

Initiative Measure No. 1499

Filed April 15, 2022

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: I-4500.1/22

ATTY/TYPIST: KS:eab

BRIEF DESCRIPTION:

Initiative Measure No. 1499

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AN ACT Relating to taxes based on personal income by the state, counties, cities, and towns; 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; adding a new section to chapter 35.27 RCW; adding a new section to chapter 82.04 RCW; adding a new section to chapter 50A.10 RCW; adding a new section to chapter 51.16 RCW; creating new sections; and repealing RCW 82.87.040.

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

NEW SECTION. **Sec. 1.** 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.

(2) The prohibition in this section applies to taxes based on personal income whether imposed on taxpayers or taxpayers' employers and whether called incomes taxes, payroll taxes, or excise taxes and therefore includes a seven percent tax imposed on certain individuals' capital gains enacted in 2021 and repealed by section 2 of this act.

(3) The prohibition in this section 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.

NEW SECTION. **Sec. 2.** RCW 82.87.040 (Tax imposed—Long-term capital assets) and 2021 c 196 s 5 are each repealed.

NEW SECTION. **Sec. 3.** Section 2 of this act applies retroactively to January 1, 2022, as well as prospectively.

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

(1) Counties are prohibited from imposing or collecting taxes based on personal income.

(2) The prohibition in this section applies to taxes based on personal income whether imposed on taxpayers or taxpayers' employers and whether called incomes taxes, payroll taxes, or excise taxes.

(3) The prohibition in this section 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.

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

(1) Counties are prohibited from imposing or collecting taxes based on personal income.

(2) The prohibition in this section applies to taxes based on personal income whether imposed on taxpayers or taxpayers' employers and whether called incomes taxes, payroll taxes, or excise taxes.

(3) The prohibition in this section 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.

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

(1) Cities are prohibited from imposing or collecting taxes based on personal income.

(2) The prohibition in this section applies to taxes based on personal income whether imposed on taxpayers or taxpayers' employers and whether called incomes taxes, payroll taxes, or excise taxes.

(3) The prohibition in this section 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.

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

(1) Cities are prohibited from imposing or collecting taxes based on personal income.

(2) The prohibition in this section applies to taxes based on personal income whether imposed on taxpayers or taxpayers' employers and whether called incomes taxes, payroll taxes, or excise taxes.

(3) The prohibition in this section 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.

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

(1) Cities are prohibited from imposing or collecting taxes based on personal income.

(2) The prohibition in this section applies to taxes based on personal income whether imposed on taxpayers or taxpayers' employers and whether called incomes taxes, payroll taxes, or excise taxes.

(3) The prohibition in this section 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.

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

(1) Cities are prohibited from imposing or collecting taxes based on personal income.

(2) The prohibition in this section applies to taxes based on personal income whether imposed on taxpayers or taxpayers' employers and whether called incomes taxes, payroll taxes, or excise taxes.

(3) The prohibition in this section 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.

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

(1) Cities are prohibited from imposing or collecting taxes based on personal income.

(2) The prohibition in this section applies to taxes based on personal income whether imposed on taxpayers or taxpayers' employers and whether called incomes taxes, payroll taxes, or excise taxes.

(3) The prohibition in this section 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.

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

(1) Cities are prohibited from imposing or collecting taxes based on personal income.

(2) The prohibition in this section applies to taxes based on personal income whether imposed on taxpayers or taxpayers' employers and whether called incomes taxes, payroll taxes, or excise taxes.

(3) The prohibition in this section 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.

NEW SECTION. **Sec. 12.** A new section is added to chapter 35.27 RCW to read as follows:

(1) Towns are prohibited from imposing or collecting taxes based on personal income.

(2) The prohibition in this section applies to taxes based on personal income whether imposed on taxpayers or taxpayers' employers and whether called incomes taxes, payroll taxes, or excise taxes.

(3) The prohibition in this section 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 town to impose or collect taxes based on personal income.

NEW SECTION. **Sec. 13.** A new section is added to chapter 82.04 RCW to read as follows:

Business and occupation taxes levied under this chapter are not taxes based on personal income and so are unaffected by chapter . . . , Laws of 2023 (this act).

NEW SECTION. **Sec. 14.** A new section is added to chapter 50A.10 RCW to read as follows:

Family and medical leave premiums levied under this chapter are not taxes based on personal income and so are unaffected by chapter . . . , Laws of 2023 (this act).

NEW SECTION. **Sec. 15.** A new section is added to chapter 51.16 RCW to read as follows:

Industrial insurance premiums levied under this chapter are not taxes based on personal income and so are unaffected by chapter . . ., Laws of 2023 (this act).

NEW SECTION. **Sec. 16.** The provisions of this act are to be liberally construed to effectuate the policies, purposes, and intent of this act.

NEW SECTION. **Sec. 17.** 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. 18.** This act may be known and cited as the no taxes based on personal income act.

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