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INITIATIVE 274

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 274 to the Legislature is a true and correct copy as it was received by this office.

1 AN ACT Relating to ensuring greater governmental fiscal
2 responsibility by reestablishing voter-approved Initiative 601's state
3 spending and taxation limits and repealing loopholes; amending RCW
4 43.135.010, 43.135.025, 43.135.035, 43.135.045, 43.135.055, 43.135.060,
5 43.135.902, and 43.135.903; creating a new section; repealing RCW
6 43.135.03901, 43.135.03902, 43.135.051, and 43.135.080; repealing 2002
7 c 33 s 3 (uncodified); providing an effective date; and declaring an
8 emergency.

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

10

POLICIES AND PURPOSES

11 NEW SECTION. **Sec. 1.** State government faces a \$2 billion dollar
12 deficit because of numerous loopholes put in voter-approved Initiative
13 601, the Taxpayer Protection Act, since 1993. If these loopholes had
14 not been imposed and exploited over the past decade, state government
15 would have adequate reserves to use during these tough economic times.
16 Voters approved Initiative 601 to provide reasonable limits on spending

1 and taxation for state government. This measure would reestablish
2 state spending limits, emergency reserve fund requirements, limits on
3 unfunded mandates, and require a legislative supermajority for tax and
4 fee increases and to access emergency reserve funds for general fund
5 spending. This measure repeals loopholes put in voter-approved
6 Initiative 601 since 1993.

7 **Sec. 2.** RCW 43.135.010 and 1994 c 2 s 1 are each amended to read
8 as follows:

9 ~~((The people of the state of Washington hereby find and declare:~~

10 ~~(1) The continuing increases in our state tax burden and the~~
11 ~~corresponding growth of state government is contrary to the interest of~~
12 ~~the people of the state of Washington.~~

13 ~~(2) It is necessary to limit the rate of growth of state government~~
14 ~~while assuring adequate funding of essential services, including basic~~
15 ~~education as defined by the legislature.~~

16 ~~(3) The current budgetary system in the state of Washington lacks~~
17 ~~stability. The system encourages crisis budgeting and results in~~
18 ~~cutbacks during lean years and overspending during surplus years.~~

19 ~~(4) It is therefore the intent of this chapter to:~~

20 ~~(a) Establish a limit on state expenditures that will assure that~~
21 ~~the growth rate of state expenditures does not exceed the growth rate~~
22 ~~of inflation and state population;~~

23 ~~(b) Assure that local governments are provided funds adequate to~~
24 ~~render those services deemed essential by their citizens;~~

25 ~~(c) Assure that the state does not impose responsibility on local~~
26 ~~governments for new programs or increased levels of service under~~
27 ~~existing programs unless the costs thereof are paid by the state;~~

28 ~~(d) Provide for adjustment of the limit when costs of a program are~~
29 ~~transferred between the state and another political entity;~~

30 ~~(e) Establish a procedure for exceeding this limit in emergency~~
31 ~~situations;~~

32 ~~(f) Provide for voter approval of tax increases; and~~

33 ~~(g) Avoid overfunding and underfunding state programs by providing~~
34 ~~stability, consistency, and long-range planning.))~~ The people of the
35 state of Washington hereby find and declare:

36 (1) The continuing increases in our state tax burden and the
37 corresponding growth of state government is contrary to the interest of
38 the people of the state of Washington.

1 (2) It is necessary to limit the rate of growth of state government
2 while assuring adequate funding of essential services, including basic
3 education as defined by the legislature.

4 (3) The current budgetary system in the state of Washington lacks
5 stability. The system encourages crisis budgeting and results in
6 cutbacks during lean years and overspending during surplus years.

