

INITIATIVE 389

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

AN ACT Relating to protecting taxpayers by limiting the tax burden on Washington's citizens; adding new sections to chapter 43.135 RCW; adding a new section to chapter 36.33 RCW and chapter 35.34 RCW; and creating new sections.

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

POLICIES AND PURPOSES

NEW SECTION. **Sec. 1.** This measure concerns the growth of general fund revenue for state government, counties, and cities. This measure would limit the growth of general fund revenue, not including new voter-approved revenue, to 1% per year. Revenue above this limit would be refunded annually to legally registered voters. This measure allows the growth of Washington's tax burden to increase at a reasonable rate but allows citizens to vote for higher taxes where they see a need. This measure provides a smart, balanced, reasonable solution to our state's crushing tax burden. It also provides a strong incentive for government to focus on increasing effectiveness and efficiency by implementing the performance audit

recommendations by the State Auditor's Office thanks to the voters' approval of Initiative 900 in 2005.

**LIMITING THE TAX BURDEN OF WASHINGTON'S CITIZENS BY LIMITING THE
GROWTH OF STATE GOVERNMENT'S GENERAL FUND REVENUE, NOT INCLUDING
NEW VOTER-APPROVED REVENUE, TO 1% PER YEAR.
EXCESS REVENUE ABOVE THIS LIMIT WOULD BE REFUNDED ANNUALLY
TO LEGAL REGISTERED VOTERS**

NEW SECTION. **Sec. 2.** A new section is added to chapter 43.135 RCW to read as follows:

(1) Using the 2007 calendar year as the base, the growth of state government general fund revenue, not including new voter-approved revenue, shall be 1% per year. Excess revenue above this limit shall be dedicated to the Refund Excess Taxes Account created in section 5 of this act.

(2) For purposes of this section, "general fund revenue" means the aggregate of revenue from taxes, fees, and other governmental charges levied and collected by state government for use in the state general fund. "General fund revenue" includes, but is not limited to, revenue from sales and use taxes, property taxes, business and occupation taxes, and other revenues.

(3) If the cost of any state program or function is shifted from the state general fund on or after January 1, 2008, to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the limit required by this section shall apply to the aggregate of revenue from the state general fund plus the shifted revenue for that year and all subsequent years.

(4) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund on or after January 1, 2008, the limit required by this section shall apply to the aggregate of revenue from the state general fund plus the shifted revenue for that year and all subsequent years.

(5) For the purposes of this section, "new voter-approved revenue" is defined as any action or combination of actions by the legislature that raises revenue and that is referred to and approved by the state's voters at an election after the effective date of this act. Voter approval of a property tax levy lid lift only exempts the

additional increase in property tax revenue and not the nonvoter-approved portion of the levy.

LIMITING THE TAX BURDEN OF WASHINGTON'S CITIZENS BY LIMITING THE GROWTH OF EACH COUNTY'S GENERAL FUND REVENUE, NOT INCLUDING NEW VOTER-APPROVED REVENUE, TO 1% PER YEAR. EXCESS REVENUE ABOVE THIS LIMIT WOULD BE REFUNDED ANNUALLY TO LEGAL REGISTERED VOTERS

NEW SECTION. **Sec. 3.** A new section is added to chapter 36.33 RCW to read as follows:

(1) Using the 2007 calendar year as the base, the growth of any county's general fund revenue, not including new voter-approved revenue, shall be 1% per year. Excess revenue above this limit shall be dedicated to the Refund Excess Taxes Account created in section 5 of this act.

(2) For purposes of this section, "general fund revenue" means the aggregate of revenue from taxes, fees, and other governmental charges levied by the county for use in the county's general fund. "General fund revenue" includes, but is not limited to, revenue from sales and use taxes, property taxes, business taxes, and other revenues.

(3) If the cost of any county program or function is shifted from the county's general fund on or after January 1, 2008, to another source of funding, or if moneys are transferred from the county's general fund to another fund or account, the limit required by this section shall apply to the aggregate of revenue from the county's general fund plus the shifted revenue for that year and all subsequent years.

