

INITIATIVE 944

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

AN ACT Relating to taxes, fees, and other revenues imposed by state and local governments; amending RCW 43.135.035, 43.135.035, and 43.135.055; adding new sections to chapter 43.135 RCW; adding new sections to chapter 35.21 RCW; creating new sections; providing effective dates; and providing an expiration date.

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

POLICIES AND PURPOSES

NEW SECTION. **Sec. 1.** The people find that it is too easy for state and local governments to take more of the people's money. The people find that if it was tougher for state and local governments to increase taxes and fees that government would be forced to prioritize and reform government spending. This measure would require state and local governments to receive approval by either a two-thirds legislative majority or a majority of the voters at an election to increase taxes, fees or other revenues. It ought to be tougher to raise taxes.

REQUIRING STATE GOVERNMENT TO RECEIVE APPROVAL BY EITHER

**A TWO-THIRDS LEGISLATIVE MAJORITY OR A MAJORITY OF THE VOTERS
AT AN ELECTION FOR TAX OR OTHER REVENUE INCREASES**

Sec. 2. RCW 43.135.035 and 2005 c 72 s 2 are each 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))~~) raise taxes or other state revenue may be taken only if approved by a two-thirds vote of each house(~~(, 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. However, for legislation enacted between the effective date of this 2005 act and June 30, 2007, any action or combination of actions by the legislature that raises state revenue or requires revenue-neutral tax shifts may be taken with the approval of a majority of members elected to each house, so long as state expenditures in any fiscal year, including the new revenue, will not exceed the state expenditure limits established under this chapter)~~) of the legislature except actions that raise taxes or other state revenue that are referred to the voters as allowed by subsection (2) of this section.

(2)(~~((a) 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.))~~) Tax or other state revenue increases approved by a majority vote of each house of the legislature may be referred to the voters for their approval or rejection at an election.

(3) The state expenditure limit committee shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. 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))~~ (4)(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 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))~~ (5) 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 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))~~ (6) If the cost of any state program or function is shifted to the state 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.

(7) For the purposes of this section, "raise taxes or other state revenue" includes enacting or imposing a new tax, expanding the base of an existing tax, increasing the monetary amount of an existing tax, increasing the rate of an existing tax, and extending an expiring tax.

Sec. 3. RCW 43.135.035 and 2005 c 72 s 5 are each 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))~~ raise taxes or other state revenue may be taken only if approved by a two-thirds vote of each house ~~((, 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))~~ of the legislature except actions that raise taxes or other state revenue that are referred to the voters as allowed by subsection (2) of this section.

~~(2)((a) 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.))~~ Tax or other state revenue increases approved by a majority vote of each house of the legislature may be referred to the voters for their approval or rejection at an election.

(3) The state expenditure limit committee shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. 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 personal income growth?"~~

~~(3))~~ (4)(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 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))~~ (5) If the cost of any state program or function is shifted from the state general fund or a related fund to another source of funding, or if moneys are transferred from the state general fund or a related 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 or a related fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund or a related 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))~~ (6) 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 or a related fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall increase the state expenditure limit to reflect the shift.

(7) For the purposes of this section, "raise taxes or other state revenue" includes enacting or imposing a new tax, expanding the base of an existing tax, increasing the monetary amount of an existing tax, increasing the rate of an existing tax, and extending an expiring tax.

NEW SECTION. Sec. 4. A new section is added to chapter 43.135 RCW to read as follows:

(1) After the effective date of this section, any action or combination of actions by the legislature that raise taxes or other state revenue not part of the general fund may be taken only if approved by a two-thirds vote of each house of the legislature except actions that raise taxes or other state revenue that are referred to the voters as allowed by subsection (2) of this section.

(2) State revenue increases approved by a majority vote of each house of the legislature may be referred to the voters for their approval or rejection at an election.

(3) For the purposes of this section, "raises taxes or other state revenue" includes enacting or imposing a new tax, expanding the base of an existing tax, increasing the monetary amount of an existing tax, increasing the rate of an existing tax, and extending an expiring tax.

**REQUIRING STATE GOVERNMENT TO RECEIVE APPROVAL BY EITHER
A TWO-THIRDS LEGISLATIVE MAJORITY OR A MAJORITY OF THE VOTERS
AT AN ELECTION FOR FEE INCREASES**

Sec. 5. 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)~~) 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 at an election 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.

NEW SECTION. **Sec. 6.** A new section is added to chapter 43.135 RCW to read as follows:

For any fee not part of the state general fund, 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 at an election which shall require a majority vote of each house of the legislature.

**REQUIRING LOCAL GOVERNMENTS TO RECEIVE APPROVAL BY EITHER
A TWO-THIRDS LEGISLATIVE MAJORITY OR A MAJORITY OF THE VOTERS
AT AN ELECTION FOR TAX OR OTHER REVENUE INCREASES**

NEW SECTION. **Sec. 7.** A new section is added to chapter 35.21 RCW to read as follows:

(1) After the effective date of this section, any action or combination of actions by any local taxing district that raise taxes or other revenue may be taken only if approved by a two-thirds vote of the legislative body except actions that raise taxes or other revenue that are referred to the voters as allowed under subsection (2) of this section.

(2) Tax or other revenue increases approved by a majority vote of the legislative body may be referred to the voters for their approval or rejection at an election.

(3) This section does not apply to any tax or other revenue increase that requires voter approval. This includes, but is not limited to, voter approval requirements for sales tax increases and property tax levy increases in excess of the one percent limitation required by RCW 84.55.0101.

(4) For the purposes of this section, "raises taxes or other revenue" includes imposing a new tax authorized by law, expanding the base of an existing tax, increasing the monetary amount of an existing

tax, increasing the rate of an existing tax, and extending an expiring tax.

**REQUIRING LOCAL GOVERNMENTS TO RECEIVE APPROVAL BY EITHER
A TWO-THIRDS LEGISLATIVE MAJORITY OR A MAJORITY OF THE VOTERS
AT AN ELECTION FOR FEE INCREASES**

NEW SECTION. **Sec. 8.** A new section is added to chapter 35.21 RCW to read as follows:

(1) After the effective date of this section, no fee may increase in any year unless the increase is approved by a two-thirds vote of the local taxing district's legislative body, except increases referred to the voters for their approval or rejection at an election which shall require a majority vote of the local taxing district.

(2) This section shall not apply to any fee increase that is required to receive voter approval at an election.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 9.** 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. 10.** 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. 11.** Part headings used in this act are not part of the law.

NEW SECTION. **Sec. 12.** This act shall be known and cited as the Tougher To Raise Taxes Act.

NEW SECTION. **Sec. 13.** Except for section 3 of this act, this act takes effect December 7, 2006.

NEW SECTION. **Sec. 14.** Section 3 of this act takes effect July 1, 2007.

NEW SECTION. **Sec. 15.** Section 2 of this act expires July 1, 2007.

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