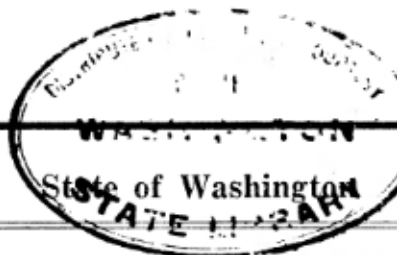


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A PAMPHLET

Containing

Constitutional Amendments
Initiative Measure No. 157
Initiative Measure No. 158
Referendum Measure No. 25

To Be Submitted to the Legal Voters
of the State of Washington for Their
Approval or Rejection at the GEN-
ERAL ELECTION to Be Held on

Tuesday, November 7, 1944



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Compiled and Issued by Direction of
THE SECRETARY OF STATE
BELLE REEVES

Ballot Titles Prepared by the Attorney General

SMITH TROY
Attorney General

[Chapter 30, Laws 1917]

PREFACE

As directed by the State Constitution, the Office of Secretary of State must send to each registered voter a copy of all measures which appear upon the general election ballot.

For this reason, many families will receive three or four copies of this pamphlet, depending upon the number of registered voters in each household. We appreciate that this is not an efficient method of distribution, but the State Constitution leaves us no other course.

If any citizen of the state or public spirited organization wish additional copies of this pamphlet, kindly direct your request to my office.

Belle Reeves
Secretary of State



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Initiative Measure No. 157

BALLOT TITLE

AN ACT relating to Social Security and Unemployment Compensation; creating a Washington State Social Security Board and establishing a Washington State Social Security System; extending unemployment compensation benefits to include war veterans and certain governmental employees; enlarging, generally, the scope of unemployment benefits; liberalizing grants to the blind and senior citizens; directing a survey of cost and availability of medical care; prescribing duties of certain officers; defining certain terms; making an appropriation; repealing acts and parts of acts in conflict therewith and establishing effective dates.

AN ACT relating to social security; establishing Washington State Social Security Board; co-ordinating state and federal social security programs; authorizing compacts between state and local governments and federal government for payment of social security benefits; fixing rates of unemployment compensation weekly benefits and dependents' allowances; providing unemployment compensation weekly benefits and dependents' allowances and additional benefits to service personnel; providing maternity benefits; directing payment of unemployment compensation benefits to state and county employees and authorizing other agencies of state government to elect to pay unemployment compensation and other social security benefits; providing employer contribution rates and defining terms applicable to all laws relating to unemployment compensation; providing senior citizen and blind grants of not less than \$50 per month; fixing need at not less than \$75 per month; raising grants when additional federal matching funds available; requiring surveys of living costs and a survey of availability of medical care and need for state medical school; providing fair hearings, medical care, funeral expenses and other care for all recipients of public assistance; permitting suspension of operation upon adoption of

comparable federal social security program; making appropriation; repealing acts and parts of acts in conflict and establishing effective dates.

Be it enacted by the People of the State of Washington:

SECTION 1. Title. This act shall be known, and may be cited, as the "Washington State Social Security Act of 1944."

SEC. 2. Declaration of Intent. With the forces of the United Nations on the offensive, all our efforts and endeavors must be devoted to the achieving of Victory over Fascism in the shortest possible time. As part of the Victory effort it is the responsibility of the American people to make immediate provision for returning servicemen, and to guarantee for them, and for those who work and fight on the home front, adequate economic opportunity and security in the post war world. In order to accomplish these purposes, the people of the State of Washington declare:

(a) Their full support of the principles of the Wagner-Murray Dingell Bill, S. 1161, establishing a national system of employment offices, insuring the fullest utilization of the nation's man-power to win the war and secure economic stability after the war, providing social security, and insuring the worker, the farmer, the merchant seaman, the small businessman, the professional, and the returning serviceman against unem-

Initiative Measure No. 157

ployment, sickness, disability, maternity, old age and death.

(b) Their intention of establishing a social security system for the State of Washington fully coordinating state and Federal social security programs, and by state action providing:

- (i) Increased unemployment compensation and dependents' allowances,
- (ii) Unemployment compensation to state and county employees and opportunity for employees of other subdivisions of state government to voluntarily join.
- (iii) Increased unemployment compensation for returning Washington servicemen and a program of rehabilitation and training for veterans.
- (iv) Maternity grants for women workers.
- (v) Increased Grants for Senior Citizens and the Blind.
- (vi) Medical and dental care for all public assistance groups.
- (vii) A survey of the medical needs of the people of Washington and of the possibility of establishing a system of prepaid medical care and of creating a state medical school.

It is the intent of the people, in order to accomplish these purposes, that this act shall be liberally construed to secure to the people of Washington maximum benefits of social security under this act and to secure the fullest co-operation between state and federal agencies.

SEC. 3. Establishment of the Washington State Social Security System. There is hereby established the Washington State Social Security System, which shall consist of the following:

(a) A system of state-federal co-operation and co-ordination of social security, established under sections 4, 5 and 21 of this act, for the purpose of bringing to the people of the state the maximum benefits obtainable under the provisions of existing federal social security legislation and such legislation as may be enacted from time to time by Congress.

(b) A system of unemployment compensation under sections 6, 7, 8, 9, 12, 13, 14, 15 and 16 of this act to provide unemployment compensation benefits for men and women engaged in public and private employment and for men and women from this state who are in the armed services of the nation.

(c) A system of rehabilitation and training for men and women from this state who are, or have been in the armed services, under section 10 of this act.

(d) A system of maternity benefits under section 11 of this act to provide benefits for expectant mothers in public or private employment.

(e) A system of Senior Citizen Grants and Blind Grants, hospital, medical, burial, and other benefits for senior citizens, dependent children, the blind and other persons eligible to receive public and general assistance under sections 17, 18, 19, 20 of this act.

(f) A survey of the cost and availability of medical care to the people of our state under section 22.

SEC. 4. Administration. The general administration of this act is hereby vested in the Washington State Social Security Board, hereinafter referred to as the "State Board," which shall consist of the Governor, the Attorney General, and the State Treasurer. The Commissioner of Unemployment Compensation and Placement, the Director of Social Security, and the Director of Health shall be members of the Board, without vote and in an advisory capacity only.

SEC. 5. Duties of the Washington State Social Security Board. The Washington State Social Security Board is authorized and directed:

(a) To provide for the general administration of social security in the State of Washington. Such administration shall be consistent with, and shall utilize to the greatest extent possible, the existing administrative facilities and organizations of the state and counties, and the several departments, divisions, and agencies of the state now administering Unem-

Initiative Measure No. 157

ployment Compensation, Senior Citizen Grants, Aid to Dependent Children, Blind Grants, and Public and General Assistance, shall, under the direction and supervision of the State Board, continue to administer such programs.

(b) To select personnel under a merit system and to provide for the general administration of the provisions of sections 10 and 11 of this act, and of the provisions of any other sections of this act for which other administration is not provided.

(c) To enter into compacts and agreements with the Federal Social Security Board, or any other federal agency which may hereinafter supersede or exercise all or some of the present functions of the Federal Social Security Board, for the purpose of extending old age, survivors, disability or permanent disability benefits, medical or hospital insurance coverage, and unemployment compensation, to the employees of the State of Washington, or any of its subdivisions or agencies, or any municipal corporation, or to any other class or group of employees not otherwise provided for; such compacts may provide:

(i) That benefits, insurance coverage and unemployment compensation shall be provided to employees of the state, its political subdivisions, agencies, municipal corporations, districts and authorities on the same basis as to other employees.

(ii) That the state, its political subdivisions, agencies, municipal corporations, districts and authorities shall pay employers' contributions, and collect employee contributions not to exceed the rate paid by other employers or employees.

(iii) Such other provisions as may be required to effectuate the purposes of this act.

(d) To enter into compacts or agreements, upon such terms as may, in the judgment of the State Board, be necessary or desirable, with any municipal corporation, or any school,

fire, water, irrigation, drainage, port, public utility, housing or other district or authority, to bring the employees of such corporations, districts or authorities, within any of the provisions of this act, and to obtain social security for such employees under any of the systems of social security established under section 3 hereof.

(e) To enter into compacts and agreements with the Federal Social Security Board, or with any other federal agency which may hereinafter supersede or exercise all or some of the present functions of the Federal Social Security Board to receive, under such terms as may be determined to be satisfactory in the discretion of the State Board, federal matching funds to assist the state in carrying out the provisions of sections 17, 18, 19 and 20 of this act.

(f) To prepare, formulate and submit to the Federal Social Security Board, or other appropriate federal agency a state plan for assistance to needy individuals, at any time that a uniform state plan for such assistance may be required for the purpose of obtaining federal matching funds for public assistance programs, including such programs for which matching funds are presently available and such additional public assistance programs for which federal matching funds may be available under any federal law, or rules and regulations of the Federal Social Security Board or other appropriate federal agency. Such state plan shall in all respects meet federal requirements for matching funds. The preparation, formulation and submission of such plan shall include the power and duty to make reasonable and uniform rules and regulations, not inconsistent with the terms of this act, to the end that the administration of public assistance shall be uniform throughout the State of Washington.

(g) To establish uniform rules and regulations not inconsistent with the terms of this act, which shall be made available to the public, and to do any other act or thing neces-

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sary for the administration of this act.

SEC. 6. Unemployment Compensation. Any individual who is eligible to receive unemployment compensation benefits under the provisions of this act, or under the terms of any law of the State of Washington shall receive such benefits at the following rates:

(a) To an individual without dependents a "weekly benefit amount" equal to $1/20$ of his total wages during that quarter of his base year in which such total wages were highest, except that if such amount is more than \$20, the weekly benefit amount shall be deemed to be \$20. *Provided, further,* That if such amount is less than \$10, such amount shall be deemed to be \$10, and *Provided further,* That in event the weekly benefit amount is not a multiple of 50¢ such amount shall be computed to the next higher multiple of 50¢.

(b) To an individual with one or more dependents, a "weekly dependents' allowance" in the sum of \$5 per week for each week in which such individual has one or more dependents and is entitled to receive a "weekly benefit amount."

(c) The maximum total amount of benefits which shall be payable to any eligible individual during any benefit year as a "weekly benefit amount" and a "weekly dependents' allowance" shall not exceed twenty times his weekly benefit amount and weekly dependents' allowance, or four-tenths ($4/10$'s) his total yearly wages in his base year, whichever sum is the lesser.

(d) If an eligible individual is available for work less than a full week, he shall be paid one-sixth of his weekly benefit amount for each day he is available, but if he is unavailable for three days or more of a week, he shall be considered unavailable for the entire week: *Provided, however,* That if an individual who has one or more dependents shall receive a weekly benefit amount in any sum with respect to a week in which he is available for work for less than a full week, he shall receive the full amount of the "weekly

dependents' allowance" provided in subsection (b) of this section.

SEC. 7. Unemployment Compensation for Employees of the State and its Subdivisions. The State of Washington, and its departments, agencies, subdivisions and institutions, and the several counties of the state, and their agencies, subdivisions and institutions, shall be deemed employers as that term is used in the laws of the State of Washington relating to unemployment compensation, and employees of the State of Washington, its agencies, departments, subdivisions and institutions and employees of the several counties of the state and their agencies, departments, subdivisions and institutions, excepting elected public officials and heads of departments appointed by the Governor, shall be deemed employees as that term is used in the laws of the State of Washington relating to unemployment compensation;

Provided, however, That any municipal corporation, school, fire, water, irrigation, port, drainage, public utility, housing or other district or authority, which may under the provisions of section 8 of this act elect to become an employer and elect that its employees may be considered employees with respect to the laws of the State of Washington relating to unemployment compensation, shall not be considered an employer, and its employees shall not be considered employees, until such time as such municipal corporation, district, or authority shall exercise the election provided in section 8 of this act.

SEC. 8. Provision for Other Subdivisions of State Government to Elect to Be Covered. Any municipal corporation, or any school, fire, water, irrigation, drainage, port, public utility, housing or other district or authority is hereby authorized by resolution, act or ordinance of the appropriate body or by initiative to elect:

(a) To be considered an employer under the terms of the laws of the State of Washington relating to unemployment compensation. Upon ex-

ercise of such election, such municipal corporation, district or authority shall file with the State Board written notice that all of the services of its employees (excepting elected officials or department heads, as defined in such resolution, act, ordinance or initiative) shall be deemed to be employment under the laws of Washington relating to unemployment compensation.

(b) To enter into compacts or agreements with the Federal Social Security Board, or any other appropriate federal agency or the State Board for the purpose of extending old age, survivors, disability or permanent disability benefits, medical and hospital insurance, and unemployment compensation, to the employees of such municipal corporation, district, or authority, or to any other class or group of employees not otherwise provided for; such compacts may provide:

- (i) That benefits, insurance, or unemployment compensation shall be provided to such employees on the same basis as to other employees.
- (ii) That such municipal corporations, districts or authorities shall pay employers' contributions, and collect employees' contributions, such contributions not to exceed the rates paid by other employers and employees.
- (iii) Such other provisions as may be required to effectuate the purposes of this act.

Sec. 9. Unemployment Compensation and Dependents' Allowances for Veterans. Any person who by reason of service in the armed forces of the United States is entitled under the provisions of any law of the State of Washington to receive unemployment compensation shall receive such compensation and dependents' allowances at the rates established under section 6 of this act; *Provided, however,* That notwithstanding the provisions of any acts to the contrary, any person eligible under this section shall receive unemployment compensation benefits on the basis of one hundred and thirty three

and a third dollars (\$133 $\frac{1}{3}$) wage credit for each completed calendar month of service in the armed forces to a total amount of \$1200, to be credited by the Commissioner of Unemployment Compensation and Placement to the same extent as if such person had earned such credits in "employment" as that term is defined in the laws of the State of Washington relating to unemployment compensation.

