

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

AN ACT Relating to limiting taxes and fees imposed by state government; amending RCW 43.135.034, 29A.72.283, 43.135.055, 43.135.031, 43.135.041, and 43.135.033; adding new sections to chapter 43.135 RCW; adding a new section to chapter 29A.32 RCW; creating new sections; and repealing RCW 29A.32.070.

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 and fee increases to one year unless approved by a two-thirds vote of the legislature or a majority popular vote. This measure also requires annual advisory votes for a 2/3-for-taxes constitutional amendment.

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

**TIME LIMITS FOR TAX AND FEE 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 or fee increase is limited to one year unless approved by a two-thirds vote of the legislature or a majority popular vote.

(2) Once the duration of a tax increase or fee increase ends under this section, the department of revenue may not collect revenue from any tax increase or fee increase enacted without a two-thirds vote of the legislature or 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 two-thirds vote of the legislature or 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 two-thirds vote of the legislature or 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.

**ADVISORY VOTES ON A CONSTITUTIONAL AMENDMENT REQUIRING  
TWO-THIRDS LEGISLATIVE APPROVAL OR VOTER APPROVAL FOR TAX INCREASES**

NEW SECTION. **Sec. 4.** A new section is added to chapter 43.135 RCW to read as follows:

(1) A measure for an advisory vote of the people on a constitutional amendment requiring two-thirds legislative approval or voter approval for tax increases is required and must be placed on each general election ballot under this chapter.

(2) No later than the first of August, the attorney general will send written notice to the secretary of state that an advisory vote of the people on a constitutional amendment is required. 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 on a constitutional amendment and transmit one copy of the measure bearing its serial number to the attorney general as required by RCW 29A.72.040. Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this subsection.

**Sec. 5.** RCW 29A.72.283 and 2008 c 1 s 8 are each amended to read as follows:

(1) Within five days of receipt of a measure for an advisory vote of the people from the secretary of state under RCW 29A.72.040 the attorney general shall formulate a short description (~~(not exceeding thirty-three words and)~~), not subject to appeal, of each tax increase and the advisory vote on a constitutional amendment under section 4 of this act and shall transmit a certified copy of such short description meeting the requirements of this section to the secretary of state.

(a) The description for an advisory vote on a tax increase must be formulated and displayed on the ballot (~~(substantially)~~) exactly as follows:

"The legislature imposed, without a vote of the people, a tax increase on (~~((identification of tax and))~~) description of (~~((increase))~~) what will be taxed, costing (most up-to-date ten-year cost projection, expressed in dollars and rounded to the nearest million) in its first ten years, for government spending. This tax increase should be:

Repealed . . . [ ]  
Maintained . . . [ ]"

(b) The description for the advisory vote on a constitutional amendment under section 4 of this act must be formulated and displayed on the ballot exactly as follows:

"Do you support or oppose having the legislature refer to a vote of the people a constitutional amendment requiring two-thirds legislative approval or voter approval for tax increases?"

Support letting the people vote . . . [ ]

Oppose letting the people vote . . . [ ]"

(2) Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this section. ((The words "This tax increase should be: Repealed . . . [ ] Maintained . . . [ ]" are not counted in the thirty-three word limit for a short description under this section.))

(3) For the purposes of this section, "tax increase" has the same meaning as provided in RCW 43.135.033.

NEW SECTION. Sec. 6. A new section is added to chapter 29A.32 RCW to read as follows:

The secretary of state shall determine the format and layout of the voters' pamphlet published under RCW 29A.32.010. The secretary of state shall print the pamphlet in clear, readable type on a size, quality, and weight of paper that in the judgment of the secretary of state best serves the voters. The pamphlet must contain a table of contents. Measures and arguments must be printed in the order specified by RCW 29A.72.290.

