

Tax Exemptions-Periodic Review-Repeal

Shall the state constitution be amended to require periodic legislative review of all exemptions, deductions, exclusions from, or credits against any state or local taxes (except those concerning property held by religious organizations solely for religious or educational purposes) and to repeal automatically the statutory or constitutional provisions granting them unless such provisions are amended or reenacted by the legislature or (where necessary) reapproved by the people before March 1, 1977, and every tenth year thereafter?

Vote cast by members of the 1971 Legislature on final passage:
HOUSE: (99 members) Yeas, 69; Nays, 26; Absent or not voting, 4.
SENATE: (49 members) Yes, 34; Nays, 8; Absent or not voting, 7.



HJR 1

House Joint Resolution

Proposed Constitutional Amendment

NOTE: New special toll-free telephone service offered to voters requesting in-depth information on state measures. See page 5 for details.

Statement for

Eliminate Preferential Tax Treatment For Special Interests—Vote

YES HJR 1

HJR 1 is an opportunity for the voters to provide some real tax equity.

Washington State laws include over 200 sections on tax exemptions and other types of preferential tax treatment. A strong case can be made for many of these tax preferences. These will be re-enacted. For others the reasons for continuation may no longer exist. It is these unjustified loopholes that passage of HJR 1 will close. Passage will create more equity and spread the tax burden to include those who now enjoy unjustifiable tax loopholes.

Every agency and function of state government must directly justify their changing financial needs to the legislature with requests for appropriations.

Tax exemptions are indirect appropriations or subsidies given to a special interest showing a special need. Unfortunately when the need for special tax relief ceases, tax exemptions continue as tax loopholes.

Plug Tax Loopholes—

Promote Tax Equity—

Vote YES HJR 1

HJR 1 will require a systematic and orderly review of the changing need for tax exemptions and other tax preferences similar to the review required for state appropriations. This will eliminate tax loopholes.

Justified Exemptions for Charities, Hospitals, Schools, Elderly, Etc. To Be Retained—

Vote Yes HJR 1

The real opponents of HJR 1 are those who receive significant benefit from tax loopholes which they enjoy and use to

reduce their tax load. They will try to frighten voters into thinking an increased tax burden will be placed on the individual taxpayer, charities, schools, libraries, hospitals, the elderly, etc. Don't be deceived! The truth is that the opponents know the legislature will re-enact tax exemptions that are legitimate and can be justified and that their tax loopholes will not be re-enacted.

It should be the responsibility of the recipients of tax exemptions to periodically justify their continuing need for state assistance. When the need can no longer be justified the tax exemption should cease.

Reduce Taxes of Ordinary Taxpayer—

Vote YES HJR 1

Remember, every dollar exempted by a tax loophole increases the burden on the remaining taxpayers. When the recipients of tax loopholes begin paying their fair share of taxes, the taxes for all other taxpayers will be reduced.

Committee appointed to compose statement FOR House Joint Resolution No. 1:

CHARLES MOON, State Representative, Snohomish; JOHN S. MURRAY, State Senator, Seattle; DAN VAN DYK, State Representative, Lynden.

Citizens Advisory Committee: JOCELYN H. MARCHISIO, President, League of Women Voters of Washington; KEN BUMGARDNER, President, Washington Education Association; JACK ROGERS, Executive Secretary, Washington State Association of Counties; GLADYS BURNS, President, Washington Division, American Association University Women; AL LEONARD, Chairman, Washington State Jaycee's Tax Review Committee.

The Law as it now exists:

Under current law those tax exemptions, deductions and exclusions from or credits against state and local taxes which have been granted by statute or by the state constitution continue to be in effect indefinitely unless the statute or constitutional provision by which they are granted is repealed or appropriately amended by the legislature or by the people. Those exemptions, deductions, exclusions or credits which have been granted by statute may be repealed or amended either by the legislature or by the people through use of the initiative. Constitutionally granted tax exemptions, deductions, exclusions or credits may only be terminated by means of a constitutional amendment originating with the legislature and approved by the people.

Effect of HJR 1 if approved into Law:

This proposed constitutional amendment would add a new section to the constitution to require the legislature to review all statutory and constitutional tax exemptions, deductions, exclusions or credits (other than those concerning property held exclusively by religious organizations for educational or religious purposes) at least once every ten years. In the case of expressly granted statutory exemptions, deductions, exclusions or credits, the amendment would provide that if the statute is not amended or reenacted by the legislature within a prescribed time period, it will be repealed automatically. In the case of specific tax exemptions, deductions, exclusions or

credits granted by the constitution, the amendment would provide that if the underlying constitutional provision is not amended or reenacted by the people within the specified time period, that constitutional provision would also be repealed automatically.