SEC. 10. Rehabilitation and Training for Veterans. It shall be the duty of the State of Washington to provide for the rehabilitation and training for gainful employment of any person who, by reason of service in the armed forces of the United States, is entitled under the provisions of the laws of Washington to receive unemployment compensation, or who has been honorably discharged or has been relieved from service with a certificate of satisfactory completion, or equivalent evidence thereof, and who shall have resided within the State of Washington for a period of one year immediately prior to his entry into the armed forces. To the end that the provisions of this section shall be carried out:

(a) The State of Washington shall provide to such returned servicemen free tuition at any educational institution maintained by public funds within the state.

(b) When any such returning serviceman applies for employment at any employment office maintained by the State of Washington, or by the United States Employment Service, it shall be the duty of the State Board (1) to advise such person that he or she is entitled to receive free tuition as provided in subsection (a) of this section; (2) to ascertain whether such person at the time of, or immediately prior to his or her induction into the Armed Services was pursuing any regular course of training at any school or educational institution in preparation or training for any trade, business, profession or other employment and whether such course of training was interrupted by his or her entry into the Armed

Services; (3) to ascertain whether such person desires to receive training for any trade, business, profession or other employment.

If (i) the training of any such person was interrupted by his or her entry into the Armed Forces and he or she desires to continue such course of training or (ii) any such person desires to receive training for any trade, business, profession or other employment, and the State Board determines that the opportunity for such person to obtain regular or steady employment would be substantially improved, or his earning capacity substantially increased by the completion of such course of training, it shall certify that such person is available for employment, but that no suitable employment exists for such person until he or she has completed such course of training. Such person shall thereupon be eligible to receive weekly benefit amounts and dependents' allowances during such course of training as for unemployment compensation at the rates as provided in sections 6 and 9 of this act: *Provided*, That if such course of training shall continue for a longer period of time than that for which such person is eligible to receive weekly benefit amounts and dependents' allowances, the State Board, upon determination of that fact, shall provide for additional weekly benefit amounts and dependents' allowances for such person for a period not to exceed twenty (20) additional weeks while he or she is pursuing such course of training. The benefits payable under this section shall be paid whether the course of training pursued by a recipient shall be at a public or private school, or shall be within the State of Washington or elsewhere.

(c) The State Board is directed to report to the session of the legislature convening January, 1945, within ten days of its convening, whether the weekly benefit amounts and dependents' allowances payable under the terms of this section may be paid in whole or in part from the Unemployment Compensation Trust Fund.

SEC. 11. Maternity Grants. Every

woman who has worked as an employee in covered employment as those terms are defined in the laws of Washington relating to unemployment compensation, and who is in all other ways eligible for unemployment compensation except that she is not available for work because she has quit or has been required to terminate employment because of pregnancy shall be entitled to receive a weekly benefit amount at the same rate and in the same amount that she would receive unemployment compensation, plus a weekly dependents' allowance, if she has dependents, of \$5, for a period of not more than twelve consecutive weeks, namely, for the six weeks prior to the week in which her confinement is expected and for the six weeks subsequent to her confinement.

SEC. 12. Employer Contributions. Each employer shall pay contributions for unemployment compensation in the manner and at the rates provided in the laws of the State of Washington relating to unemployment compensation.

SEC. 13. "Employer" Defined. The term "employer" as used in this act, and in all laws of the State of Washington relating to unemployment compensation means any individual or type of organization, including any partnership, association, trust, estate, joint stock company, insurance company or corporation, whether domestic or foreign, or the receiver, trustee in bankruptcy, trustee or successor of any of the foregoing, or the legal representative of a deceased person which has any person in employment for it or which having become an employer, has not ceased to be an employer.

SEC. 14. "Employment" Defined. The term "employment" as used in this act, and in all laws of the State of Washington relating to unemployment compensation shall include:

All services defined as "employment" in the laws of the State of Washington relating to unemploy-

ment compensation, and in addition thereto:

(a) Services performed in handling, packing, packaging, grading, storing or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity.

(b) Services performed in the employ of any hospital, hospital association, foundation or corporation regardless of whether such hospital or hospital association, foundation or corporation is operated for charitable purposes.

(c) Any other services which the legislature may from time to time define as "employment."

SEC. 15. Disqualification During Labor Disputes. If any person shall be found by the Commissioner of Unemployment Compensation and Placement to be disqualified for weekly benefit amounts and dependents' allowances by reason of a stoppage of work which exists because of a labor dispute at a factory, establishment or other premises at which he is or was last employed, such disqualification shall continue for three (3) weeks only from the date of the commencement of the work stoppage.

SEC. 16. "Dependents" Defined. As used in this act, the term "dependents" shall mean:

(i) The lawful spouse of a claimant living with him or receiving legal support from him who in the week for which an allowance is claimed has not received more than \$10 either in wages or as a weekly benefit amount under the terms of this act.

(ii) An unmarried child under 18 years of age or of any age if incapable of support by reason of mental or physical defect. "Child" shall include its generally accepted meaning and shall also include:

(a) A child legally adopted.
(b) A step-child if a member of the claimant's household.

(c) A child to whom the claimant stands in loco

parentis and has so stood for not less than 12 months prior to the date of claim on basis of such child.

(iii) The parent or parents of claimant if actually dependent upon him.

(iv) Any other relative or person actually dependent upon claimant for major share of his livelihood and who has been so dependent for not less than 12 months prior to the date of claim on basis of such person.

An applicant shall verify the person or persons dependent upon him upon a form to be provided by the Commissioner of Unemployment Compensation and Placement, and such verification shall be accepted by the Department as sufficient proof.

SEC. 17. Senior Citizen Grants and Blind Grants. Any person who under any law of the State of Washington is eligible to receive a Senior Citizen Grant or a Blind Grant shall receive such grant in the manner and amount provided in this section, as follows:

(a) The amount of the Senior Citizen Grant and Blind Grant awarded to each eligible applicant shall assist such applicant to meet his living costs as determined in subdivision (d) of this section, and shall not be less than \$50 per month on a uniform state-wide basis, *Provided, However,* That if the applicant shall have income from other sources, he shall be awarded a grant of not less than \$50, unless a grant in a lesser amount, when added to his income from other sources shall equal his living costs.

(b) In the event the Federal Social Security Act is amended to raise the amount of matching funds available to the state, the Senior Citizen Grant and Blind Grant, as determined in subdivision (a) of this section shall in no event be less than twice the maximum sum which the federal government will match.

(c) In event that the Federal Social Security Act is amended to remove entirely the ceiling on match-

Initiative Measure No. 157

ing funds, the Senior Citizen Grant and Blind Grant, as determined in subdivision (a) of this section shall in no event be less than \$60.00.

(d) The Department shall from time to time, and at least once every six months, make surveys as to the living costs of Senior Citizens and blind persons and shall prepare schedules of items of living costs, including the cost of food, housing (as actually paid), utilities (including gas, water, heat, light and other necessary services), fuel, household operations and replacements and repairs, clothing, transportation, personal and incidental expenses and taking into consideration other needs of persons engaged in employment or part time employment. The living costs of any Senior Citizen or Blind person living alone shall in no event be determined at less than \$75 per month, and living costs shall be determined on a comparable basis for such persons living in a group or family arrangement.

(e) Blind Grants shall be paid to anyone who is otherwise eligible and who is 16 years of age or over.

(f) If, when, as, and to the extent that the federal statutes or the rules and regulations of the Federal Social Security Board permit, earnings or other income of an applicant shall not be deemed income or resources of an applicant.

SEC. 18. Medical, Dental and Other Benefits for Recipients of Public Assistance. The Department shall provide for each person eligible to receive a Senior Citizen Grant, Blind Grant, child welfare grant, public or general assistance grant or any other form of public aid or assistance administered by or under the supervision of the Department medical and dental and other services and care necessary for health. The services and care shall include:

- (a) Medical care and optical care by a doctor of applicant's choice.
- (b) Dental care and appliances by a dentist of applicant's choice.
- (c) Nursing care in applicant's home, hospital care, as pre-

scribed by applicant's doctor, and ambulance service.

- (d) Provision for medicine, drugs, optical supplies, medical and pharmaceutical supplies, artificial limbs, hearing aids, x-rays and other needed appliances.
- (e) Provision for special or supplemental diets as prescribed by applicant's doctor.
- (f) Such additional care and services as may be necessary to maintain or restore applicant's health.

SEC. 19. Fair Hearings. Any applicant or recipient of any Blind Grant, child welfare grant, public or general assistance grant, or other form of public aid or assistance who feels himself to be aggrieved by any decision of the Department of Social Security or any authorized agency of the Department shall be entitled to a fair hearing with respect to such grievance and a court review of any decision of the Director. In the administration of this section, the same rules, regulations and procedure applying to Senior Citizens under the provisions of sections 8 and 9 of chapter 1 of the Laws of 1941 shall be extended to, and shall include all persons entitled to such fair hearing and court review under this section.

SEC. 20. Burial Expenses. Upon the death of any recipient of any Senior Citizen Grant, Blind Grant, Aid to Dependent Children or of Public or General Assistance, funeral expenses in the amount of \$100 shall be paid by the Department of Social Security.

Provided, The funeral expenses paid on behalf of any recipient under this section shall not constitute a lien or claim upon the estate of such recipient.

SEC. 21. Suspension of Operation. The State Board is authorized and directed to suspend in whole or in part the benefits or allowances provided under any section, sections, or any part of this act, as the same shall relate to any class, or individual eligible to receive benefits under this

act, to the extent that the same or similar benefits or allowances are provided by the federal government, as follows:

(a) In the event the federal government shall provide for the payment of the same or essentially similar benefits, allowances or Grants in the same or greater amount to any person eligible to receive such benefit, allowance, grant or service under the provisions of this act, such allowance, grant, or benefit shall be discontinued for so long as the federal government shall continue to make such provision.

(b) In event the federal government shall provide for payment of the same or essentially similar benefits, allowances or grants in a smaller amount than is provided under the terms of this act, the state shall deduct the amount of the federal grant, benefit, or allowance from the amount payable to any person under the provisions of this act: *Provided, however,* That in determining whether a grant is the same, greater, or smaller, than is provided for in this act, the State Board shall take into consideration only the weekly, monthly or other periodic amount of such grant, benefit or allowance, by the federal government and shall not consider the duration or potential maximum amount of such grant, benefit or allowance. *Provided,* That in event the federal government makes matching funds available for the payments of any benefits, allowances or grants, provided for in this act, the amount of payments by the state shall not be reduced by reason of the availability of such matching funds, except as otherwise provided.

SEC. 22. Survey of Cost and Availability of Medical Care. The State Board is directed to report to the Session of the Legislature, convening in January, 1945, at least 30 days before the adjournment of such session on the cost and availability of medical care in the State of Washington. Such report shall include:

(a) A survey and analysis of:

(i) The distribution and availability of trained medical personnel, including doctors,

dentists, nurses, technicians and other personnel; and the number of persons per capita of doctors, dentists and other personnel in urban and rural areas, and particularly in war production centers.

- (ii) The distribution and availability of public and private hospitals, the equipment of such hospitals, and the number of persons per hospital bed in urban and rural areas, and particularly in war production centers; the number of applications for care at public hospitals, and the number of applicants treated.
- (iii) The availability and distribution of public pre-natal, infant and child welfare clinics.
- (iv) Existing pre-paid medical plans, including private and industrial clinics, medical service bureaus and other plans sponsored by medical associations, and co-operative clinics, estimates of the average cost per member for such care, and the extent of medical and hospital care available to members under each such plan.
- (v) The treatment of venereal disease, and the cost and availability of such treatment.
- (vi) A digest of the findings of the "Cost of Medical Care" survey conducted by the U. S. Public Health Service.
- (vii) Such other matters, as may in the judgment of the Board enable the legislature to determine the cost and availability of medical care to persons of moderate and low income.

(b) A statement of the estimated cost of the establishment and maintenance of a medical school at the University of Washington.

SEC. 23. Appropriations. (a) There is hereby appropriated the sum of \$100,000 from any unappropriated sums in the General Fund of the State of Washington for the operation and administration of this act from its

effective date until the legislature convening in January, 1945, shall make additional appropriations, at which time any unexpended portion of the \$100,000 shall revert to the general fund.

(b) The legislature shall appropriate sufficient sums to carry out the purposes of this act, and such additional sums as may be required for the full and complete administration of this act.

SEC. 24. *Invalidating of One Section Shall Not Affect Others.* If any portion, section or clause of this act shall for any reason be declared by any court of competent jurisdiction or by the Federal Social Security Board to be unconstitutional, invalid, or not in conformity with the provisions of the Federal Social Security Act, or any other Federal laws, rules or regulations, such declaration shall not affect the remainder of the act.

SEC. 25. *Repealing Conflicting Acts.* All acts or parts of acts in conflict herewith are hereby repealed.

SEC. 26. *Effective Date.* This act shall be in full force and effect on Dec. 7, 1944, as provided in the Constitution of the State of Washington, *Provided, however:*

(a) Payment of unemployment compensation weekly benefit

amounts and weekly dependents allowances under the terms of sections 6 and 9 of this act shall be payable commencing January 1, 1945.

(b) Payment of unemployment compensation weekly benefit amounts and weekly dependents' allowances to employees of the State of Washington, its departments, agencies and institutions as provided in section 7 of this act shall be payable commencing July 1st, 1945.

(c) Payment of unemployment compensation weekly benefit amounts and weekly dependents' allowances to the employees of subdivisions of the State of Washington which elect under the terms of section 8 of this act shall be payable the first day of the third calendar quarter after the effective date on which employer contributions shall commence.

(d) Payments to service personnel other than weekly benefit amounts and dependents' allowances provided in section 9 of this act shall commence March 15, 1945.

(e) Payment of maternity benefits provided in section 11 of this act shall be payable March 15, 1945.

(f) Payment of Senior Citizens and Blind Grants, provided in section 17, shall be effective January 1, 1945.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State March 3, 1944.

