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INITIATIVE 373

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

AN ACT Relating to taxes, fees, and revenues enacted by state government; amending RCW 43.135.035 and 43.135.055; adding new sections to chapter 43.135 RCW; creating new sections; and providing an effective date.

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

INTENT

NEW SECTION. **Sec. 1.** This measure concerns taxes, fees, and revenues, as defined, imposed by state government. This measure would allow two-thirds legislative approval or voter approval on tax or fee increases. This measure would also require advisory votes on tax increases imposed without voter approval. This measure would also require publication of costs projections, sponsorship, and voting information on bills increasing taxes or fees. The people want tax or fee increases to always be a last resort. Even without raising taxes, the government consistently receives revenue growth many times higher than the rate of inflation every year. The people want greater transparency and public awareness on bills increasing taxes and fees. Elected officials need to know the costs to the taxpayers for their tax

and fee increases and to provide the citizens with the opportunity to ask questions and give input before voting on these proposals. The people want to return the authority to impose fee increases from unelected officials at state agencies to the duly elected officials of the legislature or to the people.

The people don't want it to be easy for the government to take more of the people's money. It shouldn't be easy for Olympia to raise taxes.

**SECTIONS 2 AND 3 ALLOW TWO-THIRDS LEGISLATIVE APPROVAL
OR VOTER APPROVAL ON TAX OR OTHER REVENUE INCREASES AND REQUIRE
PUBLICATION OF COST PROJECTIONS, SPONSORSHIP, AND VOTING
INFORMATION ON BILLS INCREASING TAXES OR OTHER REVENUE**

Sec. 2. 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 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))~~ Any action or combination of actions by the legislature that raises taxes or other revenue may be taken only if approved by a two-thirds vote of each house of the legislature. Pursuant to the referendum power set forth in article I, section 1(b) of the Washington constitution, increases in taxes or other revenue 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.

(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. 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)(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) 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) 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.

(6) For any bill introduced in either the house of representatives or the senate that raises taxes or other revenue, the Office of Financial Management must expeditiously determine its cost to the taxpayers over its first ten years of imposition and promptly report the results of its analysis to each member of the house of representatives, each member of the senate, the media, and the voters by public press release and must post and maintain these releases on its website. The press release shall include the names of the legislators, and their contact information, who are sponsors and co-sponsors of the bill so they can provide information to, and answer questions from, the public.

(7) After any bill that raises taxes or other revenue is approved by any legislative committee or by at least a simple majority in either the house of representatives or the senate, the Office of Financial Management must expeditiously re-examine and re-determine its ten-year cost analysis due to amendment or other changes during the legislative process and promptly report the results of its most up-to-date analysis to each member of the house of representatives, each member of the senate, the media, and the voters by public press release and must post and maintain these releases on its website. The press release shall include the names of the legislators, and their contact information, who voted for and against the bill so they can provide information to, and answer questions from, the public.

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

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

(1) Any action or combination of actions by the legislature that raises taxes or other revenue not part of the general fund may be taken only if approved by a two-thirds vote of each house of the legislature.

(2) Pursuant to the referendum power set forth in article I, section 1(b) of the Washington constitution, increases in taxes or other revenue 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 any bill introduced in either the house of representatives or the senate that raises taxes or other revenue, the Office of Financial Management must expeditiously determine its cost to the taxpayers over its first ten years of imposition and promptly report the results of its analysis to each member of the house of representatives, each member of the senate, the media, and the voters by public press release and must post and maintain these releases on its website. The press release shall include the names of the legislators, and their contact information, who are sponsors and co-sponsors of the bill so they can provide information to, and answer questions from, the public.

(4) After any bill that raises taxes or other revenue is approved by any legislative committee or by at least a simple majority in either the house of representatives or the senate, the Office of Financial Management must expeditiously re-examine and re-determine its ten-year cost analysis due to amendment or other changes during the legislative process and promptly report the results of its most up-to-date analysis to each member of the house of representatives, each member of the senate, the media, and the voters by public press release and must post and maintain these releases on its website. The press release shall include the names of the legislators, and their contact information, who voted for and against the bill so they can provide information to, and answer questions from, the public.

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

**SECTION 4 REQUIRES AN ADVISORY VOTE OF THE PEOPLE FOR
TAX OR OTHER REVENUE INCREASES IMPOSED WITHOUT VOTER APPROVAL**

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

If the legislative action increasing a tax or other revenue under section 2 or section 3 of this act is not submitted to the people by a legislative referendum bill or people's referendum, an advisory vote of the people shall be placed on the next general election ballot, be printed on general election ballots, be described in the voters pamphlet, and votes for and against be officially tabulated and reported by the Secretary of State.

