

WE DON'T WANT OUR INCOME TAXED

AN ACT Relating to taxes based on personal income by the state, counties, and cities; amending RCW 82.--.---; adding a new section to chapter 82.32 RCW; adding a new section to chapter 36.16 RCW; adding a new section to chapter 36.32 RCW; adding a new section to chapter 35.22 RCW; adding a new section to chapter 35.23 RCW; adding a new section to chapter 35.17 RCW; adding a new section to chapter 35A.12 RCW; adding a new section to chapter 35A.13 RCW; adding a new section to chapter 35.18 RCW; and creating new sections.

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

INTENT

NEW SECTION. **Sec. 1.** The people strongly oppose the constant effort by politicians to take more from already struggling taxpayers. Whether it's local politicians like those in Seattle or state politicians in Olympia, struggling taxpayers want to put a stop to any tax based on personal income now and in the future. Voters know once Pandora's box is opened, taxes on some of us will quickly hit all of us. We don't want our income taxed.

This measure would prohibit the state, counties, and cities from imposing any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it, and nullify certain state and local income-based taxes because they were not approved by a constitutional amendment.

NEW SECTION. **Sec. 2.** A new section is added to chapter 82.32 RCW

to read as follows:

(1) The state is prohibited from imposing any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

(2) Such a prohibition applies to taxes imposed on taxpayers and to taxes imposed on taxpayers' employers.

(3) This prohibition, and the definition of personal income specifically, are to be construed broadly by any reviewing court to affect the policy of this state that there exist absolute clarity and certainty in state law that there is no authority for the state to impose any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

NEW SECTION. **Sec. 3.** RCW 82.--.--- and 2021 c . . . (Engrossed Substitute Senate Bill No. 5096) s 5 are each amended to read as follows:

~~(TAX IMPOSED. (1) Beginning January 1, 2022, an excise tax is imposed on the sale or exchange of long-term capital assets. Only individuals are subject to payment of the tax, which equals seven percent multiplied by an individual's Washington capital gains.~~

~~(2) The tax levied in subsection (1) of this section is necessary for the support of the state government and its existing public institutions.~~

~~(3) If an individual's Washington capital gains are less than zero for a taxable year, no tax is due under this section and no such amount is allowed as a carryover for use in the calculation of that individual's adjusted capital gain, as defined in RCW 82.--.---~~

~~(1) (section 4(1), chapter ... (Engrossed Substitute Senate Bill No. 5096), Laws of 2021), for any taxable year. To the extent that a loss carryforward is included in the calculation of an individual's federal net long-term capital gain and that loss carryforward is directly attributable to losses from sales or exchanges allocated to this state under RCW 82.--.--- (section 11, chapter ... (Engrossed Substitute Senate Bill No. 5096), Laws of 2021), the loss carryforward is included in the calculation of that individual's adjusted capital gain for the purposes of this chapter. An individual may not include any losses carried back for federal income tax purposes in the calculation~~

~~of that individual's adjusted capital gain for any taxable year.~~

~~(4) (a) The tax imposed in this section applies to the sale or exchange of long-term capital assets owned by the taxpayer, whether the taxpayer was the legal or beneficial owner of such assets at the time of the sale or exchange. The tax applies when the Washington capital gains are recognized by the taxpayer in accordance with this chapter.~~

~~(b) For purposes of this chapter:~~

~~(i) An individual is considered to be a beneficial owner of long-term capital assets held by an entity that is a pass-through or disregarded entity for federal tax purposes, such as a partnership, limited liability company, S corporation, or grantor trust, to the extent of the individual's ownership interest in the entity as reported for federal income tax purposes.~~

~~(ii) A nongrantor trust is deemed to be a grantor trust if the trust does not qualify as a grantor trust for federal tax purposes, and the grantor's transfer of assets to the trust is treated as an incomplete gift under Title 26 U.S.C. Sec. 2511 of the internal revenue code and its accompanying regulations. A grantor of such trust is considered the beneficial owner of the capital assets of the trust for purposes of the tax imposed in this section and must include any long-term capital gain or loss from the sale or exchange of a capital asset by the trust in the calculation of that individual's adjusted capital gain, if such gain or loss is allocated to this state under RCW 82.---.--- (section 11, chapter ... (Engrossed Substitute Senate Bill No. 5096), Laws of 2021))~~ The income-based taxes previously codified in this section (RCW 82.--.--- and 2021 c . . . (Engrossed Substitute Senate Bill No. 5096) s 5) were not approved by a constitutional amendment so are nullified.