BELLE REEVES,
Secretary of State.

ARGUMENT FOR INITIATIVE NO. 157

What is Initiative 157?

157 is a social security measure for ALL the people of Washington:

1. It helps returning servicemen. 157 supplements the national "G. I. Bill of Rights," by providing free tuition for servicemen and women at state schools and colleges, up to \$25 per week of state aid for 40 weeks while attending school. 157 also provides liberalized unemployment compensation to veterans unable to find immediate employment.

2. It helps Senior Citizens and the Blind: 157 sets \$75 per month as the minimum standard of need. The state will pay at least \$50 toward this \$75 minimum standard. The Senior Citizen or Blind person may receive at least \$25 per month from any other source (part-time employment, rent, federal or other insurance) without any deduction by the state from the \$50 paid. \$50 per month is the absolute minimum income on which any person can live in decency at the present high cost of living.

How else does 157 help the people of the State of Washington?

157 helps war workers and other workers:

1. 157 increases Unemployment Compensation payments to a maximum of \$20 per week for 20 weeks to single workers and \$25 per week for 20 weeks to workers with dependents. The present inadequate unemployment compensation payment is \$15 maximum for 16 weeks.

2. 157 extends unemployment compensation to cover hospital workers, certain agriculture workers, state and county employees, and gives optional unemployment compensation to other public employees.

Washington is among the leading states in war production. If we are to speed victory and maintain our new industries after reconversion to peace time production, we must take steps to halt migration of workers away from this area. 157 will encourage war workers and others to remain here by providing additional security during the reconversion pe-

riod when there is bound to be some temporary unemployment.

3. 157 gives medical, hospital and dental care to the Blind, to dependent children and their mothers, and to unemployable persons such as the crippled and the incapacitated, on the same basis as to Senior Citizens. All have free choice of doctors, dentists, etc.

4. 157 provides a complete all-over social security program for Washington fully in line with federal legislation. It permits the state to take immediate advantage of any liberalization of Federal Social Security laws so that state, county, municipal employees, the self-employed, professional workers, and farmers may get the benefit of health and medical insurance immediately upon the passage of such legislation by Congress.

5. 157 will help working mothers by providing maternity grants up to \$25 per week for 6 weeks before and 6 weeks after confinement.

How much will 157 cost, and how will it be financed?

The increased cost of pension provisions (senior citizen and blind grants) will not be more than \$20,000,000 a year of which a considerable part will be paid by the Federal government—nearly half if pending legislation passes Congress. The cost of all other provisions of the act (excepting unemployment compensation) will not exceed \$3,000,000 of which the Federal government, as in the case of education for veterans, will pay a large part. There is now over \$34,000,000 surplus in the state general fund, not earmarked for any purpose, which will more than cover cost of these provisions to the state, and still leave many millions for increased school appropriations and other vital services.

The increased Unemployment Compensation payments can easily be met from the present state Unemployment Compensation Fund, which is today over \$100,000,000, and is increasing at the rate of more than \$3,000,000 a month. The increased

Unemployment Compensation can be paid without any **additional** contribution from the employer, and none at all from workers. 157 WILL NOT REQUIRE ONE SINGLE CENT OF ADDITIONAL TAXES.

Who is sponsoring 157?

157 is sponsored by the Washington State Social Security Council composed of A. F. of L., CIO and Railway Brotherhood locals and labor councils, Granges, Democratic and Republican party groups and leaders, Veterans' organization, Public Power

League, the Washington Pension Union, and other pension and blind organizations.

WASHINGTON STATE SOCIAL SECURITY COUNCIL,

LEE McCARTHY (A. F. of L. Boiler Makers, Tacoma, Wash.), *President*; ROY ATKINSON, NORA MCCOY, *Vice Presidents*, REP. WILLIAM J. PENNOCK, *Secretary*, WARD COLEY, *Executive Secretary*, 1905½ Third Ave., Seattle 1.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State July 17, 1944.

BELLE REEVES,
Secretary of State.

This argument is presented in the interest of truth, in the interest of those who purportedly would benefit by the adoption of this measure, and in the interest of the workers in industry and agriculture upon whom would fall the burden of taxation necessary to meet the costs thereof.

To those in the above categories the Scripture "Be not deceived, Truth (God) is not mocked; for whatsoever a man soweth, that shall he also reap" may well apply. For, by your vote for this measure, you will sow the seed for the greatly increased taxation necessary to meet its cost and you will most certainly reap the obligation of having to pay it.

Consider, therefore, the cost for carrying out the main purposes of this initiative: The proponents place the increased amount necessary at \$23,000,000 (excepting unemployment compensation). An analysis of the facts shows that in all probability the increase will exceed more than twice that amount because of the reason that under this initiative every person in the state, either blind or past 65 years of age, whose income is now under \$75 monthly, would be eligible for a grant of the difference between his or her present income and the specified \$75 monthly minimum. It is practically impossible to estimate what the maximum benefit or assistance grant would be under a liberal interpretation of this initiative, but it might readily be considerably in excess of \$100 per month, as, under its terms, the amount of their grants would be increased (as the proponents state in their argument) to "75 per month as the minimum standard of need." This minimum would require new measures of taxation to raise \$40,000,000 or more annually. Remember that this is only at the MINIMUM STANDARD OF NEED according to the proponents of the initiative.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State July 26, 1944.

From these facts it becomes evident that the "not less than \$50" monthly grants mentioned in Section 17 (a) of the initiative, was placed there merely for the purpose of deceiving the general public so that they might vote for it under the quite general impression that, under present conditions, such is the amount needed to maintain decent living conditions and health. Hence, again, "Be not deceived" by this misleading statement in the initiative.

Unless you, the workers in industry and agriculture, are willing to assume the burden of an increase of the retail sales tax to double (and later probably triple) the present tax or some other direct tax upon your earnings such as a 3% withholding tax on all wages and salaries; and unless you, who assumedly would benefit by this initiative, realize that by voting for or advocating its adoption, you would be selfishly foisting a much heavier burden of taxation upon the workers, you will, in the interests of the general welfare

VOTE AGAINST INITIATIVE 157.

This argument comes from a recipient of the present old age assistance act in the belief that this initiative is primarily an appeal to an innate selfishness upon the part of comparatively few of the aged, who would benefit thereby, and greed for public office upon the part of its other sponsors and advocates. It is my further belief that, with the defeat of this initiative, the legislature can be depended upon to enact a measure providing for \$50 monthly grants to the blind and eligible aged.

W. WHITTINGTON CABLE,
Now in his 80th year.
1520 Muirhead Avenue,
Olympia, Washington.

BELLE REEVES,
Secretary of State

ARGUMENT AGAINST INITIATIVE NO. 157

The Washington State Taxpayers Association's argument against Initiative No. 157 is based solely on the effect of this measure on the normal income of the State under existing law, and the changes in taxation laws that will be necessary if it is adopted. It should be noted by voters that neither the measure itself nor the argument by its proponents offers any solution to this problem which is the one that chiefly concerns nearly 95% of the voters. (The senior citizens now receiving pensions are 3.5% of the population of the State, and about 3% more would qualify under No. 157.)

Initiative No. 157 increases pensions to senior citizens from \$40.00 per month as now fixed by law, to \$50.00 each per month as a minimum for persons living together, and \$75.00 per month for persons living alone. It fixes a higher standard of living, thus increasing the cost by 25% to 50%. The best estimate we can make on the cost under 157 is as follows, based on 60,000 cases now on the rolls:

Estimated average individual requirement as measured by 157...\$	79.00
Average estimated income of recipients...	5.50
Average grant under 157	73.50
Cost of 60,000 cases for one month.....	4,410,000.00
Cost per year.....	52,920,000.00
Maximum matching funds from Federal Government	14,400,000.00
Amount to be borne by State taxpayers alone	38,520,000.00
Cost to state in 1943 after deducting Federal matching funds.....	15,773,851.00
Increased cost to State under 157 based on pensioners now on rolls	22,746,149.00

There are in the State about 145,000 persons over 65 of which it is estimated 80% or more could qualify under the liberal standards of Initiative No. 157. Thus, about 60,000 more

cases might be added when the manpower shortage and high wages terminate, making a total cost of \$105,840,000 per year, of which \$77,040,000 would be paid out of State funds.

Thus if 157 is passed by the voters, the next legislature will be faced with the problem of raising by taxation from \$22,000,000 to \$61,000,000 of new money, depending on how many new pensioners qualify after the war.

In 1940, the sales tax yielded \$16,019,135. In 1943, it more than doubled. It is our opinion that in a normal year it cannot be relied on to produce, at the present rate, more than about \$20,000,000 per year. To finance an increase of revenue of from \$22,000,000 to \$60,000,000, would mean a sales tax of 6% to 9%.

The State of Washington is already one of the most liberal of all the states in caring for the aged. This group—which totals about 3.5% of our population—now costs the taxpayers more than 26% of the total state expenditures for all purposes. In the 1935-37 biennium, our cost was \$8,035,000. In the 1941-43 biennium, it had risen to \$55,750,000, an increase of \$47,715,000, or about 500%.

Our liberality even prior to 1940 evidently exceeded all other attractions of our State combined, for the increase in population from 1930 to 1940 of all ages was 11%, while the increase in persons over 65 was 42%.

Voters should remember when voting on 157 that it cannot be amended or repealed for two years, and that should a sharp reduction occur in business and an increase in pensioners, it could, and probably would, wreck the State's finances in that time.

We earnestly recommend to every voter that before casting his ballot he read Initiative 157 carefully, and unless convinced of its merit, vote against it.

WASHINGTON STATE TAX-
PAYERS ASSOCIATION

HORACE C. BROWN, *Manager.*

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State July 26, 1944

BELLE REEVES,
Secretary of State.

Initiative Measure No. 158

BALLOT TITLE

AN ACT relating to revenue and taxation; providing for the levy and collection of a three per cent tax on gross income; providing for certain exemptions and deductions; providing for the disposition of revenue derived hereunder; prescribing monthly payments of not less than sixty dollars to certain aged, blind, disabled or widowed persons from an Employment and Retirement Mutual Insurance Fund, herein created; prescribing duties of officers and procedure in relation hereto; regulating disposition of payments by beneficiaries; defining terms and prescribing penalties.

AN ACT providing annuities of Sixty Dollars or more per month payable by the State of Washington to certain citizens over sixty years of age or blind or physically disabled; levying and apportioning therefor a tax of three per centum on gross incomes derived from transactions in this state, with certain exceptions and certain exemptions therefrom and from retail sales and occupation taxes; requiring annuitants to spend their annuities and not engage in gainful occupation; prohibiting assignment or legal process respecting annuities; prescribing duties of officers and procedure; and prescribing penalties for violations of this Act.

Be it enacted by the People of the State of Washington:

SECTION 1. This Act shall be known and may be cited as the Employment and Retirement Mutual Insurance Act.

SEC. 2. Annuities are provided by this Act for aged, blind or disabled citizens in order that they may be assured a living income without being paupers and may be induced thereby, to retire from gainful occupations, to spend their annuities, and thus to provide occupations and employment for others; and in order that other citizens may have the security of like insurance for their future; all of which is declared to

be a public purpose and function of this state.

SEC. 3. Every person having the qualifications prescribed by this Act and complying therewith, shall receive from the State of Washington an annuity, payable in monthly installments of Sixty Dollars (\$60.00) per month, while such qualifications and compliance continue.

SEC. 4. In order to qualify for and be entitled to the annuity provided by this Act, the person must be:

- (1) A citizen of the United States of America.
- (2) Over sixty years of age; or totally and permanently disabled physically; or blind to the extent of having no useful vision for occupational purposes; or a widow supporting her child under eighteen years of age.
- (3) A legal resident of the State of Washington who has been such a resident for at least five years out of the preceding nine years with one continuous year of such residence immediately preceding his application or certificate for such annuity.
- (4) Not an inmate of any public institution.

SEC. 5. In order that an annuity shall continue after it is commenced, the annuitant must have expended all installments of such annuity pre-

viously received in excess of Sixty Dollars and the annuitant must not support therefrom an able bodied person over 18 years of age, except his wife, and must not engage in gainful occupation, nor be an inmate of a public institution.

Gainful occupation, as used in this section, means any business or activity from which a wage, salary, profit or other compensation is derived, directly or indirectly, but does not include the collection of interest, dividends, rents or other revenue from the annuitant's investments or property.

Upon or attached to each warrant for the payment of an annuity, except the first warrant, shall be a statement of compliance with this section to be signed by the annuitant as a representation and condition for payment of the warrant.

SEC. 6. A person who accepts an annuity under this Act shall not be entitled, for any period for which such annuity is received, to receive any other payment from the State of Washington as a Senior Citizens Grant or other old age assistance or as assistance to the blind. Nothing in this Act shall prevent an annuitant from receiving a pension or retirement benefits for services rendered, or workman's compensation, unemployment insurance, war veteran's benefits, or other benefits, earned prior to acceptance of the annuity under this Act.

SEC. 7. An annuity under this Act shall be a Class A Annuity when the annuitant receiving it would be otherwise qualified for a grant under the Senior Citizens Grant Act (Chap. 1, Laws of 1941, and Acts amendatory thereof) upon which the state would be entitled to receive Federal-Aid, and shall be regarded as an increase of old-age assistance and administered by the Director of Social Security through the division of old-age assistance.

An annuity under this Act shall be a Class B Annuity when the annuitant receiving it would be otherwise qualified for state assistance for the blind under Chapter 132, Laws of

1937 and acts amendatory thereof, upon which the state would be entitled to receive Federal-Aid, and shall be regarded as an increase of such assistance to the blind and administered by the Director of Social Security through the division for the blind.

Every other annuity shall be a Class C Annuity and shall be administered by the Director of Social Security through the Department of Social Security.