The voters' pamphlet must provide the following information for each statewide issue on the ballot except measures for an advisory vote of the people whose requirements are provided in subsections (11) and (12) of this section:

(1) The legal identification of the measure by serial designation or number;

(2) The official ballot title of the measure;

(3) An argument advocating the voters' approval of the measure together with any statement in rebuttal of the opposing argument;

(4) An argument advocating the voters' rejection of the measure together with any statement in rebuttal of the opposing argument;

(5) Each argument or rebuttal statement must be followed by the names of the committee members who submitted them, and may be followed by a telephone number that citizens may call to obtain information on the ballot measure;

(6) The full text of each measure;

(7) A statement prepared by the attorney general explaining the law as it presently exists;

(8) A statement prepared by the attorney general explaining the effect of the proposed measure if it becomes law;

(9) The fiscal impact statement prepared under RCW 29A.72.025;

(10) The total number of votes cast for and against the measure in the senate and house of representatives, if the measure has been passed by the legislature;

(11) Two pages (front and back of one page and front and back of a second page) shall be provided in the general election voters' pamphlet for each measure for an advisory vote of the people under RCW 43.135.041 and shall consist of the serial number assigned by the secretary of state under RCW 29A.72.040, the short description formulated by the attorney general under RCW 29A.72.283, the tax increase's most up-to-date ten-year cost projection, including a year-by-year breakdown, by the office of financial management under RCW 43.135.031, and the names of the legislators, and their contact information, and how they voted on the increase upon final passage so they can provide information to, and answer questions from, the public. For the purposes of this subsection, "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;

(12) The front of one page must be provided in the general election voters' pamphlet for each measure for an advisory vote of the people under section 4 of this act and must consist of the serial number assigned by the secretary of state under RCW 29A.72.040, the short description formulated by the attorney general under RCW 29A.72.283, and the following:

"Over the past 20+ years, the voters of Washington have repeatedly and overwhelmingly passed initiatives requiring two-thirds legislative approval or voter approval for tax increases. Despite this clear message from the people, the legislature has repeatedly refused to give the voters the opportunity to vote on a 2/3 for taxes constitutional amendment. Then, in 2015, the voters approved Initiative 1366 that made clear the people wanted the opportunity to vote on a 2/3 for taxes constitutional amendment mirroring voter-approved Initiatives 960, 1053, and 1185. Even so, the Legislature again blocked the people from voting on it.

It is long overdue for the legislature to give the voters the chance to decide, once and for all, on a 2/3 for taxes constitutional amendment mirroring voter-approved Initiatives 960, 1053, and 1185."

**Sec. 7.** RCW 29A.32.070 (Format, layout, contents) and 2016 c ... s ..., 2009 c 415 s 5, as now existing or hereafter amended, are each repealed.

#### **TIME LIMITS FOR FEE INCREASES**

**Sec. 8.** RCW 43.135.055 and 2013 c 1 s 4 are each amended to read as follows:

(1) After January 1, 2016, a fee increase is limited to one year unless approved by a two-thirds vote of the legislature or a majority popular vote.

(2) Once the duration of a fee increase ends as provided in subsection (1) of this section, the department of revenue may not collect revenue from any fee increase enacted without a two-thirds vote of the legislature or a majority popular vote.

((~~(1)~~)) (3) A fee (~~may only be imposed or increased~~) increase in any fiscal year (~~if~~) must be approved with a simple majority vote in both the house of representatives and the senate. Only the legislature is responsible for determining and setting the amount of a fee increase and it must be expressly stated in legislation, other than an omnibus appropriations act, so it can be subject to the ten-

year cost projection and any other accountability procedures required by RCW 43.135.031.

(4) For purposes of this section, "fee increase" includes a new fee or an increase in an existing fee.

~~((2))~~ (5) 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. 9.** 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. 10.** 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. 11.** 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. 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.

#### **TITLE OF THE ACT**

NEW SECTION. **Sec. 14.** This act is known and may be cited as the "Taxpayer Protection Act."

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