(4) If the cost of any county program or function and the ongoing revenue necessary to fund the program or function are shifted to the county's general fund on or after January 1, 2008, the limit required by this section shall apply to the aggregate of revenue from the county's general fund plus the shifted revenue for that year and all subsequent years.

(5) For the purposes of this section, "new voter-approved revenue" is defined as any action or combination of actions by the county that raises revenue and that is referred to and approved by the county's voters at an election after the effective date of this

act. Voter approval of a property tax levy lid lift only exempts the additional increase in property tax revenue and not the nonvoter-approved portion of the levy.

**LIMITING THE TAX BURDEN OF WASHINGTON'S CITIZENS BY LIMITING THE
GROWTH OF EACH CITY'S GENERAL FUND REVENUE, NOT INCLUDING
NEW VOTER-APPROVED REVENUE, TO 1% PER YEAR.
EXCESS REVENUE ABOVE THIS LIMIT WOULD BE REFUNDED ANNUALLY
TO LEGAL REGISTERED VOTERS**

NEW SECTION. **Sec. 4.** A new section is added to chapter 35.34 RCW to read as follows:

(1) Using the 2007 calendar year as the base, the growth of any city's general fund revenue, not including new voter-approved revenue, shall be 1% per year. Excess revenue above this limit shall be dedicated to the Refund Excess Taxes Account created in section 5 of this act.

(2) For purposes of this section, "general fund revenue" means the aggregate of revenue from taxes, fees, and other governmental charges levied by the city for use in the city's general fund. "General fund revenue" includes, but is not limited to, revenue from sales and use taxes, property taxes, business taxes, and other revenues.

(3) If the cost of any city program or function is shifted from the city's general fund on or after January 1, 2008, to another source of funding, or if moneys are transferred from the city's general fund to another fund or account, the limit required by this section shall apply to the aggregate of revenue from the city's general fund plus the shifted revenue for that year and all subsequent years.

(4) If the cost of any city program or function and the ongoing revenue necessary to fund the program or function are shifted to the city's general fund on or after January 1, 2008, the limit required by this section shall apply to the aggregate of revenue from the city's general fund plus the shifted revenue for that year and all subsequent years.

(5) For the purposes of this section, "new voter-approved revenue" is defined as any action or combination of actions by the city that raises revenue and that is referred to and approved by the

city's voters at an election after the effective date of this act. Voter approval of a property tax levy lid lift only exempts the additional increase in property tax revenue and not the nonvoter-approved portion of the levy.

**CREATING THE REFUND EXCESS TAXES ACCOUNT AND REFUNDING
EXCESS REVENUE EACH YEAR TO LEGAL REGISTERED VOTERS**

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

The Refund Excess Taxes Account is hereby created in the custody of the state treasurer. Excess revenue identified in sections 2, 3, and 4 of this act shall be deposited in the account by each governmental entity no later than sixty days following the end of each calendar year. The department of revenue shall issue a refund check to each registered voter no later than April 15th following the end of each calendar year. Any such refunds shall be made by means of vouchers approved by the department of revenue and by the issuance of state warrants drawn upon and payable from funds from the Refund Excess Taxes Account created by this section. For the purposes of this section, "registered voter" means Washington state citizens who are legally entitled and registered to vote with the secretary of state of Washington and classified by their office as active. The refund amount shall be the same for each registered voter and shall be calculated by dividing the balance in the Refund Excess Taxes Account by the number of registered voters on the secretary of state's voter rolls on December 31st of that calendar year. Any funds not redeemed within ninety days of the issuance of the refunds shall be retained in the Refund Excess Taxes Account and refunded the following year. On the back of each refund check, the following oath shall appear:

"By signing this refund voucher, I swear, under penalty of perjury, that:

- 1) I am the person identified on the front of this check;
- 2) I am not registered to vote in any other state and am not registered to vote in Washington under a different or similar name; and
- 3) I am legally qualified to vote under the laws and Constitution of the United States and the laws and Constitution of Washington state.

Signed name
Printed name
Date of signature

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 6.** 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. 7.** 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.

MISCELLANEOUS

NEW SECTION. **Sec. 8.** Subheadings used in this act are not part of the law.

NEW SECTION. **Sec. 9.** This act shall be known and cited as the Refund Excess Taxes Act of 2008.

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