SEC. 8. The Director of Social Security shall classify every annuity granted under this Act and change the classification thereof as necessary to conform thereto, shall keep all necessary records and make all necessary reports to conform to the Acts of Congress and rules and regulations thereunder relating to Federal-Aid to the state on account of such Class A and Class B Annuities, shall administer all provisions of this Act except revenue and taxation provisions, through the Department of Social Security, and shall make rules and regulations for the proper administration of the Act in accordance with its terms and purpose.

SEC. 9. The Director of Social Security shall promptly examine the records of his Department of each Grant Act and of each case of aid for the blind, and if such records show the recipient would be entitled to an annuity under the provisions of this Act, the Director shall make and file in his Department a certificate to that effect and mail a duplicate thereof to such recipient, without application being made therefor. The Director may cause such records to be amplified for the purpose of such showing, before making any certificate. If the Director determines that such records do not show the recipient of a grant, or recipient of aid for the blind entitled to an annuity under this Act, he shall notify such recipient of such finding and that a formal application will be necessary to secure such annuity.

SEC. 10. Every person desiring to receive the annuity provided by this Act and not certified therefor by the

Director of Social Security, shall file with the Department of Social Security his verified application therefor upon the forms prescribed by the Director, stating the facts and information therein required.

SEC. 11. The Director of Social Security shall prescribe the forms of application for annuity under this Act, shall cause the same to be printed in sufficient quantities, furnish such forms to intending applicants upon request, and furnish each County Auditor a sufficient supply of such forms for use of applicants in such county. Such forms of application shall require and provide for the statement of facts showing the qualifications of the applicant and such other facts as the Director deems necessary to establish the State's right or lack of right to Federal Aid on account of payments to the annuitant, together with such related references and information as the Director finds reasonably necessary for proper investigation of rights.

SEC. 12. Every application for such annuity shall be verified by the affidavit of the applicant that he has read or heard read the application signed by him and that the same is true of his own knowledge, and shall be subscribed and sworn to, or affirmed, before an officer authorized by law to administer an oath, but no fee shall be charged by any public official for such oath or affirmation. After one month from the filing of a completed and verified application for such annuity, it shall be prima facie evidence in all subsequent proceedings thereon, of the facts therein stated relative to the qualifications of the applicant for such annuity.

SEC. 13. Each annuity shall begin and be payable on the first day of the next month after the month in which proper application therefor is filed in accordance with this Act; *Provided*, That no annuity under this Act shall begin before the 1st day of June, 1945, at which time all annuities under certificate of the Director of Social Security shall begin.

SEC. 14. The Department of Social Security shall refuse to file any

application which does not show the applicant qualified for an annuity or is not completed in accordance with the prescribed forms, and shall return the same to the applicant with notice of the particulars in which his application is insufficient for filing. The Director shall cause prompt investigation and reports thereof to be made by the department on every application for an annuity filed, and such investigations and reports as he deems necessary to determine whether or not an annuitant has complied with the provisions of section 5 of this Act and to determine the proper classification of an annuity from time to time.

SEC. 15. If it appears upon such investigation and reports that an applicant or annuitant is not qualified for an annuity, or that an annuitant has failed to comply with any provision of section 5 of this Act, the Director shall order a hearing to determine the right to such annuity, which hearing shall be conducted by the Director or by a supervisor of his Department or by an examiner especially appointed by the Director for such purpose. If he finds it necessary for the protection of the state, the Director shall, in the order for hearing, suspend payment of the annuity until the final determination. The hearing shall be fair and conducted in the county in which the applicant or annuitant resides, and a transcript of the testimony shall be made and included in the record, the costs of which shall be borne by the Department. A copy of the transcript shall be given the applicant or annuitant. Notice of such hearing shall be given the applicant or annuitant at least ten days prior to the date thereof, either by registered mail or by personal service and after such notice is given, the applicant or annuitant or his attorney or authorized agent may examine any records of the Department pertaining to such application or annuity.

SEC. 16. Within one month after such hearing, the Director shall make findings of fact and an order in ac-

cordance therewith granting or denying or continuing or cancelling the annuity involved, and serve a copy thereof upon the applicant or annuitant personally or by registered mail. If such findings of fact show that an annuitant has unlawfully received money as such annuity, the Director shall find the amount so unlawfully received. Such order shall be a final determination of all matters involved unless appealed from.

SEC. 17. The applicant or annuitant affected by such order may appeal to the Superior Court of the county of his residence by filing a notice of appeal with the Clerk of such court and serving a copy thereof upon the Director, personally, or by registered mail, within two months from the date of such order. Upon receipt of the notice of appeal, the Clerk of the Superior Court shall immediately docket the cause for trial and no filing fee shall be collected of the appellant.

Within ten days after being served with such notice of appeal, the Director shall file with the Clerk of such court the record of the case appealed and no further pleadings shall be required to bring the appeal to issue.

The appellant and the Director shall have the right to present any additional evidence deemed by the court to be competent, relevant and material. The Superior Court shall decide the case on the record and such additional evidence, if any, and may affirm, modify or reverse the decision and order of the Director and fix the amount, if any, to which the appellant is entitled under the provisions of this Act. Either party may appeal to the Supreme Court from the decision of the Superior Court in the manner provided for civil appeals, but no bond shall be required on such appeal. The applicant or annuitant, if successful on appeal, shall be entitled to recover a reasonable attorney's fee and costs.

SEC. 18. The right to receive any annuity payment under this Act shall not be assignable or transferable, at law or in equity, and such right and moneys paid thereunder shall be ex-

empt from execution, levy, attachment, garnishment or other legal process.

SEC. 19. A tax of three per centum thereof is hereby levied upon the gross income of every person or company derived on or after March 1, 1945, from transactions, business or employment in this state, except that the following shall be exempt from such tax:

- (1) Fraternal benefit societies, orders or associations, operating under the lodge system, or for the exclusive benefit of the members of the fraternity itself, operating under the lodge system, and providing for payment of death, sick, accident or other benefits to the members of such societies, orders or associations, and to their dependents or beneficiaries;
- (2) Corporations, associations, or societies organized and operated exclusively for religious, charitable, scientific, or educational purposes;
- (3) Business leagues, chambers of commerce, labor and fraternal organizations, boards of trade, civic leagues, and other similar organizations operated exclusively for the benefit of the community or for the promotion of social welfare, and not for commercial trading in any form, and from which no profit inures to the benefit of any private stockholder or individual;
- (4) Hospitals, infirmaries and sanatoria, from which no profit inures to the benefit of any private stockholder or individual.

SEC. 20. The term "Gross Income" in the preceding section and elsewhere in this Act means the gross receipts of the taxpayer received as compensation for personal services and the gross receipts of the taxpayer derived from trade, business, commerce, or the sale of tangible or intangible property, and including interest, dividends, discounts, rentals, royalties, fees, commissions, bonuses,

or prizes or any other emoluments however designated and without any deductions on account of the cost of property sold, the cost of materials used, labor cost, taxes, royalties, interest or discount paid, or any other expenses whatsoever, but does not include any of the following:

- (1) Income derived from transactions in interstate or foreign commerce that this state is prohibited from taxing by the Constitution or laws of the United States.
- (2) Money or property received as a loan or deposit or as the return or repayment thereof, but includes all interest, discount, storage or other charges on every such transaction.
- (3) Rent of property upon which a property tax is levied ad valorem, but includes that part of denominated rent of such property equal to the value of heat, light, water, janitor service and other things or services furnished in addition to the use of such property.
- (4) Profits withdrawn by a partner derived from transactions upon which the partnership pays gross income tax.

The term "Company" in the preceding section and elsewhere in this Act means every partnership, society, unincorporated association, joint adventure group, joint-stock company, corporation, trustee, executor, administrator, trust estate, decedent's estate, trust, or other entity, whether doing business for themselves or in a fiduciary capacity, and whether the individuals are residents or nonresidents of this state and whether the corporation or other association is created or organized under the laws of this state or of another jurisdiction.

SEC. 21. There shall be exempt from the tax levied by section 19, \$100.00 per month of the gross income of each person or company taxed thereunder, *Provided*, that if the tax so levied would be held invalid by reason of this exemption, then, this Act shall be construed as though the exemption provided in

this section were omitted and the tax levied upon the gross-income of every person or company subject thereto without such exemption.

SEC. 22. When the receipts from a sale or transaction in this state are gross income for taxation purposes under the provisions of this Act, such sale or transaction shall be exempt from sales tax under the provisions of Title III of Chapter 180 of the Laws of 1935 as amended, and shall be exempt from occupation tax or serving as a measure thereof under Title II of said Chapter 180 as amended.

SEC. 23. The taxes imposed by this Act shall be collected and administered by the Tax Commission of the State of Washington, which is hereby empowered to make all needful rules and regulations for the administration and collections of such taxes and registration of taxpayers, and prescribe all forms to be used therefor and provide such forms to all taxpayers on request.

SEC. 24. It shall be the duty of every person or company subject to tax under this Act or required to withhold taxes imposed hereunder, to register with the Tax Commission, when required, and to make to the Tax Commission a return of gross income and pay the taxes thereon monthly during the next month after such gross income is received, and at the same time to make return of each tax withheld as employer during the same period and make payment thereof, but the Tax Commission may extend the period and time for such returns and payments to cover quarterly, semi-annual or yearly periods and payments, with the general purpose that such returns shall include periods for which at least \$20.00 of taxes would normally be payable, but at least one return and payment for each calendar year shall be required with the time for making the same not later than March 15th of the succeeding year.

SEC. 25. Every employer shall withhold the gross income tax levied

by this Act from the salary, wages, commission or other compensation for services of his employees or officers, and pay the same over to the Tax Commission, but no person or company shall be deemed an employer under this Section in relation to casual labor or services not in the course of the employer's trade or business.

SEC. 26. Wilful failure to make a tax return or to register with the Tax Commission as required by this Act or wilful failure by an employer to withhold taxes or to make a return thereof or to make payment thereof, as required by this Act or wilful making or filing of a false return by a taxpayer, shall be a misdemeanor punishable by a fine not exceeding \$500.00 or by imprisonment in the county jail not exceeding six months or by both such fine and imprisonment.

SEC. 27. No injunction or writ of mandate or other legal or equitable process shall ever issue in any suit, action or proceeding in any court against the Tax Commission, or any member or officer thereof, to prevent or enjoin the collection of any tax levied under the provisions of this Act, but after payment thereof action may be maintained to recover any tax illegally collected and paid under protest.

SEC. 28. All taxes collected under this Act shall be immediately deposited with the State Treasurer who shall place the same in a special fund to be known as the Employment and Retirement Mutual Insurance Fund to be expended solely in payment of the annuities provided by this Act and the expenses of ad-

ministration thereof, except that the Legislature may appropriate therefrom for other purposes not exceeding twenty-five per centum of the amount received into said capital fund each month and not exceeding \$20,000,000.00 in any one fiscal year.

SEC. 29. On December 5, 1945, and every three months thereafter the State Auditor shall furnish the Director of Social Security a certified statement for the purposes of this section showing the condition of said Employment and Retirement Mutual Insurance Fund at the close of the preceding month. If the balance in said fund at any such time, exclusive of the amounts permitted to be appropriated for other purposes under section 28, shall exceed a reserve of the amount estimated by the Director to be necessary for payment of \$60.00 per month to each annuitant for the ensuing two months, such excess shall be prorated among all annuitants and added to each regular annuity payment in three monthly payments commencing with January 1946, and quarterly thereafter, provided that no such excess payments need be made unless amounting to one dollar per month per annuitant and such excess payments shall be made in even dollars per annuitant within the amount of such excess.

SEC. 30. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect other provisions or applications of the Act which can be given effect without the provision or application so held invalid, and for such purposes the provisions of this Act are declared to be severable.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State March 28, 1944.

BELLE REEVES,
Secretary of State.

**ARGUMENT FOR
INITIATIVE MEASURE NO. 158**

1. The Act provides a **Monthly Annuity Insurance of Sixty Dollars** or more, as a right of **American Citizenship**, to any resident of the State of Washington who is:

- a. A citizen of the United States of America.
- b. A resident of the State of Washington for 5 years out of the past 9 years, with one year's continuous residence immediately preceding date of application for the annuity.
- c. Sixty years of age or over.
- d. Totally or permanently disabled. (Includes veterans of the United States Military Service.)
- e. Blind.
- f. Widow with her child under 18 years of age.

The foregoing provisions of the Act are clear, when it is understood that the proposed law does not repeal any part of the present pension laws of Washington. The requirement of citizenship does not deprive a person who is not a citizen from benefits under present pension laws. The resident qualification conforms with Social Security provisions. Lowering the age from 65 years to 60 years is a realistic attempt to meet a very urgent post-war problem of unemployment. Coupled with the further provision that the annuitant must retire from gainful employment and spend the annuity within thirty days, the lowering of the age guarantees a high degree of security for all age groups, because it insures a steady flow of purchasing power for all kinds of goods and services and provides jobs for younger workers. The coverage for the disabled, including veterans of the United States Military Service, offers a solution of what all students of the subject agree will be one of the pressing problems of the post-war period. The provisions for care of the blind and widow with dependent child under 18 years need no further explanation or defense.

2. Initiative No. 158 does not repeal or change the present Washing-

ton law which provides medical aid or additional care. The same protection and guarantee will remain in effect, if 158 is adopted.

3. The Act retains Federal Social Security Aid to the maximum permitted by the Federal Government. This provision insures that additional money will be expended within the state to swell the total volume of business and add to the general prosperity of its citizens. The Federal Social Security Aid to the State of Washington will, however, be granted only for those 65 years of age or over.

4. The Act substitutes a 3% **gross income tax** for the present 3% retail sales tax. With an exemption of \$100.00 per month or \$1200.00 per year, the **gross income tax** will not fall heavily upon the small income groups, such as farmers, wage earners and businessmen. In fact, with incomes of \$3000.00 or under, the tax will be less, in most instances, than the amount taken by the 3% retail sales tax, which always falls heaviest upon the low incomes. The rent of real or personal property cannot be separately taxed as income, under a decision of the State Supreme Court, and is exempt from the tax by this Act.

