes creating the commission or board or chapter 15.65 or 15.66 RCW for approving such assessments.

**REQUIRING A LEGISLATIVE REVOTE FOR FEE INCREASES
IMPOSED BY STATE GOVERNMENT BEFORE THE EFFECTIVE DATE OF THIS ACT**

NEW SECTION. **Sec. 5.** A new section is added to RCW 43.135.055 to read as follows:

Any fee increase enacted after November 1, 2002, and before the effective date of this act that does not receive three-fourths legislative approval or does not receive voter approval shall require a vote to reenact or repeal the fee increase by the legislature in 2004. The people expect fee increases that do not receive three-fourths legislative approval from the 2004 vote to be repealed by the legislature.

**REQUIRING 3/4 LEGISLATIVE APPROVAL FOR TOWNS, CITIES, AND COUNTIES
TO RAISE REVENUE THROUGH TAXES AND FEES**

NEW SECTION. **Sec. 6.** A new section is added to chapter 35.32A RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by cities and towns that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a three-fourths vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body.

(2) For the purposes of this section, "raises revenue" includes adding a new tax or fee as authorized by law, expanding the base of any tax or fee, increasing the monetary amount of an existing tax or fee, increasing the rate of an existing tax or fee, removing all or part of

any exemption or deduction from any tax or fee, and extending an expiring tax or fee.

(3) Any revenue increase enacted by cities and towns after November 1, 2002, and before the effective date of this act that does not receive three-fourths legislative approval or does not receive voter approval shall require a vote to reenact or repeal the revenue increase by the cities and towns in 2004. The people expect revenue increases that do not receive three-fourths legislative approval from the 2004 vote to be repealed by the cities and towns.

NEW SECTION. **Sec. 7.** A new section is added to chapter 35.33 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by cities and towns that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a three-fourths vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body.

(2) For the purposes of this section, "raises revenue" includes adding a new tax or fee as authorized by law, expanding the base of any tax or fee, increasing the monetary amount of an existing tax or fee, increasing the rate of an existing tax or fee, removing all or part of any exemption or deduction from any tax or fee, and extending an expiring tax or fee.

(3) Any revenue increase enacted by cities and towns after November 1, 2002, and before the effective date of this act that does not receive three-fourths legislative approval or does not receive voter approval shall require a vote to reenact or repeal the revenue increase by the cities and towns in 2004. The people expect revenue increases that do not receive three-fourths legislative approval from the 2004 vote to be repealed by the cities and towns.

NEW SECTION. **Sec. 8.** A new section is added to chapter 35.34 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by cities and towns that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a three-fourths vote of the legislative body except increases referred to the voters

for their approval or rejection which shall require a majority vote of the legislative body.

(2) For the purposes of this section, "raises revenue" includes adding a new tax or fee as authorized by law, expanding the base of any tax or fee, increasing the monetary amount of an existing tax or fee, increasing the rate of an existing tax or fee, removing all or part of any exemption or deduction from any tax or fee, and extending an expiring tax or fee.

(3) Any revenue increase enacted by cities and towns after November 1, 2002, and before the effective date of this act that does not receive three-fourths legislative approval or does not receive voter approval shall require a vote to reenact or repeal the revenue increase by the cities and towns in 2004. The people expect revenue increases that do not receive three-fourths legislative approval from the 2004 vote to be repealed by the cities and towns.

NEW SECTION. **Sec. 9.** A new section is added to chapter 35A.33 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by cities that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a three-fourths vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body.

(2) For the purposes of this section, "raises revenue" includes adding a new tax or fee as authorized by law, expanding the base of any tax or fee, increasing the monetary amount of an existing tax or fee, increasing the rate of an existing tax or fee, removing all or part of any exemption or deduction from any tax or fee, and extending an expiring tax or fee.

(3) Any revenue increase enacted by cities after November 1, 2002, and before the effective date of this act that does not receive three-fourths legislative approval or does not receive voter approval shall require a vote to reenact or repeal the revenue increase by the cities in 2004. The people expect revenue increases that do not receive three-fourths legislative approval from the 2004 vote to be repealed by the cities.

NEW SECTION. **Sec. 10.** A new section is added to chapter 35A.34 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by cities that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a three-fourths vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body.

(2) For the purposes of this section, "raises revenue" includes adding a new tax or fee as authorized by law, expanding the base of any tax or fee, increasing the monetary amount of an existing tax or fee, increasing the rate of an existing tax or fee, removing all or part of any exemption or deduction from any tax or fee, and extending an expiring tax or fee.

(3) Any revenue increase enacted by cities after November 1, 2002, and before the effective date of this act that does not receive three-fourths legislative approval or does not receive voter approval shall require a vote to reenact or repeal the revenue increase by the cities in 2004. The people expect revenue increases that do not receive three-fourths legislative approval from the 2004 vote to be repealed by the cities.

NEW SECTION. **Sec. 11.** A new section is added to chapter 36.40 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by counties that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a three-fourths vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body.

(2) For the purposes of this section, "raises revenue" includes adding a new tax or fee as authorized by law, expanding the base of any tax or fee, increasing the monetary amount of an existing tax or fee, increasing the rate of an existing tax or fee, removing all or part of any exemption or deduction from any tax or fee, and extending an expiring tax or fee.

(3) Any revenue increase enacted by counties after November 1, 2002, and before the effective date of this act that does not receive three-fourths legislative approval or does not receive voter approval

shall require a vote to reenact or repeal the revenue increase by the counties in 2004. The people expect revenue increases that do not receive three-fourths legislative approval from the 2004 vote to be repealed by the counties.

CONSTRUCTION

CLAUSE

NEW SECTION. **Sec. 12.** The provisions of this act are to be liberally construed to effectuate the intent, policies and purposes of this act.

SEVERABILITY CLAUSE

NEW SECTION. **Sec. 13.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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