7 (4) It is therefore the intent of this chapter to:

8 (a) Establish a limit on state expenditures that will assure that
9 the growth rate of state expenditures does not exceed the growth rate
10 of inflation and state population;

11 (b) Assure that local governments are provided funds adequate to
12 render those services deemed essential by their citizens;

13 (c) Assure that the state does not impose responsibility on local
14 governments for new programs or increased levels of service under
15 existing programs unless the costs thereof are paid by the state;

16 (d) Provide for adjustment of the limit when costs of a program are
17 transferred between the state and another political entity;

18 (e) Establish a procedure for exceeding this limit in emergency
19 situations;

20 (f) Provide for voter approval of tax increases; and

21 (g) Avoid overfunding and underfunding state programs by providing
22 stability, consistency, and long-range planning.

23 **REESTABLISHING STATE SPENDING LIMITS**
24 **PROVIDED BY VOTER-APPROVED INITIATIVE 601**

25 **Sec. 3.** RCW 43.135.025 and 2000 2nd sp.s. c 2 s 1 are each amended
26 to read as follows:

27 ~~((1) The state shall not expend from the general fund during any~~
28 ~~fiscal year state moneys in excess of the state expenditure limit~~
29 ~~established under this chapter.~~

30 ~~(2) Except pursuant to a declaration of emergency under RCW~~
31 ~~43.135.035 or pursuant to an appropriation under RCW 43.135.045(4)(b),~~
32 ~~the state treasurer shall not issue or redeem any check, warrant, or~~
33 ~~voucher that will result in a state general fund expenditure for any~~
34 ~~fiscal year in excess of the state expenditure limit established under~~
35 ~~this chapter. A violation of this subsection constitutes a violation~~
36 ~~of RCW 43.88.290 and shall subject the state treasurer to the penalties~~
37 ~~provided in RCW 43.88.300.~~

1 ~~(3) The state expenditure limit for any fiscal year shall be the~~
2 ~~previous fiscal year's state expenditure limit increased by a~~
3 ~~percentage rate that equals the fiscal growth factor.~~

4 ~~(4) For purposes of computing the state expenditure limit for the~~
5 ~~fiscal year beginning July 1, 1995, the phrase "the previous fiscal~~
6 ~~year's state expenditure limit" means the total state expenditures from~~
7 ~~the state general fund, not including federal funds, for the fiscal~~
8 ~~year beginning July 1, 1989, plus the fiscal growth factor. This~~
9 ~~calculation is then computed for the state expenditure limit for fiscal~~
10 ~~years 1992, 1993, 1994, and 1995, and as required under RCW~~
11 ~~43.135.035(4).~~

12 ~~(5) A state expenditure limit committee is established for the~~
13 ~~purpose of determining and adjusting the state expenditure limit as~~
14 ~~provided in this chapter. The members of the state expenditure limit~~
15 ~~committee are the director of financial management, the attorney~~
16 ~~general or the attorney general's designee, and the chairs of the~~
17 ~~senate committee on ways and means and the house of representatives~~
18 ~~committee on appropriations. All actions of the state expenditure~~
19 ~~limit committee taken pursuant to this chapter require an affirmative~~
20 ~~vote of at least three members.~~

21 ~~(6) Each November, the state expenditure limit committee shall~~
22 ~~adjust the expenditure limit for the preceding fiscal year based on~~
23 ~~actual expenditures and known changes in the fiscal growth factor and~~
24 ~~then project an expenditure limit for the next two fiscal years. If,~~
25 ~~by November 30th, the state expenditure limit committee has not adopted~~
26 ~~the expenditure limit adjustment and projected expenditure limit as~~
27 ~~provided in subsection (5) of this section, the attorney general or his~~
28 ~~or her designee shall adjust or project the expenditure limit, as~~
29 ~~necessary.~~

30 ~~(7) "Fiscal growth factor" means the average of the sum of~~
31 ~~inflation and population change for each of the prior three fiscal~~
32 ~~years.~~

33 ~~(8) "Inflation" means the percentage change in the implicit price~~
34 ~~deflator for the United States for each fiscal year as published by the~~
35 ~~federal bureau of labor statistics.~~

36 ~~(9) "Population change" means the percentage change in state~~
37 ~~population for each fiscal year as reported by the office of financial~~
38 ~~management.))~~ (1) The state shall not expend from the general fund

1 during any fiscal year state moneys in excess of the state expenditure
2 limit established under this chapter.