Writing on the **gross income tax** in a letter to Mr. John C. Cuneo, Modesto, California, Mr. Wm. Borthwick, Tax Commissioner of the Territory of Hawaii, says,

"I can honestly say that it (The Gross Income Tax) is the best form of taxation that we have. *
* * It has the unqualified endorsement of all honest businessmen in the Hawaiian Islands. *
* * The cost of collection of the Gross Income Tax is the lowest of any form of tax that we have. * * * It saved the Territory of Hawaii from bankruptcy"

The above quotations are from a letter dated February 3rd, 1944 and speak for themselves. In a more recent letter to Mr. Cuneo, dated May 12, 1944, Mr. Borthwick writes,

Argument for Initiative Measure No. 158

"Our Gross Income Tax has produced so much money that we are compelled to cut the tax rate 16 $\frac{2}{3}$ percent. * * * As you know, our rate was only 1 $\frac{1}{2}$ percent, now it will be 1 $\frac{3}{4}$ percent. We have a surplus of several million dollars. * * * Our law is flexible and when too large a surplus accumulates, our Governor is compelled to reduce the rate. This is the second time the Governor has been forced to reduce the rate because of too large a surplus which proves the **gross income tax** to be a super, super tax. How could you beat our record? If you find anything better, let me know. We will try it."

5. Initiative No. 158 will, if adopted, provide jobs, stabilize business, care for the aged, blind, disabled and widows with dependent child under 18 years of age. It introduces a new but tested form of tax, equitable for all. It is liberal, constructive and economically sound. It aims to insure prosperity for the post-war era.

Prepared by—

ORLAND A. SCOTT

For—

The Townsend Clubs of
Washington,

Sponsors of Initiative Measure No. 158.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State July 17, 1944.

BELLE REEVES,
Secretary of State.

ARGUMENT AGAINST INITIATIVE NO. 158

Initiative No. 158 is about the worst form of dangerous legislation. All fair-minded citizens believe that the aged and unfortunate people should be given decent, fair treatment, but the thought that there is an unlimited source of funds, a bottomless well, filled with money from which all may dip until satisfied, is dangerous to every one concerned.

Government is, after all, nothing but an organization of all the people, and, as such, has no money. Government costs money and collects money from every one of us. When government pays money to any class of people it means, simply, that we, the taxpayers, must pay, not an equal amount but a greater amount, into the fund from which distributions are to be made. Administration is an additional cost.

Regardless of its title and verbiage, Initiative No. 158 is a "Townsend" plan in its essential outline, including the theory of the pensioner being forced to spend all that he is given.

The proposal provides for a flat grant of \$60 per month for all persons over the age of 60 years residing in the state. Banker, laborer, pauper and invalid would receive the same treatment regardless of the financial condition and need of such person. The owner of the big car with its liveried driver would receive the same amount as the invalid without resources. The retired business man, while clipping his coupons from bonds, or while collecting interest, dividends or rents from investments previously made, would collect his \$60 along with the man or woman in the wheel chair with no other income.

Before voting for any such proposition, every voter should figure just what he is assuming for himself in the way of additional tax payments. According to the 1940 census, about 222,000 persons would be eligible for the pension, at a yearly cost that could reach \$160,000,000 exclusive of administration. There are in this state about 500,000 families who

must pay this bill and pay it every year. They will pay, all right, and continue to pay, for these laws have a way of remaining in force, and the tax collector, like the undertaker, calls at every home.

This initiative proposes a three per cent gross income tax upon every person and company, except that it exempts business leagues, chambers of commerce, labor and fraternal organizations, boards of trade, and other similar groups. Every time a commodity changes hands it will be taxed three per cent. The manufacturer, the wholesaler, the retailer, will all add this tax to the cost of the goods. There will be added to the cost of any item, three, six, nine, twelve, fifteen or more, per cent. Who knows how high it will pyramid? And the ultimate consumer will eventually pay all the tax. Yes, every one, including the pensioner, will pay it all when he buys his food. This is inflation at its worst.

All this is in addition to the present sales tax, for legal opinion seems to agree that the sales tax is not repealed.

Under present laws, federal assistance for old-age grants would be withdrawn and the entire burden would fall upon the taxpayers of this state.

This is "crackpot" legislation. It is not sound. It is not American. It cannot and will not work. It is in the same class as the quest for perpetual motion. It has been wisely rejected by our national congress. Its passage would do irreparable damage to state, school, and local government financing. It should be—and no doubt will be—defeated by the voters at the polls in November.

Do not fail to do your part. Vote against this fantastic proposal—Initiative No. 158.

WASHINGTON STATE TAX-
PAYERS ASSOCIATION

HORACE C. BROWN, Manager.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State July 26, 1944.

BELLE REEVES,
Secretary of State.

Referendum Measure No. 25

CHAPTER 15, LAWS OF 1943
INITIATIVE MEASURE NO. 12 TO THE LEGISLATURE

BALLOT TITLE

AN Act pertaining to public power resources and public utilities and acquisition and operation thereof by certain public authorities and municipal corporations; authorizing public utility district commissioners to create joint commissions; relating to composition, government, powers, funds, business and properties thereof; applying certain public utility district laws thereto; empowering them to acquire electrical properties solely by issuing revenue bonds and warrants; requiring deposit of funds with State Treasurer and audit of accounts by State Auditor; taxing their operations instead of property; permitting their union; offsetting earnings against interest on certain condemnation awards; declaring emergency and that act take effect immediately.

AN Act pertaining to public power resources and public utilities and acquisition and operation thereof by certain public authorities and municipal corporations; authorizing public utility district commissioners to create joint commissions; relating to composition, government, powers, funds, business and properties thereof; applying certain public utility district laws thereto; empowering them to acquire electrical properties solely by issuing revenue bonds and warrants; requiring deposit of funds with State Treasurer and audit of accounts by State Auditor; taxing their operations instead of property; permitting their union; offsetting earnings against interest on certain condemnation awards; declaring emergency and that act take effect immediately.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. About two-fifths of the entire potential hydroelectric power in the United States is located within the State of Washington. It is of the most vital importance for the successful prosecution of the war and the development of the resources of this state in the post-war peace that every available kilowatt of this power be harnessed as quickly as possible. This can be properly accomplished

only by placing electrical properties under public ownership and operation.

It is contemplated that legislation will be adopted by the Congress relating to the further power development of the Columbia River, and the creation of an administrative agency designed, among other things, to make the energy generated at the several federal dam sites available to public agencies at low cost. It is the intent hereof to provide legal machinery whereby, among other things, the commissioners of the public utility districts may undertake projects complementary to those provided for in such national legislation, may perform their intended functions more economically and efficiently, and accomplish the following general purposes: to form joint public utility district commissions and thereby effect the acquisition of electrical properties upon an economical, system-wide basis; to provide for the financing of such acquisitions solely by revenue bonds and warrants; to provide for the payment of a tax on the gross revenue of any joint commission in lieu of ad valorem taxes; and to facilitate the acquisition of local distribution and other properties by public utility districts and other municipal corporations. The rule of strict construction shall have no application to this act, but the same shall be liberally construed in order

to carry out the purposes and objects for which the act is intended.

SEC. 2. The majority of the commissioners of each of two or more public utility districts may create a joint public utility district commission, hereinafter called a "joint commission," whenever there is located within such districts more than fifty per centum (50%) in value of the properties comprising an integrated electric system, exclusive of properties not located in any public utility district. Such joint commission shall be a public authority and a body politic and municipal. It shall be formed by filing with the Secretary of State a resolution adopted by the commission of each district stating the name of the joint commission, its principal place of business and the rules governing the transaction of its business. All commissioners for the time being of the public utility districts which shall have adopted and filed such resolution shall be members of the joint commission during their terms of office. The commissioners of any other public utility district in which are located properties of the same integrated electric system shall become members of such joint commission upon equal terms with the original organizers whenever such district shall file with the Secretary of State a resolution ratifying the resolution filed by the original organizers and stating that its commissioners shall be members of such joint commission. The successors in office of all commissioners who are members of a joint commission shall succeed to their membership therein. The term "value," as used in this section and in section 10 of this act, means the latest valuation placed upon the properties therein mentioned by the State Tax Commission for taxing purposes. The term "integrated electric system," as used in this act, means all contiguous or interconnected electric generating, transmission and distribution properties within this state operated by the same public service company.

SEC. 3. The members of each joint commission shall meet together and

select from among their own number a president and a secretary; they shall also elect an auditor and require him to post a bond for the faithful performance of his duties, to be prescribed by resolution. All books and records of the joint commission shall be subject to audit by the State Auditor as prescribed by law for other municipal corporations.

SEC. 4. A joint commission may by resolution constitute an executive committee, hereinafter called the committee, which shall be composed of the president and the secretary of the joint commission, together with not less than three nor more than five of its other members, as the joint commission may determine. The committee members shall be elected by the joint commission in the manner and for the time specified in the rules and regulations of the joint commission. Between meetings of the joint commission, the committee shall administer and manage its business, subject to its direction, rules and regulations. The committee shall adopt rules for the transaction of its business, which shall be effective upon filing a copy of the same with and the approval thereof by the joint commission. The committee may buy or sell materials, equipment and supplies pursuant to the rules and regulations of the joint commission, in connection with current operations, but shall not have authority to issue bonds nor to sell or purchase any electric generating, transmission or distribution properties.

SEC. 5. The State Treasurer shall be treasurer *ex officio* of each such joint commission. All monies of the joint commission shall be paid to the treasurer and disbursed by him only on warrants drawn and signed by the auditor upon order of or vouchers approved by the joint commission or by its executive committee. The treasurer shall create and maintain such special funds as the joint commission may direct. All monies so paid to the treasurer shall be deposited by him forthwith as demand deposits in such depository or depositories authorized by law to receive deposits of state funds, and to

Referendum Measure No. 25

the credit of such special fund or funds, as the joint commission by resolution may direct. Such deposits shall be made under the same contracts, restrictions, and security, as near as may be, as is provided by statute for state depositories. Any such fund shall be a trust fund and shall at all times be kept segregated and set apart from all other funds; all interest received or earned on money in any such special fund shall be credited thereto and become a part thereof. Whenever it shall appear to a joint commission that it has any inactive fund or funds in excess of current needs, it may, by resolution authorize the treasurer to invest any such funds in the bonds of the United States Government, and likewise may authorize him to sell any such bonds at any time. The interest on such bonds, or the proceeds of any sale of the same, shall be credited to the fund from which the money for such bonds was withdrawn.

SEC. 6. Except as otherwise provided in this Act, each joint commission and the officers aforesaid shall have the powers, and shall be governed by the provisions set forth in the laws relating to public utility districts (Chapter 1, Laws of Washington for 1931, and Chapters 182 and 245, Laws of Washington for 1941) as now in effect or hereafter amended; except that they shall not have the power to tax, or to issue any general obligation bonds or warrants, or to create any local improvement assessment district. Whenever the words "district," "public utility district," "public utility district commissioners," "commission," or any word or words used in lieu thereof appear anywhere in the above mentioned laws, the same shall be taken to refer to a joint commission for purposes of this act, unless the context indicates otherwise. Whenever the words "within or without the district," or any similar words referring to the boundaries of public utility districts appear in those laws, the same for purposes of this act shall be taken to refer to the limits of all public utility districts whose com-

missioners are members of the respective joint commission. The joint commission may amend its rules and regulations, in which event it shall file a certified copy of such amendment with the Secretary of State. In the event that any joint commission seeks to acquire by eminent domain any public utility, or any interconnected properties extending through or into more than one county, such proceedings may be instituted and conducted in any one of the counties where such utility or properties or any part thereof are located.

SEC. 7. Any joint commission which owns and operates properties for the generation, transmission or distribution of electric energy shall pay a tax for the act or privilege of engaging in the operation of such properties within this state, as provided by Sections 1 and 2, Chapter 245, Laws of Washington for 1941, which tax shall be computed, levied, collected and apportioned as provided therein except that the rate shall be as follows: On energy which the joint commission generates, transmits and distributes to ultimate consumers by means of properties owned by it, the tax shall be five and six-tenths per centum (5.6%) of its gross revenues from such operation; on energy which it generates and transmits by means of properties owned by it and which it sells for purpose of resale, the tax shall be three and six-tenths per centum (3.6%) of its gross revenue from such operation; and on energy which it buys at wholesale and distributes to ultimate consumers by means of properties owned by it, the tax shall be two per centum (2%) of its gross revenue from such operation: provided, That if a joint commission is required to pay taxes to a governmental body located outside of this state on the operations upon which the taxes herein provided for are levied or upon properties used in such operations and located outside of this state, then the amount of taxes so paid without this state shall be deducted from the amount of taxes otherwise payable hereunder: And provided further, That the value of

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energy received by a joint commission from the United States or any other public agency in exchange for energy generated by such joint commission shall not be deemed income of such joint commission for the purposes of this section. The tax provided for herein shall be in lieu of all ad valorem real and personal property taxes, but shall be in addition to the tax provided for in Chapter 225, Laws of Washington for 1939.

SEC. 8. Any joint commission may by resolution sell, lease or otherwise dispose of any public utility properties or interest therein to the United States, or any public utility district or to any other joint commission, city, town or other municipal corporation or public agency or cooperative, and may contract with any of them respecting the joint or separate acquisition, financing or operation of any public utility property or interest therein. It shall be the duty of a joint commission, when requested to do so by any public utility district in which any electrical distribution properties owned by it are located, to negotiate with such district for the sale of such properties to it, and to sell the same to such district at the fair cash market value thereof as soon as such sale can reasonably be consummated: *Provided, however*, that no such sale shall be made which will impair the security or obligation of any outstanding bonds of the joint commission: *And provided, further*, that the joint commission may include in bonds issued by it such covenants relating to the terms and conditions upon which any public utility or any other properties may be sold, leased or disposed of and the use and disposition of the proceeds thereof, as the joint commission may deem advisable in order to prevent the impairment of the security of such bonds.

