

INITIATIVE 349

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

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

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

7 **POLICIES AND PURPOSES**

8 NEW SECTION. **Sec. 1.** The people find that it is too easy for
9 state and local governments to take more of the people's money. The
10 people find that if it was tougher for state and local governments to
11 increase taxes and fees that government would be forced to prioritize
12 spending and reform government spending. It is intended that this
13 measure require tax and fee increases to receive either two-thirds
14 legislative approval or majority voter approval at an election. It
15 ought to be tougher to raise taxes.

16 **REQUIRING STATE GOVERNMENT TO OBTAIN EITHER TWO-THIRDS LEGISLATIVE**
17 **APPROVAL OR MAJORITY VOTER APPROVAL FOR REVENUE INCREASES**

1 **Sec. 2.** RCW 43.135.035 and 2005 c 72 s 2 are each amended to read
2 as follows:

3 (1) After July 1, 1995, any action or combination of actions by the
4 legislature that raises state revenue (~~((or requires revenue-neutral tax~~
5 ~~shifts))~~) may be taken only if approved by a two-thirds vote of each
6 house(~~(, and then only if state expenditures in any fiscal year,~~
7 ~~including the new revenue, will not exceed the state expenditure limits~~
8 ~~established under this chapter. However, for legislation enacted~~
9 ~~between the effective date of this 2005 act and June 30, 2007, any~~
10 ~~action or combination of actions by the legislature that raises state~~
11 ~~revenue or requires revenue-neutral tax shifts may be taken with the~~
12 ~~approval of a majority of members elected to each house, so long as~~
13 ~~state expenditures in any fiscal year, including the new revenue, will~~
14 ~~not exceed the state expenditure limits established under this~~
15 ~~chapter)) of the legislature except actions that raise state revenue~~
16 ~~that are referred to the voters as allowed by subsection (2) of this~~
17 ~~section.~~

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

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

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

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

36 ~~(3))~~ (4)(a) The state expenditure limit may be exceeded upon
37 declaration of an emergency for a period not to exceed twenty-four
38 months by a law approved by a two-thirds vote of each house of the
39 legislature and signed by the governor. The law shall set forth the

1 nature of the emergency, which is limited to natural disasters that
2 require immediate government action to alleviate human suffering and
3 provide humanitarian assistance. The state expenditure limit may be
4 exceeded for no more than twenty-four months following the declaration
5 of the emergency and only for the purposes contained in the emergency
6 declaration.

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

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

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

32 ~~((+5+))~~ (6) If the cost of any state program or function is shifted
33 to the state general fund on or after January 1, 2000, from another
34 source of funding, or if moneys are transferred to the state general
35 fund from another fund or account, the state expenditure limit
36 committee, acting pursuant to RCW 43.135.025(5), shall increase the
37 state expenditure limit to reflect the shift.

38 (7) For the purposes of this section, "raises state revenue"
39 includes enacting or imposing a new tax, expanding the base of an

1 existing tax, increasing the monetary amount of an existing tax,
2 increasing the rate of an existing tax, removing all or part of any
3 exemption or deduction from an existing tax, and extending an expiring
4 tax.

5 **Sec. 3.** RCW 43.135.035 and 2005 c 72 s 5 are each amended to read
6 as follows:

7 (1) After July 1, 1995, any action or combination of actions by the
8 legislature that raises state revenue (~~(or requires revenue-neutral tax~~
9 ~~shifts))~~ may be taken only if approved by a two-thirds vote of each
10 house(~~(, and then only if state expenditures in any fiscal year,~~
11 ~~including the new revenue, will not exceed the state expenditure limits~~
12 ~~established under this chapter)) of the legislature except actions that
13 raise state revenue that are referred to the voters as allowed by
14 subsection (2) of this section.~~

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

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

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

30 ~~"Shall taxes be imposed on in order to allow a~~
31 ~~spending increase above last year's authorized spending adjusted for~~
32 ~~personal income growth?"~~

33 ~~(3))~~ (4)(a) The state expenditure limit may be exceeded upon
34 declaration of an emergency for a period not to exceed twenty-four
35 months by a law approved by a two-thirds vote of each house of the
36 legislature and signed by the governor. The law shall set forth the
37 nature of the emergency, which is limited to natural disasters that
38 require immediate government action to alleviate human suffering and

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

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

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

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

30 ~~((5))~~ (6) If the cost of any state program or function and the
31 ongoing revenue necessary to fund the program or function are shifted
32 to the state general fund or a related fund on or after January 1,
33 2007, the state expenditure limit committee, acting pursuant to RCW
34 43.135.025(5), shall increase the state expenditure limit to reflect
35 the shift.

