

**TAXPAYER PROTECTION ACT****COMPLETE TEXT**

AN ACT Relating to state revenue; amending RCW 43.135.034 and 43.135.055; adding new sections to chapter 43.135 RCW; adding a new section to chapter 43.79 RCW; and creating new sections.

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

**INTENT**

NEW SECTION. **Sec. 1.** The people want to ensure short-term and long-term protection from state tax and fee increases for individuals, families, businesses, and our state's economy.

The people find that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices, the legislature needs information to evaluate whether the continuation of recently enacted tax increases is in the public interest. This measure concerns state taxes and fees. This measure limits tax increases to one year unless approved by the voters. This measure also requires legislative approval for fee increases. Finally, the people find that the Legislature repeatedly raids dedicated funds, depleting them of revenue, necessitating tax and fee increases. To counter that, this measure requires that revenue deposited in a dedicated fund may only be used for the intended purpose for which the dedicated fund was created. For example, sales taxes deposited in the dedicated fund for performance audits may only be used for its intended purpose: performance audits.

The people want to ensure that tax and fee increases are consistently a last resort.

**TIME LIMITS REQUIRED FOR TAX INCREASES**

NEW SECTION. **Sec. 2.** A new section is added to chapter 43.135 RCW to read as follows:

(1) A tax increase is limited to one year unless approved by the voters.

(2) Once the duration of a tax increase ends under this section, the department of revenue may not collect revenue from any tax increase enacted without voter approval.

**Sec. 3.** RCW 43.135.034 and 2015 3rd sp.s. c 44 s 421 are each amended to read as follows:

(1) (a) Any action or combination of actions by the legislature that raises taxes (~~(may be taken only if approved by a two-thirds vote in both the house of representatives and the senate)~~) is limited to one year. This section does not apply to voter approved tax increases. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases of any duration may, by a majority vote of the legislature, be referred to the voters for their approval or rejection at an election. Once the duration of a tax increase ends under this section, the department of revenue may not collect revenue from any tax increase enacted without voter approval.

(b) For the purposes of this chapter, "raises taxes" or "tax increase" means any action or combination of actions by the state legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

(2) (a) 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 may not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee must adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment may 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 must 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 must be substantially as follows:

"Shall taxes be imposed on . . . . . in order to allow a spending increase above last year's authorized spending adjusted for personal income growth?"

(3) (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 vote of each house of the legislature and signed by the governor. The law must 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 expire upon expiration of the declaration of emergency. The legislature may 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 may not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

(4) If the cost of any state program or function is shifted from the state general fund 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), must 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 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: (a) The dedication or use of lottery revenues under RCW 67.70.240(1)(c), in support of education or education expenditures; (b) a transfer of moneys to, or an expenditure from, the budget stabilization account; or (c) a transfer of money to, or an expenditure from, the connecting Washington account established in section 106 of this act.

(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), must increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund.

#### **REQUIRE LEGISLATIVE APPROVAL FOR FEE INCREASES**

**Sec. 4.** RCW 43.135.055 and 2013 c 1 s 4 are each amended to read as follows:

REQUIRE LEGISLATIVE APPROVAL FOR FEE INCREASES (1) Legislative approval for fee increases is required. A fee may only be imposed or increased in any fiscal year if approved with a simple majority vote in both the house of representatives and the senate. Only the legislature may set the amount of a fee increase. The amount of a fee increase must be expressly stated in legislation and passed by the legislature to ensure that the fee increase is ~~((must be))~~ subject to the ten-year cost projection and any other accountability procedures required by RCW 43.135.031.

(a) For purposes of this section, "fee increase" includes a new fee or an increase in an existing fee, including those related to Title 47 RCW and Title 28B RCW.

(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.

**LIMIT DEDICATED FUNDS TO THEIR INTENDED PURPOSES**

NEW SECTION. **Sec. 5.** A new section is added to chapter 43.79 RCW to read as follows:

Dedicated funds are limited to their intended purposes. Revenue deposited in a dedicated fund may only be used for the intended purpose for which the dedicated fund was created.

**CONSTRUCTION CLAUSE**

NEW SECTION. **Sec. 6.** 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. 7.** 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.

**TITLE OF THE ACT**

NEW SECTION. **Sec. 8.** This act is known and may be cited as the "Taxpayer Protection Act."

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