3 (2) Except pursuant to a declaration of emergency under RCW
4 43.135.035 or pursuant to an appropriation under RCW 43.135.045(4)(b),
5 the state treasurer shall not issue or redeem any check, warrant, or
6 voucher that will result in a state general fund expenditure for any
7 fiscal year in excess of the state expenditure limit established under
8 this chapter. A violation of this subsection constitutes a violation
9 of RCW 43.88.290 and shall subject the state treasurer to the penalties
10 provided in RCW 43.88.300.

11 (3) The state expenditure limit for any fiscal year shall be the
12 previous fiscal year's state expenditure limit increased by a
13 percentage rate that equals the fiscal growth factor.

14 (4) For purposes of computing the state expenditure limit for the
15 fiscal year beginning July 1, 1995, the phrase "the previous fiscal
16 year's state expenditure limit" means the total state expenditures from
17 the state general fund, not including federal funds, for the fiscal
18 year beginning July 1, 1989, plus the fiscal growth factor. This
19 calculation is then computed for the state expenditure limit for fiscal
20 years 1992, 1993, 1994, and 1995, and as required under RCW
21 43.135.035(5).

22 (5) Each November, the office of financial management shall adjust
23 the expenditure limit for the preceding fiscal year based on actual
24 expenditures and known changes in the fiscal growth factor and then
25 project an expenditure limit for the next two fiscal years. The office
26 of financial management shall notify the legislative fiscal committees
27 of all adjustments to the state expenditure limit and projections of
28 future expenditure limits.

29 (6) "Fiscal growth factor" means the average of the sum of
30 inflation and population change for each of the prior three fiscal
31 years.

32 (7) "Inflation" means the percentage change in the implicit price
33 deflator for the United States for each fiscal year as published by the
34 federal bureau of labor statistics.

35 (8) "Population change" means the percentage change in state
36 population for each fiscal year as reported by the office of financial
37 management.

1 REESTABLISHING THE LIMITS ON TAX INCREASES
2 PROVIDED BY VOTER-APPROVED INITIATIVE 601

3 **Sec. 4.** RCW 43.135.035 and 2002 c 33 s 1 are each amended to read
4 as follows:

5 ~~((1) After July 1, 1995, any action or combination of actions by~~
6 ~~the legislature that raises state revenue or requires revenue neutral~~
7 ~~tax shifts may be taken only if approved by a two-thirds vote of each~~
8 ~~house, and then only if state expenditures in any fiscal year,~~
9 ~~including the new revenue, will not exceed the state expenditure limits~~
10 ~~established under this chapter. However, during the 2001-2003~~
11 ~~biennium, any action or combination of actions by the legislature that~~
12 ~~raises state revenue or requires revenue neutral tax shifts may be~~
13 ~~taken only if approved by a majority vote of each house, and then only~~
14 ~~if state expenditures in any fiscal year, including the new revenue,~~
15 ~~will not exceed the state expenditure limits established under this~~
16 ~~chapter.~~

17 ~~(2)(a) If the legislative action under subsection (1) of this~~
18 ~~section will result in expenditures in excess of the state expenditure~~
19 ~~limit, then the action of the legislature shall not take effect until~~
20 ~~approved by a vote of the people at a November general election. The~~
21 ~~office of financial management shall adjust the state expenditure limit~~
22 ~~by the amount of additional revenue approved by the voters under this~~
23 ~~section. This adjustment shall not exceed the amount of revenue~~
24 ~~generated by the legislative action during the first full fiscal year~~
25 ~~in which it is in effect. The state expenditure limit shall be~~
26 ~~adjusted downward upon expiration or repeal of the legislative action.~~

27 ~~(b) The ballot title for any vote of the people required under this~~
28 ~~section shall be substantially as follows:~~

29 ~~"Shall taxes be imposed on in order to allow a spending~~
30 ~~increase above last year's authorized spending adjusted for inflation~~
31 ~~and population increases?"~~

32 ~~(3)(a) The state expenditure limit may be exceeded upon declaration~~
33 ~~of an emergency for a period not to exceed twenty-four months by a law~~
34 ~~approved by a two-thirds vote of each house of the legislature and~~
35 ~~signed by the governor. The law shall set forth the nature of the~~
36 ~~emergency, which is limited to natural disasters that require immediate~~
37 ~~government action to alleviate human suffering and provide humanitarian~~

1 assistance.— The state expenditure limit may be exceeded for no more
2 than twenty-four months following the declaration of the emergency and
3 only for the purposes contained in the emergency declaration.