36 (7) For the purposes of this section, "raises state revenue"
37 includes enacting or imposing a new tax, expanding the base of an
38 existing tax, increasing the monetary amount of an existing tax,
39 increasing the rate of an existing tax, removing all or part of any

1 exemption or deduction from an existing tax, and extending an expiring
2 tax.

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

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

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

14 (3) For the purposes of this section, "raises state revenue"
15 includes enacting or imposing a new tax, expanding the base of an
16 existing tax, increasing the monetary amount of an existing tax,
17 increasing the rate of an existing tax, removing all or part of any
18 exemption or deduction from an existing tax, and extending an expiring
19 tax.

20 **REQUIRING STATE GOVERNMENT TO OBTAIN EITHER TWO-THIRDS LEGISLATIVE**
21 **APPROVAL OR MAJORITY VOTER APPROVAL FOR FEE INCREASES**

22 **Sec. 5.** RCW 43.135.055 and 2001 c 314 s 19 are each amended to
23 read as follows:

24 (1) No fee may increase in any fiscal year (~~by a percentage in~~
25 ~~excess of the fiscal growth factor for that fiscal year without prior~~
26 ~~legislative approval~~) unless the increase is approved by a two-thirds
27 vote of each house of the legislature, except increases referred to the
28 voters for their approval or rejection at an election which shall
29 require a majority vote of each house of the legislature.

30 (2) This section does not apply to an assessment made by an
31 agricultural commodity commission or board created by state statute or
32 created under a marketing agreement or order under chapter 15.65 or
33 15.66 RCW, or to the forest products commission, if the assessment is
34 approved by referendum in accordance with the provisions of the
35 statutes creating the commission or board or chapter 15.65 or 15.66 RCW
36 for approving such assessments.

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

3 For any fee not part of the state general fund, no fee may increase
4 in any fiscal year unless the increase is approved by a two-thirds vote
5 of each house of the legislature, except increases referred to the
6 voters for their approval or rejection at an election which shall
7 require a majority vote of each house of the legislature.

8 **REQUIRING LOCAL GOVERNMENTS TO OBTAIN EITHER TWO-THIRDS LEGISLATIVE**
9 **APPROVAL OR MAJORITY VOTER APPROVAL FOR REVENUE INCREASES**

10 NEW SECTION. **Sec. 6.** A new section is added to chapter 35.21 RCW
11 to read as follows:

12 (1) After the effective date of this section, any action or
13 combination of actions by any city or town that raises revenue may be
14 taken only if approved by a two-thirds vote of the legislative body
15 except actions that raise revenue that are referred to the voters as
16 allowed under subsection (2) of this section.

17 (2) Revenue increases approved by a majority vote of the
18 legislative body may be referred to the voters for their approval or
19 rejection at an election.

20 (3) This section does not apply to any revenue increase that
21 requires voter approval. This includes, but is not limited to, voter
22 approval requirements for sales tax increases and property tax levy
23 increases in excess of the one percent limitation required by RCW
24 84.55.0101.

25 (4) For the purposes of this section, "raises revenue" includes
26 imposing a new tax authorized by law, expanding the base of an existing
27 tax, increasing the monetary amount of an existing tax, increasing the
28 rate of an existing tax, removing all or part of any exemption or
29 deduction from an existing tax, and extending an expiring tax.

30 **REQUIRING LOCAL GOVERNMENTS TO OBTAIN EITHER TWO-THIRDS LEGISLATIVE**
31 **APPROVAL OR MAJORITY VOTER APPROVAL FOR FEE INCREASES**

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

34 (1) After the effective date of this section, no fee may increase
35 in any year unless the increase is approved by a two-thirds vote of the

1 city or town legislative body, except increases referred to the voters
2 for their approval or rejection at an election which shall require a
3 majority vote of the local taxing district.

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

6 **CONSTRUCTION CLAUSE**

7 NEW SECTION. **Sec. 8.** The provisions of this act are to be
8 liberally construed to effectuate the intent, policies, and purposes of
9 this act.

10 **SEVERABILITY CLAUSE**

11 NEW SECTION. **Sec. 9.** If any provision of this act or its
12 application to any person or circumstance is held invalid, the
13 remainder of the act or the application of the provision to other
14 persons or circumstances is not affected.

15 **MISCELLANEOUS**

16 NEW SECTION. **Sec. 10.** This act shall be known and cited as the
17 Tougher To Raise Taxes Act.

18 NEW SECTION. **Sec. 11.** Except for section 3 of this act, this act
19 takes effect December 7, 2006.

20 NEW SECTION. **Sec. 12.** Section 3 of this act takes effect July 1,
21 2007.

22 NEW SECTION. **Sec. 13.** Section 2 of this act expires July 1, 2007.

23 NEW SECTION. **Sec. 14.** Part headings used in this act are not part
24 of the law.

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