Initiative Measure No. 1477 filed February 22, 2016

TOUGHER TO RAISE TAXES

COMPLETE TEXT

AN ACT Relating to state taxes and fees; amending RCW 43.135.034, 43.135.055, 43.135.031, 43.135.041, and 43.135.033; adding new sections to chapter 43.135 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 a majority popular vote. This measure also requires fee increases to receive majority legislative approval.

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) After January 1, 2016, a tax increase is limited to one year unless approved by a majority popular vote.

(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 a majority popular vote.

(3) For the purposes of this chapter, "majority popular vote" means a vote approved with a simple majority vote of the people at an election.

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~~)) After January 1, 2016, a tax increase is limited to one year. This section does not apply to any tax increase approved by a majority popular vote. 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 a majority popular vote.

(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 RCW 46.68.395.

(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.

FEE INCREASES MUST RECEIVE MAJORITY LEGISLATIVE APPROVAL

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

FEE INCREASES MUST RECEIVE MAJORITY LEGISLATIVE APPROVAL (1) Fee increases must receive majority legislative approval. A fee ((~~may only be imposed or increased~~)) increase in any fiscal year ((~~if~~)) must receive majority legislative approval((~~approved with a simple majority vote in both the house of representatives and the senate and must be subject to the ten-year cost projection 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.

(b) For purposes of this section, "majority legislative approval" means a fee increase must be approved by a simple majority vote in both the house of representatives and the senate and must be expressly stated in legislation to ensure that the fee increase is subject to the ten-year cost projection and other accountability

procedures required by RCW 43.135.031. "Majority legislative approval" does not mean including a fee increase in an omnibus appropriations act or passing legislation which delegates authority to state agencies to decide fee increases.

(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.

STATUTORY REFERENCE UPDATES

Sec. 5. RCW 43.135.031 (Bills raising taxes or fees — Cost analysis — Press release — Notice of hearings — Updated analyses) and 2013 c 1 s 5 are each amended to read as follows:

(1) For any tax increase or fee increase bill introduced in either the house of representatives or the senate ((~~that raises taxes as defined by RCW 43.135.033 or increases fees~~)), the office of financial management must expeditiously determine its cost to the taxpayers in its first ten years of imposition, must promptly and without delay report the results of its analysis by public press release via e-mail to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. Any ten-year cost projection must include a year-by-year breakdown. For any bill containing more than one revenue source, a ten-year cost projection for each revenue source will be included along with the bill's total ten-year cost projection. The press release shall include the names of the legislators, and their contact information, who are sponsors and cosponsors of the bill so they can provide information to, and answer questions from, the public.

(2) Any time any legislative committee schedules a public hearing on a tax increase or fee increase bill ((~~that raises taxes~~

~~as defined by 43.135.033 or increases fees~~)), the office of financial management must promptly and without delay report the results of its most up-to-date analysis of the bill required by subsection (1) of this section and the date, time, and location of the hearing by public press release via e-mail to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. The press release required by this subsection must include all the information required by subsection (1) of this section and the names of the legislators, and their contact information, who are members of the legislative committee conducting the hearing so they can provide information to, and answer questions from, the public.

(3) Each time a tax increase or fee increase bill ((~~that raises taxes as defined by RCW 43.135.033 or increases fees~~)) is approved by any legislative committee or by at least a simple majority in either the house of representatives or the senate, the office of financial management must expeditiously reexamine and redetermine its ten-year cost projection due to amendment or other changes during the legislative process, must promptly and without delay report the results of its most up-to-date analysis by public press release via e-mail to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. Any ten-year cost projection must include a year-by-year breakdown. For any bill containing more than one revenue source, a ten-year cost projection for each revenue source will be included along with the bill's total ten-year cost projection. The press release shall include the names of the legislators, and their contact information, and how they voted on the bill so they can provide information to, and answer questions from, the public.

(4) For the purposes of this section, "names of legislators, and their contact information" includes each legislator's position (senator or representative), first name, last name, party affiliation (for example, Democrat or Republican), city or town they live in, office phone number, and office e-mail address.

(5) For the purposes of this section, "news media" means any member of the press or media organization, including newspapers, radio, and television, that signs up with the office of financial management to receive the public press releases by e-mail.

(6) For the purposes of this section, "the public" means any person, group, or organization that signs up with the office of financial management to receive the public press releases by e-mail.

Sec. 6. RCW 43.135.041 (Tax legislation — Advisory vote — Duties of the attorney general and secretary of state — Exemption) and 2013 c 1 s 6 are each amended to read as follows:

(1)(a) After July 1, 2011, if ((~~legislative action raising taxes as defined by RCW 43.135.033~~)) a tax increase is blocked from a public vote or is not referred to the people by a referendum petition found to be sufficient under RCW 29A.72.250, a measure for an advisory vote of the people is required and shall be placed on the next general election ballot under this chapter.

(b) If ((~~legislative action raising taxes~~)) a tax increase enacted after July 1, 2011, involves more than one revenue source, each tax being increased shall be subject to a separate measure for an advisory vote of the people under the requirements of this chapter.

(2) No later than the first of August, the attorney general will send written notice to the secretary of state of any tax increase that is subject to an advisory vote of the people, under the provisions and exceptions provided by this chapter. Within five days of receiving such written notice from the attorney general, the secretary of state will assign a serial number for a measure for an advisory vote of the people and transmit one copy of the measure bearing its serial number to the attorney general as required by RCW 29A.72.040, for any tax increase identified by the attorney general as needing an advisory vote of the people for that year's general election ballot. Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this subsection.

(3) For the purposes of this section, "blocked from a public

vote" includes adding an emergency clause to a bill increasing taxes, bonding or contractually obligating taxes, or otherwise preventing a referendum on a bill increasing taxes.

(4) If ((~~legislative action raising taxes~~)) a tax increase is referred to the people by the legislature or is included in an initiative to the people found to be sufficient under RCW 29A.72.250, then the tax increase is exempt from an advisory vote of the people under this chapter.

Sec. 7. RCW 43.135.033 ("Raises taxes" defined) and 2016 c 1 s 6 (Initiative Measure No. 1366, approved November 3, 2015) are each amended to read as follows:

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.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 8.** 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. 9.** 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. 10.** This act is known and may be cited as "Tougher To Raise Taxes."

-- END --