4 (b) Additional taxes required for an emergency under this section
5 may be imposed only until thirty days following the next general
6 election, unless an extension is approved at that general election.
7 The additional taxes shall expire upon expiration of the declaration of
8 emergency.— The legislature shall not impose additional taxes for
9 emergency purposes under this subsection unless funds in the education
10 construction fund have been exhausted.

11 (c) The state or any political subdivision of the state shall not
12 impose any tax on intangible property listed in RCW 84.36.070 as that
13 statute exists on January 1, 1993.

14 (4) If the cost of any state program or function is shifted from
15 the state general fund on or after January 1, 1993, to another source
16 of funding, or if moneys are transferred from the state general fund to
17 another fund or account, the state expenditure limit committee, acting
18 pursuant to RCW 43.135.025(5), shall lower the state expenditure limit
19 to reflect the shift. For the purposes of this section, a transfer of
20 money from the state general fund to another fund or account includes
21 any state legislative action taken after July 1, 2000, that has the
22 effect of reducing revenues from a particular source, where such
23 revenues would otherwise be deposited into the state general fund,
24 while increasing the revenues from that particular source to another
25 state or local government account. This subsection does not apply to
26 the dedication or use of lottery revenues under RCW 67.70.240(3) or
27 property taxes under RCW 84.52.068, in support of education or
28 education expenditures.

29 (5) If the cost of any state program or function is shifted to the
30 state general fund on or after January 1, 2000, from another source of
31 funding, or if moneys are transferred to the state general fund from
32 another fund or account, the state expenditure limit committee, acting
33 pursuant to RCW 43.135.025(5), shall increase the state expenditure
34 limit to reflect the shift.)) (1) After July 1, 1995, any action or
35 combination of actions by the legislature that raises state revenue or
36 requires revenue-neutral tax shifts may be taken only if approved by a
37 three-fourths vote of each house, and then only if state expenditures
38 in any fiscal year, including the new revenue, will not exceed the
39 state expenditure limits established under this chapter.

1 (2) For the purposes of this section, "raises state revenue"
2 includes adding a new tax as authorized by law, expanding the base of
3 any tax, increasing the monetary amount of an existing tax, increasing
4 the rate of an existing tax, removing all or part of any exemption or
5 deduction from any tax, and extending an expiring tax.

6 (3)(a) If the legislative action under subsection (1) of this
7 section will result in expenditures in excess of the state expenditure
8 limit, then the action of the legislature shall not take effect until
9 approved by a vote of the people at a November general election. The
10 office of financial management shall adjust the state expenditure limit
11 by the amount of additional revenue approved by the voters under this
12 section. This adjustment shall not exceed the amount of revenue
13 generated by the legislative action during the first full fiscal year
14 in which it is in effect. The state expenditure limit shall be
15 adjusted downward upon expiration or repeal of the legislative action.

16 (b) The ballot title for any vote of the people required under this
17 section shall be substantially as follows:

18 "Shall taxes be imposed on in order to allow a spending
19 increase above last year's authorized spending adjusted for inflation
20 and population increases?"

21 (4)(a) The state expenditure limit may be exceeded upon declaration
22 of an emergency for a period not to exceed twenty-four months by a law
23 approved by a three-fourths vote of each house of the legislature and
24 signed by the governor. The law shall set forth the nature of the
25 emergency, which is limited to natural disasters that require immediate
26 government action to alleviate human suffering and provide humanitarian
27 assistance. The state expenditure limit may be exceeded for no more
28 than twenty-four months following the declaration of the emergency and
29 only for the purposes contained in the emergency declaration.

