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### **INITIATIVE 278**

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. 278 to the Legislature is a true and correct copy as it was received by this office.

**I-800 Ballot Title:** This measure would require either two-thirds legislative approval or majority voter approval for state, county, port, and city tax and fee increases. Increases adopted after November 1, 2002 without two-thirds legislative approval or majority voter approval would expire.

### **I-800 REQUIRES EITHER 2/3 LEGISLATIVE APPROVAL OR MAJORITY VOTER APPROVAL TO RAISE TAXES OR FEES**

AN ACT Relating to ensuring greater governmental fiscal responsibility by requiring either two-thirds legislative approval or majority voter approval to raise revenue; reenacting and amending RCW 43.135.035; amending RCW 43.135.055; adding new sections to chapter 43.135 RCW; adding a new section to chapter 43.135.055 RCW; adding a new section to chapter 35.32A RCW; adding a new section to chapter 35.33 RCW; adding a new section to chapter 35.34 RCW; adding a new section to chapter 35A.33 RCW; adding a new section to chapter 35A.34 RCW; adding a section to chapter 36.40 RCW; adding a section to chapter 53.35 RCW; and creating new sections.

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

## POLICIES AND PURPOSES

NEW SECTION. **Sec. 1.** Washington has the highest unemployment in the nation. We are in the midst of a recession. Increasing taxes and fees will only make our economic conditions worse. This measure is intended to protect taxpayers and our economy by making it tougher to raise taxes. This measure would require either two-thirds legislative approval or majority voter approval for state, county, port, and city tax and fee increases. Increases adopted after November 1, 2002 without two-thirds legislative approval or majority voter approval would expire. The people want to ensure that there is an overwhelming consensus among elected officials that all other options are exhausted before taxes or fees are increased.

### **REENACTING 2/3 LEGISLATIVE APPROVAL OR MAJORITY VOTER APPROVAL FOR STATE GOVERNMENT TO RAISE REVENUE THROUGH TAX INCREASES**

**Sec. 2.** RCW 43.135.035 and 2001 c 3 s 8 (Initiative Measure No. 728) and 2000 2nd sp.s. c 2 s 2 are each reenacted and amended to read as follows:

(1) After July 1, 1995, any action or combination of actions by the legislature that raises state revenue or requires revenue-neutral tax shifts may be taken only if approved by a (~~two-thirds~~) two-thirds vote of each house of the legislature except actions that raise state revenue that are referred to the voters as allowed by subsection (3) of this section, and then only if state expenditures in any fiscal year, including the new revenue, will not exceed the state expenditure limits established under this chapter.

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

(3) State revenue increases referred to the voters for their approval or rejection at an election shall require a majority vote of each house of the legislature and then only if state expenditures in any fiscal year, including the new revenue, will not exceed the state expenditure limits established under this chapter.

~~((2)(a))~~ (4) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature shall not take effect until approved by a vote of the people at a November general election. The office of financial management shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this subsection. This adjustment shall not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit shall be adjusted downward upon expiration or repeal of the legislative action.

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

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

~~((3))~~ (5)(a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a ~~((two-thirds))~~ two-thirds vote of each house of the legislature and signed by the governor. The law shall set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

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

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

~~((4))~~ (6) If the cost of any state program or function is shifted from the state general fund on or after January 1, 1993, to another

source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund to another fund or account includes any state legislative action taken after July 1, 2000, that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to the dedication or use of lottery revenues under RCW 67.70.240(3) or property taxes under RCW 84.52.068, in support of education or education expenditures.

~~((+5))~~ (7) If the cost of any state program or function is shifted to the general fund on or after January 1, 2000, from another source of funding, or if moneys are transferred to the state general fund from another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall increase the state expenditure limit to reflect the shift.

**REQUIRING TAX INCREASES ADOPTED BEFORE THE EFFECTIVE DATE OF THIS ACT  
TO EXPIRE UNLESS THE INCREASES RECEIVED  
2/3 LEGISLATIVE APPROVAL OR MAJORITY VOTER APPROVAL**

NEW SECTION. **Sec. 3.** A new section is added to chapter 43.135 RCW to read as follows:

Any action or combination of actions by the legislature after November 1, 2002, and before the effective date of this act that raises state revenue or requires revenue-neutral tax shifts that did not receive two-thirds legislative approval or did not receive majority voter approval shall expire on the effective date of this act.

**REQUIRING 2/3 LEGISLATIVE APPROVAL OR MAJORITY VOTER APPROVAL  
FOR STATE GOVERNMENT TO RAISE REVENUE THROUGH FEE INCREASES**

**Sec. 4.** RCW 43.135.055 and 2001 c 314 s 19 are each amended to read as follows:

(1) ~~((No fee may increase in any fiscal year by a percentage in excess of the fiscal growth factor for that fiscal year without prior~~

~~legislative approval.))~~ No fee may increase in any fiscal year unless the increase is approved by a two-thirds vote of each house of the legislature, except increases referred to the voters for their approval or rejection which shall require a majority vote of each house of the legislature.

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

**REQUIRING FEE INCREASES ADOPTED BEFORE THE EFFECTIVE DATE OF THIS ACT  
TO EXPIRE UNLESS THE INCREASES RECEIVED  
2/3 LEGISLATIVE APPROVAL OR MAJORITY VOTER APPROVAL**

NEW SECTION. **Sec. 5.** A new section is added to chapter 43.135 RCW to read as follows:

Any fee increase enacted after November 1, 2002, and before the effective date of this act that did not receive two-thirds legislative approval or did not receive voter approval shall expire on the effective date of this act.