(a) An advisory vote of the people under this section shall include a short description not to exceed 33 words and shall be drafted by the Attorney General and must be displayed on the ballot substantially as follows:

"The legislature imposed (description of tax or other revenue increase, including 10-year cost projection) to pay for (description of government program). The people recommend this tax increase be:

Repealed . . . []
Maintained . . . []"

(b) Ample space will be provided in the general election voters pamphlet for any advisory vote of the people and must include a copy of the most up-to-date cost analysis by the Office of Financial Management, including the names of the legislators, and their contact information, who voted for and against the bill so they can provide information to, and answer questions from, the public.

(c) The people find that the legislature has too often thwarted the people's constitutional right to referendum by excessive use of the emergency clause which prevents a referendum, delayed bill signings and time-consuming litigation to shorten the time for citizens to gather signatures, bonding or contractually obligating tax increases which prevents a referendum, legislative sabotage of the signature gathering process, and other obstructionist tactics. The people want their voices heard on the critical issue of tax increases. The people find tax or other revenue increases unilaterally imposed by the legislature decrease the voters trust in their elected representatives. The people find that tax or other revenue increases that are voted on by the people receive a broader discussion and better understanding with the election outcome more widely accepted.

**SECTIONS 5 AND 6 ALLOW TWO-THIRDS LEGISLATIVE APPROVAL
OR VOTER APPROVAL ON FEE INCREASES AND REQUIRE PUBLICATION
OF COST PROJECTIONS, SPONSORSHIP, AND VOTING INFORMATION
ON BILLS THAT INCREASE FEES**

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.

(a) Fee increases must be approved by a two-thirds vote of each house of the legislature. Pursuant to the referendum power set forth in article I, section 1(b) of the Washington constitution, fee 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.

(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.

(3) For any bill introduced in either the house of representatives or the senate that raises any fee, the Office of Financial Management must expeditiously determine its cost to the taxpayers over its first ten years of imposition and promptly report the results of its analysis to each member of the house of representatives, each member of the senate, the media, and the voters by public press release and must post and maintain these releases on its website. The press release shall include the names of the legislators, and their contact information, who are sponsors and co-sponsors of the bill so they can provide information to, and answer questions from, the public.

(4) After any bill that raises any fee is approved by any legislative committee or by at least a simple majority in either the house of representatives or the senate, the Office of Financial Management must expeditiously re-examine and re-determine its ten-year cost analysis due to amendment or other changes during the legislative process and promptly report the results of its most up-to-date analysis

to each member of the house of representatives, each member of the senate, the media, and the voters by public press release and must post and maintain these releases on its website. The press release shall include the names of the legislators, and their contact information, who voted for and against the bill so they can provide information to, and answer questions from, the public.

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

(1) For any fee not part of the state general fund, no fee may increase in any fiscal year without prior legislative approval.

(a) Fee increases must be approved by a two-thirds vote of each house of the legislature. Pursuant to the referendum power set forth in article I, section 1(b) of the Washington constitution, fee 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.

(2) For any bill introduced in either the house of representatives or the senate that raises any fee, the Office of Financial Management must expeditiously determine its cost to the taxpayers over its first ten years of imposition and promptly report the results of its analysis each member of the house of representatives, the members of the senate, the media, and the voters by public press release and must post and maintain these releases on its website. The press release shall include the names of the legislators, and their contact information, who are sponsors and co-sponsors of the bill so they can provide information to, and answer questions from, the public.

(3) After any bill that raises any fee is approved by any legislative committee or by at least a simple majority in either the house of representatives or the senate, the Office of Financial Management must expeditiously re-examine and re-determine its ten-year cost analysis due to amendment or other changes during the legislative process and promptly report the results of its most up-to-date analysis to each member of the house of representatives, each member of the senate, the media, and the voters by public press release and must post and maintain these releases on its website. The press release shall include the names of the legislators, and their contact information, who voted for and against the bill so they can provide information to, and answer questions from, the public.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 7.** 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. 8.** 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. 9.** Subheadings and part headings used in this act are not part of the law.

NEW SECTION. **Sec. 10.** This act shall be known and cited as the taxpayer protection act.

NEW SECTION. **Sec. 11.** This act takes effect December 6, 2007.

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