30 (b) Additional taxes required for an emergency under this section
31 may be imposed only until thirty days following the next general
32 election, unless an extension is approved at that general election.
33 The additional taxes shall expire upon expiration of the declaration of
34 emergency. The legislature shall not impose additional taxes for
35 emergency purposes under this subsection unless funds in the education
36 construction fund have been exhausted.

1 (c) The state or any political subdivision of the state shall not
2 impose any tax on intangible property listed in RCW 84.36.070 as that
3 statute exists on January 1, 1993.

4 (5) If the cost of any state program or function is shifted from
5 the state general fund on or after January 1, 1993, to another source
6 of funding, or if moneys are transferred from the state general fund to
7 another fund or account, the office of financial management shall lower
8 the state expenditure limit to reflect the shift.

9 **REESTABLISHING THE EMERGENCY RESERVE FUND REQUIREMENTS**

10 **PROVIDED BY VOTER-APPROVED INITIATIVE 601**

11 **Sec. 5.** RCW 43.135.045 and 2002 c 33 s 2 are each amended to read
12 as follows:

13 ~~((1) The emergency reserve fund is established in the state~~
14 ~~treasury. During each fiscal year, the state treasurer shall deposit~~
15 ~~in the emergency reserve fund all general fund state revenues in~~
16 ~~excess of the state expenditure limit for that fiscal year. Deposits~~
17 ~~shall be made at the end of each fiscal quarter based on projections of~~
18 ~~state revenues and the state expenditure limit. The treasurer shall~~
19 ~~make transfers between these accounts as necessary to reconcile actual~~
20 ~~annual revenues and the expenditure limit for fiscal year 2000 and~~
21 ~~thereafter.~~

22 ~~(2) The legislature may appropriate moneys from the emergency~~
23 ~~reserve fund only with approval of at least two thirds of the members~~
24 ~~of each house of the legislature, and then only if the appropriation~~
25 ~~does not cause total expenditures to exceed the state expenditure limit~~
26 ~~under this chapter. However, during the 2001-2003 biennium, the~~
27 ~~legislature may transfer moneys from the emergency reserve fund to the~~
28 ~~general fund only with approval of a majority of the members of each~~
29 ~~house of the legislature, and then only if the appropriation does not~~
30 ~~cause total expenditures to exceed the state expenditure limit under~~
31 ~~this chapter.~~

32 ~~(3) The emergency reserve fund balance shall not exceed five~~
33 ~~percent of annual general fund state revenues as projected by the~~
34 ~~official state revenue forecast. Any balance in excess of five percent~~
35 ~~shall be transferred on a quarterly basis by the state treasurer as~~
36 ~~follows: Seventy five percent to the student achievement fund hereby~~
37 ~~created in the state treasury and twenty five percent to the general~~

1 fund balance. — The treasurer shall make transfers between these
2 accounts as necessary to reconcile actual annual revenues for fiscal
3 year 2000 and thereafter. — When per student state funding for the
4 maintenance and operation of K-12 education meets a level of no less
5 than ninety percent of the national average of total funding from all
6 sources per student as determined by the most recent published data
7 from the national center for education statistics of the United States
8 department of education, as calculated by the office of financial
9 management, further deposits to the student achievement fund shall be
10 required only to the extent necessary to maintain the ninety percent
11 level. — Remaining funds are part of the general fund balance and these
12 funds are subject to the expenditure limits of this chapter.

13 (4) The education construction fund is hereby created in the state
14 treasury.

15 (a) Funds may be appropriated from the education construction fund
16 exclusively for common school construction or higher education
17 construction.

18 (b) Funds may be appropriated for any other purpose only if
19 approved by a two-thirds vote of each house of the legislature and if
20 approved by a vote of the people at the next general election. — An
21 appropriation approved by the people under this subsection shall result
22 in an adjustment to the state expenditure limit only for the fiscal
23 period for which the appropriation is made and shall not affect any
24 subsequent fiscal period.

