

Initiative No. 1408

June 3, 2021

NO TAXES BASED ON PERSONAL INCOME ACT

AN ACT Relating to taxes based on personal income in the State of Washington; 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; creating new sections; and repealing RCW 82.--.---

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

INTENT SECTION

NEW SECTION. **Sec. 1.** A bill prohibiting taxes based on personal income was introduced during the 2021 legislative session in Olympia. Unfortunately, it was not considered. Now, here, this initiative is being proposed so that the 2022 legislature will consider it. If that legislature does not pass this initiative into law, the voters may do so on November 8, 2022.

Washington voters have voted 10 times against state taxes based on personal income. The most recent time was in 2010, when large majorities of voters in all 39 counties – and 64 percent of voters, statewide – rejected Initiative 1098.

This initiative gives Washington voters the opportunity to reaffirm their strong, long-standing opposition to taxes based on personal income.

Opponents may say this initiative forever stops taxes based on personal income by state government. That's not true. This initiative institutes laws to stop such taxes but it cannot and does not stand in the way of the legislature proposing a constitutional amendment that authorizes such taxes with voter approval.

Opponents may say this initiative forever stops taxes based on personal income by counties, cities, and other local governments. That's not true. This initiative institutes laws to stop such taxes but it cannot and does not stand in the way of the legislature proposing a constitutional amendment that authorizes such taxes with voter approval.

Opponents may say this initiative eliminates business and occupation

taxes. That's not true. Business and occupation taxes are based on gross receipts, not personal income, so are not affected by this initiative.

Opponents may say this initiative eliminates taxes based on personal income imposed by the 2021 Legislature and other similar taxes. It is true that this initiative repeals those taxes and prohibits the collection of revenue from those taxes because they are based on personal income. But this initiative cannot and does not stand in the way of the legislature proposing a constitutional amendment that authorizes such taxes with voter approval.

Great majorities of Washington voters consistently oppose taxes based on personal income – whether those taxes are called “income tax,” “payroll tax,” “excise tax” or any other name. This initiative confirms, clarifies and codifies that opposition.

STOPPING STATE TAXES BASED ON PERSONAL INCOME

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 or collecting taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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

(3) This prohibition is 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 or collect taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

NEW SECTION. **Sec. 3.** RCW 82.--.--- and 2021 c 196 (Engrossed Substitute Senate Bill No. 5096) s 5 were taxes based on personal income and so each are repealed.

STOPPING COUNTY TAXES BASED ON PERSONAL INCOME

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 or collecting taxes based on personal income, whether called payroll taxes, excise taxes, or other name.

(2) Such a prohibition applies to taxes both imposed directly on

taxpayers and imposed on taxpayers' employers.

(3) This prohibition is 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 or collect taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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 or collecting based on personal income, whether called payroll taxes, excise taxes, or other name.

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

(3) This prohibition is 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 or collect taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

STOPPING CITY TAXES BASED ON PERSONAL INCOME

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 or collecting taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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

(3) This prohibition is 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 or collect taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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 or collecting taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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

(3) This prohibition is 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 or collect taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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 or collecting taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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

(3) This prohibition is 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 or collect taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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 or collecting taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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

(3) This prohibition is 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 or collect taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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 or collecting taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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

(3) This prohibition is 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 or collect taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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 or collecting taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

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

(3) This prohibition is 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 or collect taxes based on personal income, whether called payroll taxes, excise taxes, or any other name.

CONSTRUCTION CLAUSE

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

NEW SECTION. **Sec. 14.** This act is known and may be cited as the No Taxes Based on Personal Income Act.

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