SEC. 9. Any public utility district or other municipal corporation may advance or contribute funds to a joint commission for surveys and investigations or for such other work and services relating to the acquisition of properties as may be deemed

advisable, and the joint commission may repay such advances and contributions from the proceeds of revenue bonds theretofore or thereafter issued by it or from any other funds belonging to the joint commission.

SEC. 10. No joint commission shall acquire any public utility properties unless more than fifty per cent (50%) in value thereof are located within the public utility districts whose commissioners are members of such joint commission, or are reasonably necessary for the generation or transmission of energy to supply distribution properties to be acquired and operated within such districts: *Provided*, that if a joint commission seeks to acquire an electric system, part of which is located within a county in which no public utility district is located, or within a city of the first class not included within such a district, and the governing body of such county or city adopts a resolution or ordinance declaring it to be in the public interest that the joint commission acquire the portion of the system located therein, then the joint commission may acquire such electric system by purchase or condemnation if more than fifty per cent (50%) in value thereof is located within such county or city and the public utility districts aforesaid. As regards properties located within such city no county resolution shall be required, but a city ordinance shall be requisite and sufficient for the purposes of this section.

SEC. 11. The provisions of Section 6, Chapter 245, Laws of Washington for 1941, shall apply to any public utility district commissioner while devoting time to the business or attending the meetings of a joint commission of which he is a member. The payments therein provided for may be made either by the joint commission or by the districts whose commissioners are members thereof.

SEC. 12. Whenever, in any eminent domain proceeding heretofore or hereafter instituted by any such joint commission, or by any public utility district or other municipal corporation for the acquisition of any public

utility or works, plants or facilities, a verdict has been returned, or, if the case is tried before the Court without a jury, a judgment has been entered, fixing the amount to be paid as compensation for the property taken or damaged, such verdict or judgment shall bear interest at the legal rate from the date of entry to the date of payment thereof, and there shall be added thereto the amount, with like interest thereon, expended for reasonable additions and betterments to and extensions of such property made between the dates last mentioned: *Provided*, That there shall be offset against and deducted from such interest and the amount added thereto for additions, betterments and extensions made as aforesaid, the amount of net earnings, before allowance for depreciation, derived from such properties between such dates. The condemnor may serve upon the condemnor or its attorneys of record and file with the court a notice of its intention to pay the award or judgment, together with a demand for a verified statement showing in reasonable detail the income received from the properties, the expense incurred in operating them and the additions, betterments and extensions made thereto, with the cost of the same, between the date of the verdict or judgment and the last day of the month preceding the month in which such statement is rendered. If the condemnor fails to file such sworn statement with the court within ten days after service upon it of the demand therefor, it may be compelled to do so by contempt proceedings. The time during which such contempt proceedings are pending shall not be considered in computing the period within which the condemnor may exercise its right of appropriation. After such sworn statement is filed, the condemnor may pay the full amount of the verdict or judgment plus accrued interest and the amount of such additions, betterments and extensions, less the net earnings before allowance for depreciation, all as shown by the sworn statement, and concurrently obtain a decree of appropriation. Or,

if the condemnor fails to file such sworn statement within ten days after service of the notice and demand aforesaid, the condemnor, at its option and at any time before the sworn statement is filed, may pay the full amount of the judgment or verdict, plus accrued interest, and concurrently obtain a decree of appropriation. In either case the condemnor shall have the right, and such payment shall not prejudice its right, to institute proceedings for an accounting and payment of the amount due it for net earnings between the date of entry and the date of payment of the condemnation award, *provided* such accounting proceedings are commenced, either in the eminent domain cause or in an independent action in any court of competent jurisdiction, within thirty days after entry of the decree of appropriation.

The condemnor in any such eminent domain proceeding may, pursuant to resolution duly adopted, discontinue such proceeding at any time within one year from the date the right of appeal from the judgment fixing the amount of compensation expires, or, if an appeal is taken from such judgment, then at any time within one year after the final determination of such appeal, upon paying or depositing in court all taxable costs of the condemnor in such proceeding. Except as hereinabove provided, failure of any condemnor to exercise its right of appropriation in any such proceeding within the applicable period aforesaid shall be deemed to constitute an abandonment thereof. If any such proceeding is discontinued or abandoned as aforesaid, no new proceeding shall be instituted therefor until the expiration of one year from the date of such discontinuance or abandonment.

SEC. 13. In the event that any two or more joint commissions operate properties which are interconnected and of such a nature that they may be operated more efficiently and economically under one management, such joint commissions may unite and organize an authority for

Referendum Measure No. 25

that purpose and for purposes related thereto by filing with the Secretary of State a resolution adopted by each such joint commission, stating the name of the proposed authority, its principal place of business, the rules governing the transaction of its business, and the functions to be performed by it. The members of the joint commissions participating shall be members of such authority, which shall have all powers of a joint commission with respect to the functions stated in the resolution creating it.

SEC. 14. If any section or provision of this act shall be adjudged to be invalid, such adjudication shall not affect the validity of the act as a whole or any section, provision or part thereof not adjudged to be invalid.

SEC. 15. The purposes to be accomplished by the creation of any such joint commission or authority are declared to be essential, public and governmental purposes. This act is necessary for the preservation of the public peace, health, and safety, the promotion of the public welfare and support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate February 16, 1943.

(Signed) VICTOR A. MEYERS,
President of the Senate.

Passed the House February 17, 1943.

(Signed) EDWARD J. REILLY,
Speaker of the House.

ARGUMENT FOR REFERENDUM 25

A vote for Referendum 25 is a vote for Initiative 12 and the Public Power Program.

What It Is

Referendum 25 amends and strengthens the District Power Law which the voters passed in 1930. Twenty-nine county-wide public utility districts have been organized under that law.

The main feature of Referendum 25 is that it authorizes the commissioners of districts served by the same private power company to go together and form a joint commission to acquire the entire system whereas now each district can acquire only the part located in its under that law.

After acquiring a system the joint commission must sell the distribution properties in each public utility district to the district, if it wishes to buy them, at their fair cash market value. Thus each district will own its own properties and serve its own people. The joint commission will own and operate the generating plants and transmission lines which serve several counties and sell energy wholesale to the public utility districts.

This will make it easier and cheaper for the districts to get into business. It will save them millions of dollars in severance damages and acquisition costs. It will also enable them to sell their revenue bonds at lower interest rates and make savings on wholesale power costs.

The joint commissions to be organized under "25" can not levy taxes nor sell general obligation bonds. All their properties must be paid for entirely out of earnings. They must pay taxes on their gross income at rates calculated to yield the state and its subdivisions (counties, cities, school districts, etc.), at least as much revenue as they would get from a private company owning and operating the same properties.

Initiated by People

The people initiated this bill to the 1943 legislature as Initiative 12, after

thorough public discussion in the general election campaign of 1942. The legislature passed it by a big majority following public hearings and extensive debate in which both sides of the issue were thoroughly considered. The vote in the Senate was 29 for, 17 against; in the House 63 for, 36 against.

Passed by Legislature

After failing to kill the Initiative in the Legislature, the private power interests circulated referendum petitions to delay its effective date. Many people who signed these petitions believed they were advancing the cause of Initiative 12.

We must now pass Referendum 25 to keep Initiative 12.

Referendum 25 is supported by the Washington State Grange, organized labor, the progressive leaders of both political parties and all other public power forces in our State.

Endorsed by Congressional Delegation

It has the unanimous approval of the entire Washington State Congressional Delegation, both Republicans and Democrats. When the bill was pending in the Legislature in February, 1943, the entire delegation signed an appeal to the Legislature urging its immediate passage. Their statement said; in part:

"The Washington State delegation in Congress all joined in sponsoring Initiative 12 * * * The Federal Government has made a vast investment in two great electric generating plants on the Columbia River * * * with the approval of the people of our State. * * * Our people have previously approved, on several occasions, legislation looking to the development of power systems under public auspices. Initiative 12 merely seeks to implement this program. By the adoption of Initiative 12 at the present session, the Legislature of our State will have taken a great step forward in carrying out the desires of the people expressed at the Ballot Box." Signed by Senar

Argument for Referendum Measure No. 25

tors Homer T. Bone and Mon C. Wallgren; Representatives Warren G. Magnusson, Henry M. Jackson, Fred Norman, Hal Holmes, Walt Horan and John M. Coffee.

Here are some of the reasons why adoption of Referendum 25 (formerly Initiative 12) is in the best interests of the people of Washington:

Full Employment

1. It will enable every community that wants it to secure the advantages of cheap Grand Coulee-Bonneville electricity without paying profit to an absentee-owned corporation. It will mean new industries and full employment because of cheaper electric power.

Home Rule

2. In contrast with the present system of absentee, holding-company ownership, it will place electric properties in control of the people of the area served, acting through their elected commissioners. These commissioners will be directly responsible to their constituents when serving as members of a joint commission, just as they are when performing their other duties as power district commissioners. The people who elect them can recall them from office at any time. Public hearings can be had on all their important acts. Participation in a joint commission by any district will be entirely voluntary. The joint commissions will be owned and controlled by the local districts, thus assuring home rule.

Benefits and Protects Cities

3. Although designed primarily for the benefit of the public utility districts, Referendum 25 can also benefit cities which own or hope to own their own municipal power and light systems. It will let them cooperate with public utility districts in buying out any private power system

operating partly within the city. In this way a city, at minimum cost, can acquire the privately owned power properties within its limits and do away with costly absentee ownership. The Attorney General has ruled that under this law no public utility district or joint commission can condemn or take away any municipally owned public utility property.

Lowers Costs

4. Experience shows that electric power systems can not be operated to fullest efficiency and economy where there is duplication of facilities. From the very nature of the business it must be a monopoly,—either public or private. A public power monopoly, like the post office system, the public highways, the public schools or any other public monopoly, has the incentive and ability to fully utilize its resources for the widest possible benefit of the people. Referendum 25 will make it possible for the people of Washington to use their great hydroelectric resources to full capacity at lowest cost.

In 1942 Public Power rates saved Washington users \$27,000,000: more than four times the amount of taxes paid by all the private power systems in the State. This is but a fraction of the savings we can realize through cooperative public operation under Referendum 25.

Passage of Referendum 25 will mean that the benefits of low cost power from Grand Coulee, Bonneville and other projects will go to the people who work and live in this State. Its defeat would mean that profits would be diverted to eastern utility interests incorporated in Maine, Massachusetts and New York.

These are the interests opposing Referendum 25.

A vote for Referendum 25 means keeping our power dollars at home.

Vote **FOR** Referendum 25.

The Washington State Grange.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State June 16, 1943.

BELLE REEVES,
Secretary of State.

ARGUMENT FOR REFERENDUM 25

The vital need for this measure, which your representatives in the State Legislature passed by overwhelming majority, is explained in the argument filed by Washington State Grange.

Instead of answering that argument, the opposition has resorted to "name-calling"—an old device by which they apparently hope to get our minds off the real issues.

Referendum 25 Is Opposed Only By Special Interests

Arguments against Referendum 25 in this booklet were filed by a committee of power company officials (headed by two Spokane officers of the Washington Water Power Company) and by certain special interest groups in Spokane known to be closely affiliated with the power companies. The official receipt shows that the argument filed in the name of certain union officials was paid for by a Spokane attorney for the Washington Water Power Company. Official records also show that \$4,206.80 of the \$5,937.81 expended in circulating the referendum petitions was paid by Washington Water Power Company.

Referendum 25 Furthers Home Rule

State tax records show that over 99% of the private light and power company property in Washington is owned by the Washington Water Power, Pacific Power and Light, Northwestern Electric and Puget Sound Power & Light Companies. The first three are subsidiaries of the largest holding company in the world—Electric Bond & Share—with offices in New York City. 1,200,000 of the 1,900,000 shares of common stock of Puget Sound Power & Light Company are owned outside this state. So, in effect the private power business of this state belongs to two great monopolies, neither of which is Washington owned or controlled. Thus foreign, monopolistic control dominates our state's most important resource.

Contrast this with the power district law and Referendum 25 under which local people select non-partisan commissioners to operate their elec-

tric properties, to bring lowest rates and maximum development of local resources.

The power companies call this "Socialism", "Bureaucracy", "Dictatorship". Judge for yourself.

Referendum 25 Favors Free Enterprise

The record shows that free, private, competitive businesses of all kinds locate where electric rates are low, and that publicly owned electric systems have consistently cut rates below those charged by private companies in the same area. Referendum 25 will enable public agencies to acquire electric systems at lower cost and to operate them even more efficiently.

The huge electric monopolies have always been hand-in-glove with other private monopolies in this state against the interests of the small business man, labor, the farmer, and the public. It is only by making low power rates available to all, through public ownership, that real free enterprise gets an "even break".

Referendum 25 Benefits Labor

The power districts have taken the lead, among all municipal and governmental agencies, in recognizing and bargaining with labor unions, raising wages and improving working conditions. Before public power became strong, the private power companies paid low wages and fought every attempt to unionize. If public power should suffer a reverse through defeat of Referendum 25, the private companies would return to their old policies. They are part and parcel of the notoriously anti-union National Association of Manufacturers which advocates a pool of millions of unemployed after the war for "ideal business conditions". Referendum 25 will make electric power available to every Washington community at rates which will stimulate enterprise and increase post-war employment.

Referendum 25 Furthers War Effort

The power companies fought tooth and nail to deprive this state of Bonneville and Grand Coulee dams and transmission lines. Now they ad-

mit that without these dams and lines it would be impossible to produce aluminum, ships, planes and other materials and weapons to win the war.

Public power has taken the lead in serving war industries. Under Referendum 25 it can do this much more effectively.