25 (5) Funds from the student achievement fund shall be appropriated
26 to the superintendent of public instruction strictly for distribution
27 to school districts to meet the provisions set out in the student
28 achievement act. — Allocations shall be made on an equal per full-time
29 equivalent student basis to each school district.

30 (6) Earnings of the emergency reserve fund under RCW
31 43.84.092(4)(a) shall be transferred quarterly to the multimodal
32 transportation account, except for those earnings that are in excess of
33 thirty-five million dollars each fiscal year. — Within thirty days
34 following any fiscal year in which earnings transferred to the
35 multimodal transportation account under this subsection did not total
36 thirty-five million dollars, the state treasurer shall transfer from
37 the emergency reserve fund an amount necessary to bring the total
38 deposited in the multimodal transportation account under this
39 subsection to thirty-five million dollars. — The revenues to the

1 multimodal transportation account reflected in this subsection provide
2 ongoing support for the transportation programs of the state. However,
3 it is the intent of the legislature that any new long term financial
4 support that may be subsequently provided for transportation programs
5 will be used to replace and supplant the revenues reflected in this
6 subsection, thereby allowing those revenues to be returned to the
7 purposes to which they were previously dedicated.)) (1) The emergency
8 reserve fund is established in the state treasury. During each fiscal
9 year, the state treasurer shall deposit in the emergency reserve fund
10 all general fund--state revenues in excess of the state expenditure
11 limit for that fiscal year. Deposits shall be made at the end of each
12 fiscal quarter based on projections of state revenues and the state
13 expenditure limit.

14 (2) The legislature may appropriate moneys from the emergency
15 reserve fund only with approval of at least three-fourths of the
16 members of each house of the legislature, and then only if the
17 appropriation does not cause total expenditures to exceed the state
18 expenditure limit under this chapter.

19 (3) The emergency reserve fund balance shall not exceed five
20 percent of biennial general fund--state revenues as projected by the
21 official state revenue forecast. Any balance in excess of five percent
22 shall be transferred on a quarterly basis by the state treasurer to the
23 education construction fund hereby created in the treasury.

24 (4)(a) Funds may be appropriated from the education construction
25 fund exclusively for common school construction or higher education
26 construction.

27 (b) Funds may be appropriated for any other purpose only if
28 approved by a three-fourths vote of each house of the legislature and
29 if approved by a vote of the people at the next general election. An
30 appropriation approved by the people under this subsection shall result
31 in an adjustment to the state expenditure limit only for the fiscal
32 period for which the appropriation is made and shall not affect any
33 subsequent fiscal period.

34 **REESTABLISHING THE LIMITS ON FEE INCREASES**
35 **PROVIDED BY VOTER-APPROVED INITIATIVE 601**

36 **Sec. 6.** RCW 43.135.055 and 2001 c 314 s 19 are each amended to
37 read as follows:

1 (1) (~~No fee may increase in any fiscal year by a percentage in~~
2 ~~excess of the fiscal growth factor for that fiscal year without prior~~
3 ~~legislative approval.~~) No fee may increase in any fiscal year by a
4 percentage in excess of the fiscal growth factor for that fiscal year
5 unless the increase is approved by a three-fourths vote of each house
6 of the legislature.

7 (2) This section does not apply to an assessment made by an
8 agricultural commodity commission or board created by state statute or
9 created under a marketing agreement or order under chapter 15.65 or
10 15.66 RCW, or to the forest products commission, if the assessment is
11 approved by referendum in accordance with the provisions of the
12 statutes creating the commission or board or chapter 15.65 or 15.66 RCW
13 for approving such assessments.