**REQUIRING 2/3 LEGISLATIVE APPROVAL OR MAJORITY VOTER APPROVAL  
FOR ANY COUNTY, PORT, OR CITY TO RAISE REVENUE THROUGH TAXES AND FEES**

NEW SECTION. **Sec. 6.** A new section is added to chapter 35.32A RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by cities and towns that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a two-thirds vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body. The requirements of this section shall not supercede any local government taxing authority that already requires voter approval, including, but not limited to, the requirements of RCW 84.55.0101, also known as Initiative Measure No. 747, which requires

any property tax collection increase above one percent per year to be approved by the voters at an election.

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

(3) Any revenue increase enacted by cities and towns after November 1, 2002, and before the effective date of this act that did not receive two-thirds legislative approval or did not receive majority voter approval shall expire on the effective date of this act.

NEW SECTION. **Sec. 7.** A new section is added to chapter 35.33 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by cities and towns that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a two-thirds vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body. The requirements of this section shall not supercede any local government taxing authority that already requires voter approval, including, but not limited to, the requirements of RCW 84.55.0101, also known as Initiative Measure No. 747, which requires any property tax collection increase above one percent per year to be approved by the voters at an election.

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

(3) Any revenue increase enacted by cities and towns after November 1, 2002, and before the effective date of this act that did not receive two-thirds legislative approval or did not receive majority voter approval shall expire on the effective date of this act.

NEW SECTION. **Sec. 8.** A new section is added to chapter 35.34 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by cities and towns that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a two-thirds vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body. The requirements of this section shall not supercede any local government taxing authority that already requires voter approval, including, but not limited to, the requirements of RCW 84.55.0101, also known as Initiative Measure No. 747, which requires any property tax collection increase above one percent per year to be approved by the voters at an election.

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

(3) Any revenue increase enacted by cities and towns after November 1, 2002, and before the effective date of this act that did not receive two-thirds legislative approval or did not receive majority voter approval shall expire on the effective date of this act.

NEW SECTION. **Sec. 9.** A new section is added to chapter 35A.33 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by cities that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a two-thirds vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body. The requirements of this section shall not supercede any local government taxing authority that already requires voter approval, including, but not limited to, the requirements of RCW 84.55.0101, also known as Initiative Measure No. 747, which requires any property tax collection increase above one percent per year to be approved by the voters at an election.

(2) For the purposes of this section, "raises revenue" includes adding a new tax or fee as authorized by law, expanding the base of any tax or fee, increasing the monetary amount of an existing tax or fee, increasing the rate of an existing tax or fee, removing all or part of

any exemption or deduction from any tax or fee, and extending an expiring tax or fee.

(3) Any revenue increase enacted by cities after November 1, 2002, and before the effective date of this act that did not receive two-thirds legislative approval or did not receive majority voter approval shall expire on the effective date of this act.

NEW SECTION. **Sec. 10.** A new section is added to chapter 35A.34 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by cities that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a three-fourths vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body. The requirements of this section shall not supercede any local government taxing authority that already requires voter approval, including, but not limited to, the requirements of RCW 84.55.0101, also known as Initiative Measure No. 747, which requires any property tax collection increase above one percent per year to be approved by the voters at an election.

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

(3) Any revenue increase enacted by cities after November 1, 2002, and before the effective date of this act that did not receive three-fourths legislative approval or did not receive majority voter approval shall expire on the effective date of this act.

NEW SECTION. **Sec. 11.** A new section is added to chapter 36.40 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by counties that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a two-thirds vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body. The requirements of this section shall not supercede



any local government taxing authority that already requires voter approval, including, but not limited to, the requirements of RCW 84.55.0101, also known as Initiative Measure No. 747, which requires any property tax collection increase above one percent per year to be approved by the voters at an election.

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

(3) Any revenue increase enacted by counties after November 1, 2002, and before the effective date of this act that did not receive two-thirds legislative approval or did not receive majority voter approval shall expire on the effective date of this act.

NEW SECTION. **Sec. 12.** A new section is added to chapter 53.35 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by port districts that raises revenue or requires revenue-neutral tax shifts may be taken only if approved by a two-thirds vote of the legislative body except increases referred to the voters for their approval or rejection which shall require a majority vote of the legislative body. The requirements of this section shall not supercede any local government taxing authority that already requires voter approval, including, but not limited to, the requirements of RCW 84.55.0101, also known as Initiative Measure No. 747, which requires any property tax collection increase above one percent per year to be approved by the voters at an election.

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

(3) Any revenue increase enacted by port districts after November 1, 2002, and before the effective date of this act that did not receive two-thirds legislative approval or did not receive majority voter approval shall expire on the effective date of this act.

## CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 13.** The provisions of this act are to be liberally construed to effectuate the intent, policies and purposes of this act.

## SEVERABILITY CLAUSE

NEW SECTION. **Sec. 14.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

## EFFECTIVE DATE

NEW SECTION. **Sec. 15.** This act takes effect on January 1, 2004.

## LEGISLATIVE INTENT

NEW SECTION. **Sec. 16.** The people have made clear through the passage of numerous initiatives and referenda that taxes need to be reasonable and tax increases should always be a last resort. However, politicians throughout the state of Washington continue to ignore these repeated mandates.

Politicians are reminded:

1) All political power is vested in the people, as stated in Article I, section 1 of the Washington state Constitution. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

2) The first power reserved by the people is the initiative, as stated in Article II, section 1 of the Washington state Constitution.

3) When voters approve initiatives, politicians have a moral, ethical and constitutional obligation to fully implement them. When politicians ignore this obligation, they corrupt the term "public servant."

4) Any attempt to violate the clear intent and spirit of this measure undermines the trust of the people in their government and will increase the likelihood of future tax limitation measures.

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