Referendum 25 Will Produce Tax Revenue

Present law requires power districts to pay gross revenue taxes which in practice equal or exceed the property taxes paid by private companies owning comparable power properties. Referendum 25 requires the agencies created under it to pay still higher taxes while expressly prohibiting them from levying any taxes or issuing general bonds.

In addition to paying taxes, public power creates new sources of tax revenue by encouraging tax-paying businesses to locate where low power rates are available.

Bonneville and Grand Coulee—for Power Companies or the People?

This is the real issue in this campaign.

Unless the municipalities and power districts are enabled by Referendum 25 to distribute Bonneville and Grand Coulee power, the power companies are left free to "corner" it for themselves. If they can defeat 25 they can levy tribute of millions from the people for distributing power from the people's own dams.

Vote **FOR** Referendum 25.

Washington Machinists' Council, Tom Barrington, Chairman, Legislative Committee.

Aeronautical Industrial District Lodge No. 751, Robert H. LeDoux, Vice-President.

Boilermakers Local 104, Joe Clancey, Secretary Treasurer, AFL Union
CIO, Roy W. Atkinson, Regional Director

Northwestern Council, Lumber & Sawmill Workers Union, AFL, John M. Christenson, Pres.

Puget Sound District Council, Lumber & Sawmill Workers Union, AFL, Michael T. Costello, Sec.

Spokane County Public Utility District League, J. E. McGoran, President.

City Light Employees Assoc., Thomas H. Reid, Pres., Ester Nelson, Sec., Regina E. Preston, Vice-Pres.

The Union Register (Official Newspaper, Lumber & Sawmill Workers, AFL) H. K. Kendall, Ed.

Boilermakers Union, AFL, Leo Kocher, Business Representative.

Snohomish County CIO Council, Charles L. Meyer, Ex. Sec.

Snohomish County Pomona No. 12, Thomas E. Long, Master.

Public Forum, Spokane, S. L. Peterson, Pres.; Joseph E. Nisbitt, Sec. J. F. Aiken, Attorney, Spokane.

John E. Blair, Attorney, Spokane.

E. Ben Johnson, Attorney, Spokane.

Washington Public Power League, A. B. Lind, President.

Peaceful Valley Improvement Club, Frank Anderson, President.

Washington Progressive Legislative Committee, Mandel Nieder, Sec.

CIO Local 2-101-IWA, Everett, C. T. Sorenson, President.

Carpenters Union AFL, Everett, N. G. Walter.

Lumber & Sawmill Workers Union, AFL, Local 2519, E. C. Jorgensen, Business Agent.

Lumber & Sawmill Workers Union, AFL, Local 2767, Isaac Crumb, Business Agent.

David E. Rhea, Prosecuting Attorney Jefferson County, Port Townsend.

James F. Richmond, Assistant County Auditor, Jefferson County.

Hugh Nisbet, County Commissioner, Jefferson County, Chimacum.

Wesley J. Martin, Master Quimper Grange 720, Port Townsend.

Arthur Brown, Shingle Weavers District Council, AFL Union.

W. S. Porter, Farmer, Port Ludlow.

Naomi A. Benson, Housewife, Everett.

Fred B. Plath, Route 3, Yakima.

E. B. Velikanze, Attorney, Yakima.

Labor Consumers' League, Arthur Krueger, Executive Secretary.

STATE OF WASHINGTON—*vs.*

Filed in the office of the Secretary of State, August 9, 1944.

BELLE REEVES,
Secretary of State.

ARGUMENT AGAINST REFERENDUM MEASURE NO. 25

Referendum No. 25 (formerly Initiative No. 12) would hang a cumbersome form of state socialism around the necks of the people. It would permit combinations of PUD commissioners to create new corporations or Super-Commissions, **without a vote of the people.** These Super-Commissions would have power to take over all the existing business-managed electric systems, also **without a vote of the people,** and even against the people's expressed desire to retain their tax-paying, regulated utility service. These new Super-Commissions may then hand over the important power plants and major transmission systems to a tax exempt federal authority, and shuffle the remaining properties among the Super-Commissions and local PUDs.

The minority bloc of "public power" politicians promoting this measure wrote into it a so-called "emergency clause." By this device, they expected to sidestep widespread public opposition; but the Supreme Court unanimously decided this was not an emergency measure, and thus preserved the people's constitutional right to refer and reject it. 127,303 citizens promptly signed petitions to exercise this right.

Referendum No. 25 should receive a "No" vote because:

1. State Socialism destroys American enterprise. If socialistic zealots can grab the important tax-paying electric industry, in due course they or others will try to seize other important industries; and Washington may find itself up against the socialization of all major industry, a condition that brought about the demoralization of Germany and Italy, and culminated in the tragic dictatorships of Hitler and Mussolini. The paralyzing effect of industrial socialism upon community progress, and upon individual opportunity to get ahead in the world, has been demonstrated too often for the people to be fooled by rosy promises.

2. People are fed up with bureaucrats. Its promoters argue that Referendum 25 "will make it easier and cheaper for the districts to get into

business". If this be true (which is doubtful in view of the hodge-podge of hybrid Authorities the bill provides for), that in itself is a compelling reason for voting "No". Politics and politicians cannot operate any dynamic business efficiently, unless they work through a dictatorship repulsive to the instincts and cherished traditions of free people.

3. Super-Commissions destroy home rule. Under this bill, even in counties which have overwhelmingly rejected PUD organization, the people may be deprived of their tax-paying, business-managed electric service, if 51% of the value of any system may be found within the combined areas of the Super-Commission. The people in the counties where the other 49% is located would be helpless.

4. Powerful authorities not created by people. The people have no vote on the creation of the joint or super-commissions. The latter, once created, simply by adopting "resolutions", and again **without vote of the people,** could organize additional Authorities or Super-Super-Commissions to operate the properties. Such "top" Authorities would be twice removed from the voters. These hybrid political combinations, tied in with federal bureaucrats, could dominate the business, industrial, and political affairs of every community in the state.

5. Political holding corporations run wild. The new Super-Super Authorities would be largely a law unto themselves. Their chartered powers and rules of conduct would depend largely on their own "resolutions". They would be exempt from most of the controls and restraints which the people have seen fit to impose upon business-managed corporations, and upon all legitimately conceived municipal corporations.

6. PUDs hopelessly entangled by outside commitments. Once these joint commissions or super-bodies get going, their bond issues, power contracts, and other commitments to Eastern bond brokers and to federal and other Authorities would prevent the local PUDs from ever unscrambling the complex political and fi-

Argument Against Referendum Measure No. 25

nancial entanglements, and from regaining control over their own local affairs and destinies.

7. **Referendum No. 25 would hamper recovery.** The adoption of this measure, originally promoted by the "public power" politicians under the false guise of aiding the war effort, would hamstring post-war recovery and the restoration of normal activity and enterprise. To tear apart the present tax-paying electric systems, and disperse their experienced and responsible operating organizations, would be to destroy an essential part of the state's industrial structure at a time when the full strength of the state is needed to provide employment and help pay the enormous costs of the war.

The voters should not be humbugged by promoters' misleading propaganda. Those who may have been complacent over the threatened socialization of the electric industry should reflect on the consequences of

extending the same political theorizing to other vital industries—food raising, processing and distribution, clothing manufacture and sale, housing, transportation, news publishing, gasoline, and other industries essential to every citizen. These may all be socialized under state and federal bureaucracies, but who wants to be regimented under any such political and economic tyranny?

Prudent citizens, concerned with preserving freedom of opportunity for themselves and their children, will safeguard their future by voting "No" on Referendum No. 25.

Committee opposed to Referendum No. 25

KINSEY M. ROBINSON,
Chairman, Spokane,
J. E. E. ROYER, Spokane,
LYMAN J. BUNTING,
Yakima,
JOSEPH H. HALL, Vancouver.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State June 24, 1943.

BELLE REEVES,
Secretary of State.

ARGUMENT AGAINST REFERENDUM MEASURE NO. 25

We, the Central Labor Council of the City of Bellingham, oppose the passage of Referendum Measure No. 25 (Initiative No. 12 to the Legislature) for the following reasons:

At this time of public stress, due to the serious emergency that the American people are facing, we find a tendency among certain political representatives of the people to forget the principle of cooperation and understanding that has built this nation to its present high standard. This trend is exemplified by anti-labor legislation and efforts on the part of government agencies to obtain control over labor and business.

The gains which labor has made in this country, unparalleled in any other nation, have been made possible by the freedom of action of both labor and business as guaranteed by a system of free enterprise. Organized labor wishes to guarantee for the future the same opportunity for progress that it has enjoyed in the past.

The unfriendly attitude of various government bureaus toward organized labor is proof of the necessity of curbing the growing tendency toward government control as exemplified by Referendum No. 25.

This measure would place the control of the generating and distributing facilities of this state in government bureaucratic hands, which would bring about a serious loss of rights of the people in the state.

We oppose any measure that will tend to place control of this vital power industry into the hands of the government bureaucrats. The rights of the American working people should be protected from the threat of dictatorship.

Organized labor is representative of the working people of this nation and its sons and brothers constitute the

larger portion of the armed forces who are now fighting the dictators. It behooves us on the home front to oppose any tendency toward government control of labor or business as exemplified in fascist controlled countries.

We believe that organized labor, guarding as always the future of itself and its children, should oppose any trend towards bureaucracy or government control of labor or business and vote no on Referendum No. 25.

BELLINGHAM CENTRAL LABOR COUNCIL

O. WEIRAUCH,
President

BLANCHE HODGE,
Executive Secretary

Culinary & Beverage Workers Local
529—Ida M. Peterson, Sec'y.

Furniture Workers Local 3106—J. E.
McCaffery, Pres.

Retail Clerks Union No. 240—R. M.
Fosse, Sec'y.-Treas.

O. Weirauch, Roofer L. U. No. 78
International Brotherhood of Electrical
Workers, L. U. B. 77-15, W. F.
Tuttle, Vice-Pres.

Bldg. Laborers Local Union No.
276—Francis Walker, President

Carpenters Local No. 756—Fred Dun-
stone, President

Electricians Local No. 1032 I. B. E. W.
—J. J. Kane

Building Laborers Local No. 276—
H. Biesheurel

Bellingham Labor News, Inc.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of
State, June 24, 1943.

BELLE REEVES,
Secretary of State.

ARGUMENT AGAINST REFERENDUM 25 BY STATE-WIDE CITIZENS' COMMITTEE

The 45 persons whose names are listed below are the original members of this Committee. They are, as you see, a cross section of the state, representing labor, agriculture, business and the professions. The membership has multiplied until today, August 25, it totals 21,954 signed-up members—all vigorously opposed to Referendum 25.

Keep What We Have

We oppose tearing apart the present satisfactory public and private electric systems, to substitute a political monopoly. We believe the citizens of Washington are well satisfied with their present electric service, whether public or private, and want to retain its advantages.

State Labor Convention Refuses to Endorse "25"—Other Labor Opposition

The 1944 convention of the Washington State Federation of Labor at Wenatchee, in July, refused to endorse Referendum 25, because it does not protect Labor's interests (see State Labor News, July 28, 1944).

The Central Labor Councils of Bellingham and Anacortes have gone on record opposing Referendum 25, and "The Tacoma Labor Advocate" has voiced vigorous opposition. The International Brotherhood of Electrical Workers is strenuously working against it.

The International Brotherhood of Teamsters is opposing Referendum 25.

Threat to Cities—Examples of Seattle, Tacoma, Spokane—No Vote of the People

The threat of Referendum 25 to cities and towns in Washington is shown by the examples of Seattle, Tacoma and Spokane.

In Seattle, Puget Sound Power & Light's system could be taken over by a "Joint Commission" of counties outside King County, to the detriment of Seattle City Light.

In Tacoma, as pointed out by S. A. Gagliardi, attorney, Referendum 25 would permit future city commissioners to turn Tacoma City Light over to

an outside "Joint Commission". (Tacoma News Tribune, February 10, 1943.)

A "Joint Commission" composed of outside counties could take over the Washington Water Power system in Spokane.

AND THIS COULD BE DONE WITHOUT A VOTE OF THE PEOPLE OF THESE CITIES!

Political Monopoly by a Few

Referendum 25 is skillfully set up so that three politicians could control electric power, state-wide—no responsibility to the people—no regulation by State authorities.

Federal Control in the End

Already, Federal "powercrats" on the Federal payroll are campaigning for Referendum 25—because it will mean that Federal authorities will then buy or lease generating plants from "Joint Commissions". And by control of the source of electricity, control of electric power will move to Washington, D. C.

"25" Means Higher Taxes

Already, more than \$2,000,000 in additional PUD taxes has been levied on the people. With money needed to finance "Joint Commissions", more taxes will be levied by the power politicians if Referendum 25 passes—**AND THEY COULD LEVY \$900,000 A YEAR IN TAXES ON YOU AND OTHER TAXPAYERS.**

"25" Means More Debt

If Referendum 25 should pass, more than \$200,000,000 worth of electric properties would go on the promoters' auction block. Who would pay off this debt? You would, of course, for regardless of the "revenue bond" label, bonds are borrowed money which must be paid back, with interest.

Threat to PUDs and REAs

What will happen to the PUDs already in existence, under the "Joint Commissions" and "Authorities" provided for under Referendum 25? They will lose all local control to these top

Argument Against Referendum Measure No. 25

political groups. And the REAs? They will find themselves absorbed by or competing with these new "Joint Commissions" and "Authorities".

Watch Out!

Referendum 25 Is Different

Its effects are more far-reaching than any measure ever to come before the people. Like the Wagner-Murray-Dingell Bill to socialize all medicine, or the Kilgore Bill to socialize all scientific research, Referendum 25 is the first step toward socializing all labor and all business.

On behalf of the Committee before mentioned and whose names, addresses and occupations are as follows, we submit this argument.