14 **REESTABLISHING THE LIMITS ON UNFUNDED MANDATES**
15 **PROVIDED BY VOTER-APPROVED INITIATIVE 601**

16 **Sec. 7.** RCW 43.135.060 and 1998 c 321 s 15 are each amended to
17 read as follows:

18 (~~(1) After July 1, 1995, the legislature shall not impose~~
19 ~~responsibility for new programs or increased levels of service under~~
20 ~~existing programs on any political subdivision of the state unless the~~
21 ~~subdivision is fully reimbursed by the state for the costs of the new~~
22 ~~programs or increases in service levels. Reimbursement by the state~~
23 ~~may be made by: (a) A specific appropriation; or (b) increases in~~
24 ~~state distributions of revenue to political subdivisions occurring~~
25 ~~after January 1, 1998.~~

26 (2) ~~If by order of any court, or legislative enactment, the costs~~
27 ~~of a federal or local government program are transferred to or from the~~
28 ~~state, the otherwise applicable state expenditure limit shall be~~
29 ~~increased or decreased, as the case may be, by the dollar amount of the~~
30 ~~costs of the program.~~

31 (3) ~~The legislature, in consultation with the office of financial~~
32 ~~management or its successor agency, shall determine the costs of any~~
33 ~~new programs or increased levels of service under existing programs~~
34 ~~imposed on any political subdivision or transferred to or from the~~
35 ~~state.~~

36 (4) ~~Subsection (1) of this section does not apply to the costs~~
37 ~~incurred for voting devices or machines under RCW 29.04.200.)~~ (1)

1 After July 1, 1995, the legislature shall not impose responsibility for
2 new programs or increased levels of service under existing programs on
3 any political subdivision of the state unless the subdivision is fully
4 reimbursed by specific appropriation by the state for the costs of the
5 new programs or increases in service levels.

6 (2) If by order of any court, or legislative enactment, the costs
7 of a federal or local government program are transferred to or from the
8 state, the otherwise applicable state expenditure limit shall be
9 increased or decreased, as the case may be, by the dollar amount of the
10 costs of the program.

11 (3) The legislature, in consultation with the office of financial
12 management or its successor agency, shall determine the costs of any
13 new programs or increased levels of service under existing programs
14 imposed on any political subdivision or transferred to or from the
15 state.

16 (4) Subsection (1) of this section does not apply to the costs
17 incurred for voting devices or machines under RCW 29.04.200.

18 **REPEALING LOOPHOLES PUT IN VOTER-APPROVED INITIATIVE 601 SINCE 1993**

19 NEW SECTION. Sec. 8. The following acts or parts of acts are each
20 repealed:

21 (1) RCW 43.135.03901 (Criminal justice treatment account, violence
22 reduction and drug enforcement account transfers) and 2002 c 290 s 5;

23 (2) RCW 43.135.03902 (Multimodal transportation account transfer)
24 and 2002 c 202 s 404;

25 (3) RCW 43.135.051 (Emergency reserve fund--State investment board
26 authority to invest or manage) and 1999 c 288 s 1;

27 (4) RCW 43.135.080 (Reenactment and reaffirmation of Initiative
28 Measure No. 601--Continued limitations--Exceptions) and 1998 c 321 s
29 14; and

30 (5) 2002 c 33 s 3 (uncodified).

31 **REESTABLISHING THE TITLE OF VOTER-APPROVED INITIATIVE 601**

32 **Sec. 9.** RCW 43.135.902 and 1994 c 2 s 10 are each amended to read
33 as follows:

1 (~~This chapter may be known and cited as the taxpayer protection~~
2 ~~act.~~) This chapter may be known and cited as the taxpayer protection
3 act.

4 **REESTABLISHING THE SEVERABILITY CLAUSE OF VOTER-APPROVED**
5 **INITIATIVE 601**

6 **Sec. 10.** RCW 43.135.903 and 1994 c 2 s 12 are each amended to read
7 as follows:

8 (~~If any provision of this act or its application to any person or~~
9 ~~circumstance is held invalid, the remainder of the act or the~~
10 ~~application of the provision to other persons or circumstances is not~~
11 ~~affected.~~) If any provision of this act or its application to any
12 person or circumstance is held invalid, the remainder of the act or the
13 application of the provision to other persons or circumstances is not
14 affected.

15 **EMERGENCY CLAUSE**

16 NEW SECTION. **Sec. 11.** The provisions of this act are necessary
17 for the immediate preservation of the public peace, health, or safety,
18 or support of the state government and its existing public
19 institutions, and take effect retroactively to January 1, 2003.

--- END ---