NEW SECTION. Sec. 4. A new section is added to chapter 36.16 RCW to read as follows:

(1) Any county is prohibited from imposing any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

(2) Such a prohibition applies to taxes imposed on taxpayers and to taxes imposed on taxpayers' employers.

(3) This prohibition, and the definition of personal income

specifically, are to be construed broadly by any reviewing court to affect the policy of this state that there exist absolute clarity and certainty in state law that there is no authority for any county to impose any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

NEW SECTION. **Sec. 5.** A new section is added to chapter 36.32 RCW to read as follows:

(1) Any county is prohibited from imposing any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

(2) Such a prohibition applies to taxes imposed on taxpayers and to taxes imposed on taxpayers' employers.

(3) This prohibition, and the definition of personal income specifically, are to be construed broadly by any reviewing court to affect the policy of this state that there exist absolute clarity and certainty in state law that there is no authority for any county to impose any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

NEW SECTION. **Sec. 6.** A new section is added to chapter 35.22 RCW to read as follows:

(1) Any city is prohibited from imposing any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

(2) Such a prohibition applies to taxes imposed on taxpayers and to taxes imposed on taxpayers' employers, for example, the income-based taxes imposed by the city of Seattle under chapter 5.38 of the Seattle Municipal Code were not approved by a constitutional amendment so are nullified.

(3) This prohibition, and the definition of personal income specifically, are to be construed broadly by any reviewing court to affect the policy of this state that there exist absolute clarity and certainty in state law that there is no authority for any city to impose any tax based on personal income, whether called a payroll tax,

excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

NEW SECTION. **Sec. 7.** A new section is added to chapter 35.23 RCW to read as follows:

(1) Any city is prohibited from imposing any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

(2) Such a prohibition applies to taxes imposed on taxpayers and to taxes imposed on taxpayers' employers.

(3) This prohibition, and the definition of personal income specifically, are to be construed broadly by any reviewing court to affect the policy of this state that there exist absolute clarity and certainty in state law that there is no authority for any city to impose any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

NEW SECTION. **Sec. 8.** A new section is added to chapter 35.17 RCW to read as follows:

(1) Any city is prohibited from imposing any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

(2) Such a prohibition applies to taxes imposed on taxpayers and to taxes imposed on taxpayers' employers.

(3) This prohibition, and the definition of personal income specifically, are to be construed broadly by any reviewing court to affect the policy of this state that there exist absolute clarity and certainty in state law that there is no authority for any city to impose any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

NEW SECTION. **Sec. 9.** A new section is added to chapter 35A.12 RCW to read as follows:

(1) Any city is prohibited from imposing any tax based on personal income, whether called a payroll tax, excise tax, or other name,

unless statewide voters pass a constitutional amendment authorizing it.

(2) Such a prohibition applies to taxes imposed on taxpayers and to taxes imposed on taxpayers' employers.

(3) This prohibition, and the definition of personal income specifically, are to be construed broadly by any reviewing court to affect the policy of this state that there exist absolute clarity and certainty in state law that there is no authority for any city to impose any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

NEW SECTION. **Sec. 10.** A new section is added to chapter 35A.13 RCW to read as follows:

(1) Any city is prohibited from imposing any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

(2) Such a prohibition applies to taxes imposed on taxpayers and to taxes imposed on taxpayers' employers.

(3) This prohibition, and the definition of personal income specifically, are to be construed broadly by any reviewing court to affect the policy of this state that there exist absolute clarity and certainty in state law that there is no authority for any city to impose any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

NEW SECTION. **Sec. 11.** A new section is added to chapter 35.18 RCW to read as follows:

(1) Any city is prohibited from imposing any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

(2) Such a prohibition applies to taxes imposed on taxpayers and to taxes imposed on taxpayers' employers.

(3) This prohibition, and the definition of personal income specifically, are to be construed broadly by any reviewing court to affect the policy of this state that there exist absolute clarity and

certainty in state law that there is no authority for any city to impose any tax based on personal income, whether called a payroll tax, excise tax, or other name, unless statewide voters pass a constitutional amendment authorizing it.

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

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.

NEW SECTION. **Sec. 14.** This act is known and may be cited as "We Don't Want Our Income Taxed."

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