Joseph K. Alderson, Wilbur, Farmer
Emmett T. Anderson, Tacoma, Printer
Henry N. Clerf, Ellensburg, Farmer
Roger Cutting, Seattle, Lead Products
N. A. Davis, Walla Walla, Banker
Dave DeSelle, Snohomish, Farmer
J. N. Donovan, Bellingham, Lumberman
J. N. Emerson, Pullman, Merchant
Leo F. Flynn, Seattle, Labor Leader
S. A. Gagliardi, Tacoma, Lawyer
Lloyd E. Gandy, Spokane, Lawyer
W. E. Ginder, Camas, Boss Machine Tender
Denney Givens, Bremerton, Labor Leader
Ed Halberg, Port Angeles, Theatre Operator
Jos. E. Hall, Vancouver, Lawyer
Harrison J. Hart, Seattle, Tug Operator
Wylie Hemphill, Seattle, Merchant
Matthew W. Hill, Seattle, Lawyer
Bruce Hood, Montesano, Newspaperman
L. B. Hope, Chehalis, Dairyman
E. S. Johnston, Pasco, Grain Dealer

Eric Johnston, Spokane, Pres. U. S. Chamber of Commerce
Mrs. H. B. Jones, Seattle, Housewife
C. B. Lafromboise, Enumclaw, Newspaperman
Gerald Longstreth, Tacoma, Insurance
Ben Meeks, Tacoma, Labor Leader
S. S. McIntyre, Sedro-Woolley, Steel & Iron
Farlin Nye, Tacoma, Heating
Dr. John O'Shea, Spokane, Physician, Surgeon
Ed Roehl, Wenatchee, Orchardist
Nat S. Rogers, Seattle, Raw Materials Dstr.
Sam A. Rossier, Sunnyside, Insurance
J. E. E. Royer, Spokane, Public Utility
Chas. Rumbolz, Okanogan, Orchardist
Ed P. Ryan, Spokane, Realtor
Paul Sceva, Tacoma, Rainier Natl. Park
Gordon Scott, Seattle, Building Materials
Howard Seabury, Tacoma, Insurance
Alfred S. Shemanski, Seattle, Retailer
Don Smith, Toppenish, Farmer
Sam Stocking, Tacoma, Dock Operator
L. J. Thaller, Tacoma, Labor Leader
Mrs. Grover Thornton, Kelso, Housewife
Stanton Warburton, Tacoma, Real Estate
Willard Young, Sumner, Wood Products

WASHINGTON STATE CITIZENS' COMMITTEE AGAINST REFERENDUM 25

WYLIE HEMPHILL,
Chairman
MATTHEW W. HILL,
Executive Secretary

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State, August 25, 1944.

BELLE REEVES,
Secretary of State

An Amendment to the State Constitution

To Be Submitted to the Qualified Electors of the State for Their Approval or Rejection at the

GENERAL ELECTION

TO BE HELD ON

Tuesday, November 7, 1944

CONCISE STATEMENT

PROPOSED amendment to Article VII of Constitution, adding section limiting aggregate annual levy of taxes on real and personal property to forty mills; exempting port and public utility districts; defining taxing districts; authorizing exceeding of limitation in certain cases by vote of electors; authorizing refunding of certain bonds by certain taxing districts outside of limitation by vote of governing body; subjecting amendment to Article VIII, Section 6, of Constitution; and making other exceptions.

HOUSE JOINT RESOLUTION NO. 1

Be it Resolved By the Senate and House of Representatives of the State of Washington, in Legislative Session Assembled:

That, at the general election to be held in this state on the Tuesday next succeeding the first Monday of November, 1944, there shall be submitted to the qualified electors of the state, for their approval and ratification, or rejection, an amendment to Article VII of the State Constitution, to be added thereto as section 2 thereof, which shall read as follows:

Section 2. Except as hereinafter provided and notwithstanding any other provision of this constitution, the aggregate of all tax levies upon real and personal property by the state and all taxing districts now existing or hereafter created, shall not in any year exceed forty mills on the dollar of assessed valuation, which assessed valuation shall be fifty per centum of the true and fair value of such property in money: *Provided, However,* That nothing herein shall prevent levies at the rates now provided by law by or for any port or public utility district. The term "taxing district" for the purposes of this

section shall mean any political subdivision, municipal corporation, district, or other governmental agency authorized by law to levy, or have levied for it, ad valorem taxes on property, other than a port or public utility district. Such aggregate limitation or any specific limitation imposed by law in conformity therewith may be exceeded only

(a) by any taxing district when specifically authorized so to do by a majority of at least three-fifths of the electors thereof voting on the proposition to levy such additional tax submitted not more than twelve months prior to the date on which the proposed levy is to be made and not oftener than twice in such twelve month period, either at a special election or at the regular election of such taxing district, at which election the number of persons voting on the proposition shall constitute not less than forty per centum of the total number of votes cast in such taxing district at the last preceding general election;

(b) by any taxing district otherwise authorized by law to issue general obligation bonds for capital purposes, for the sole purpose of making the required payments of principal and interest on general obligation bonds issued solely for capital pur-

Amendment to the State Constitution

poses, other than the replacement of equipment, when authorized so to do by a majority of at least three-fifths of the electors thereof voting on the proposition to issue such bonds and to pay the principal and interest thereon by an annual tax levy in excess of the limitation herein provided during the term of such bonds, submitted not oftener than twice in any calendar year, at an election held in the manner provided by law for bond elections in such taxing district, at which election the total number of persons voting on the proposition shall constitute not less than forty percentum of the total number of votes cast in such taxing district at the last preceding general election: *Provided*, That any such taxing district shall have the right by vote of its governing body to refund any general obligation bonds of said district issued for capital purposes only, and to provide for the interest thereon and amortization thereof by annual levies in excess of the tax limitation provided for herein, and *Provided Further*, That the provisions of this section shall also be subject to the limitations contained in Article VIII, Section 6, of this constitution;

(c) by the state or any taxing district for the purpose of paying the principal or interest on general obligation bonds outstanding on December 6, 1934; or for the purpose of preventing the impairment of the obligation of a contract when ordered so to do by a court of last resort.

And Be It Further Resolved, That the Secretary of State shall cause the foregoing constitutional amendment to be published for at least three (3) months next preceding the election, in a weekly newspaper in every county where a newspaper is published throughout the state.

Passed the House January 28, 1943.

EDWARD J. REILLY,
Speaker of the House.

Passed the Senate March 8, 1943.

VICTOR A. MEYERS,
President of the Senate.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State, March 10, 1943.

BELLE REEVES,
Secretary of State.

ARGUMENT FOR HOUSE JOINT RESOLUTION NO. 1

This measure, when approved by the voters, will make 40-Mill property tax limitation a part of the Constitution of the State. Such limitation is not permanent. It can be changed by a vote of the people in the same manner as the present amendment is presented.

The law would be substantially as at present. *The voters of any taxing district could increase levies if they vote to do so.*

The effect of this enactment will be to stabilize property taxes. It will insure homeowners, farmers and others that the excessive tax levies in effect prior to the passage of the 40-Mill tax limitation law in 1932 will not again threaten their ownership of property.

Stabilized property taxes, coupled with our enormous electrical development will bring new industries to our state to furnish employment to our people and develop our natural resources.

Tax limitation is not the result of hasty action by the people of this state. Six times during the past twelve years it has been overwhelmingly voted by the people. It is now referred to the voters by the legislature in order that they may say whether the twelve years successful experience with low and limited taxes justifies placing it in our basic law.

The twelve years experience with this law has resulted in the development of a just tax system in the state; a system which equalized the burden and one based on ability to pay.

Under this system public debts have been reduced, taxing units placed on a sound financial basis; the load of delinquent taxes accumulated under our previous system has been practically cleaned up and our tax structure is now being advocated in many states.

Tax limitation by constitutional provision is at present in effect in six states of the Union and by statute in three.

Tax limitation is the bulwark which protects the home and farm against confiscating tax levies.

Under this system of tax limitation common schools of the State have received far greater financial support

than in any other like period in their history; current expenditures have increased from \$19,400,000 in 1934 to \$32,400,000 in 1942; minimum salary for teachers has been inaugurated, teachers' retirement placed on a sound basis and school debts reduced from \$33,814,978 in 1932 to \$6,125,003 in 1942. The average annual salary for teachers has risen from \$1,187.51 in 1934 to \$1,756.20 in 1942.

Appropriations for higher education which dropped to \$6,261,317 in the 1933-5 biennium were at a peak of \$12,505,802 in the 1941-3 biennium. State debts have been reduced by 38 per cent, county debts by 46 per cent and school debts by 82 per cent.

Placing tax limitation in the constitution assures tax stability and a prosperous future for the people of this state.

You should support this amendment for the following reasons:

1. To protect your home or farm from excessive taxation.
2. To encourage home-ownership as the cornerstone of free government and the American way of life.
3. To insure the establishment of industries with continuing jobs for our citizens and returning soldiers.
4. To insure stable, adequate and dependable income for State and local governments.
5. To continue a tax policy which has stood a twelve year test, a policy which has made home and farm ownership a safe investment and a tax structure which will bring in new industries and new citizens.

THE 40-MILL TAX LIMIT COMMITTEE

By J. W. WHEELER,
Honorary Chairman.
L. S. BOOTH,
Honorary Chairman.
H. F. SYFORD,
Chairman.

STATE OF WASHINGTON—ss.
Filed in the office of the Secretary of
State September 7, 1943.

BELLE REEVES,
Secretary of State.

An Amendment to the State Constitution

To Be Submitted to the Qualified Electors of the State for Their Approval or Rejection at the

GENERAL ELECTION

TO BE HELD ON

Tuesday, November 7, 1944

CONCISE STATEMENT

PROPOSED amendment to Article II of the Constitution, by adding a new section to be known as Section 40, limiting exclusively to highway purposes the use of motor vehicle license fees, excise taxes on motor fuels and other revenue intended for highway purposes only; providing for their payment into a special fund of the State Treasury; defining highway purposes; and excepting from its provisions certain other designated fees and taxes.

HOUSE JOINT RESOLUTION NO. 4

Be it Resolved by the Senate and the House of Representatives of the State of Washington in Legislative Session Assembled:

That, at the general election to be held in this state on the Tuesday next succeeding the first Monday in November, 1944, there shall be submitted to the qualified voters of this state for their adoption and approval or rejection an amendment to Article II of the Constitution of the State of Washington, by adding thereto a new section to be known as section 40 to read as follows:

Section 40. All fees collected by the State of Washington as license fees for motor vehicles and all excise taxes collected by the State of Washington on the sale, distribution or use of motor vehicle fuel and all other state revenue intended to be used for highway purposes, shall be paid into the state treasury and placed in a special fund to be used exclusively for highway purposes, such highway purposes shall be construed to include the following:

(a) The necessary operating, engineering and legal expenses connected with the administration of public highways, county roads and city streets;

(b) The construction, reconstruction, maintenance, repair, and betterment of public highways, county roads, bridges and city streets: including the cost and expense of (1) acquisition of rights-of-way, (2) installing, maintaining and operating traffic signs and signal lights, (3) policing by the State of public highways, (4) operation of movable span bridges, and (5) operation of ferries which are a part of any public highway, county road, or city street;

(c) The payment or refunding of any obligation of the State of Washington, or any political subdivision thereof, for which any of the revenues described in section 1 may have been legally pledged prior to the effective date of this act;

(d) Refunds authorized by law for taxes paid on motor vehicle fuels;

(e) The cost of collection of any revenues described in this section:

Provided, That this section shall not be construed to include revenue from

An Amendment to the State Constitution

general or special taxes or excises not levied primarily for highway purposes, or apply to vehicle operator's license fees or any excise tax imposed on motor vehicles or the use thereof in lieu of a property tax thereon, or fees for certificates of ownership of motor vehicles.

Be It Further Resolved, The Secretary of State shall cause the foregoing proposed amendment to be published for at least three (3) months next preceding the election in a weekly newspaper in every county where a

newspaper is published throughout the state.

Passed the House March 8, 1943.

EDWARD J. REILLY,
Speaker of the House.

Passed the Senate March 8, 1943.

VICTOR A. MEYERS,
President of the Senate.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State, March 13, 1943.

BELLE REEVES,
Secretary of State.

ARGUMENT FOR HOUSE JOINT RESOLUTION NO. 4

We believe the Good Roads Amendment to Article II of the State Constitution should be adopted for the following reasons:

At the request of farm, civic, labor, business, officials, motor owners, and Good Roads organizations, the Legislature approved and referred to the voters a Constitutional Amendment to limit definitely the use of gasoline taxes and automobile registration fees to street and highway construction, maintenance and safety. This does not include the excise taxes levied for school purposes.

There are 467 towns and communities in Washington which have no rail service and which are completely dependent upon highway transportation for their existence.

Their ability to expand, to accommodate new industries, to support bigger payrolls, is dependent upon good roads—upon the ability of trucks, buses and passenger automobiles to transport people and products to and from these communities. By insuring good roads, the amendment will assure the continued existence and prosperity of these communities.

Between 1933 and 1943 in this state, in excess of \$10,000,000 of your gas

tax money was diverted away from street and highway improvement and maintenance for other uses. Several hundred miles of good, paved, safe highway would have been built to save money in motor vehicle operation had this special motor tax money been used as it was intended. These were highways and streets we paid for, but didn't get! Now you can stop further diversion.

Growing acceptance of such amendments is revealed by the fact that fourteen states have adopted such legislation. These include the western states of Nevada, Colorado, Idaho, Oregon and California.

By conserving highway funds motor vehicle taxes will be kept down, making property and other taxes for highway construction unnecessary. Vote yes on the proposed amendment.

WASHINGTON STATE GOOD ROADS ASSOCIATION

By S. M. MORRIS, *President*,
DOUGLAS A. SHELOR, *Secretary*

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State, September 10, 1943.

BELLE REEVES,
Secretary of State.