Both statutory and constitutional provisions would have to be so reviewed and approved prior to March 1, 1977, and before March 1 of every tenth year thereafter. This would mean, for example, that all existing tax provisions which are not amended or reapproved prior to March 1, 1977, would expire on that date; if they are amended, reenacted or reapproved prior to that date they would only continue in force under the same conditions until March 1, 1987, unless again amended, reenacted or reapproved. Thereafter, they would continue in force under the same conditions until March 1, 1997, etc.

NOTE: Ballot title and the above explanatory comment were written by the Attorney General as required by state law. Complete text of House Joint Resolution No. 1 starts on Page 103.

Statement against

Do You Want to Pay Some New Taxes?

Here are just some new taxes that YOU, the average citizen, could be paying should HJR 1 pass and YOUR exemptions in state and local taxes are wiped out:

Property tax on your savings account, furniture, personal effects, life insurance—even on your cemetery plot!

Sales tax on your rent or on bills from your doctor, hospital, dentist, barber, beautician, attorney, paper boy, etc.

Inheritance and gift taxes; gasoline, business- & occupation and use taxes—all are involved, to name only a few.

HJR 1 affects YOU, the taxpayer, as well as charities, businesses, schools, libraries, hospitals, nursing homes, colleges, labor unions, private and fraternal clubs, agriculture, credit unions, veterans organizations, cities and counties, fishermen, loggers, etc. The list is long. Senior citizens could be particularly hard hit.

Don't Be Deceived

On the surface HJR 1 sounds great. It calls for a "periodic review of all exemptions", which is commendable. But it also calls for AUTOMATIC EXPIRATION OF ALL EXEMPTIONS UNLESS THEY ARE RE-PASSED BY THE LEGISLATURE. By sitting on its hands the Legislature could create hundreds of millions of dollars in new taxes simply by not reenacting your expired exemptions!

Some groups might have the necessary political muscle to get their exemptions reinstated. DO YOU?

The Legislature Should Review All Exemptions

The Legislature should continually review all tax exemptions. They can do that NOW without HJR 1! Exemptions no longer justified should be repealed individually and not by wholesale elimination of them all. (That's like jailing everybody to apprehend all criminals and hoping the judge turns loose the innocent!)

Don't Raise Your Taxes!

This strange proposal asks you to grant new taxes by repealing all your exemptions! And to trust the Legislature to reenact the "GOOD" ones!

Repeal of an exemption is enactment of a tax! VOTE "NO" on HJR 1!

(Don't confuse HJR 1, which increases taxes, with SJR 1, which limits regular levies on property to 1% of full value.)

Committee appointed to compose statement AGAINST House Joint Resolution No. 1:

CHARLES E. NEWSCHWANDER, State Senator; MARGARET HURLEY, State Representative; CHARLES W. HODDE, former Chairman, Washington State Tax Commission.

Advisory Committee: DR. R. FRANKLIN THOMPSON, Chairman, Committee Against Automatic Tax Increases! ("No" on HJR 1); JACK SILVERS, Master, Washington State Grange; R. MORT FRAYN, Seattle; JIM MATSON, State Senator, Selah; MRS. DAVID W. GAISER, Spokane.

the counties by population: PROVIDED, That it may delegate to the legislative authority of the counties the right to prescribe the salaries of its own members and the salaries of other county officers. And it shall provide for the strict accountability of such officers for all fees which may be collected by them and for all public moneys which may be paid to them, or officially come into their possession.

Article XI, section 8. ~~((The legislature shall fix the compensation by salaries of all county officers, and of constables in cities having a population of five thousand and upwards; except that public administrators, surveyors and coroners may or may not be salaried officers.))~~ The salary of any county, city, town, or municipal officers shall not be increased except as provided in section 1 of Article XXX or diminished after his election, or during his term of office; nor shall the term of any such officer be extended beyond the period for which he is elected or appointed.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of the foregoing constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.

Passed the Senate May 10, 1971.
JOHN A. CHERBERG,
President of the Senate.

Passed the House May 10, 1971.
THOMAS A. SWAYZE, JR.,
Speaker of the House.

EXPLANATORY COMMENT

All words in double parentheses and lined through are in our State Constitution of the present and are being taken out by this amendment. All words underscored do not appear in the State Constitution as it is now written but will be put in if this amendment is adopted.

COMPLETE TEXT OF

House Joint Resolution

1

Proposed Constitutional Amendment

Ballot Title as issued by the Attorney General:

Tax Exemptions—Periodic Review—Repeal

Shall the state constitution be amended to require periodic legislative review of all exemptions, deductions, exclusions from, or credits against any state or local taxes (except those concerning property held by religious organizations solely for religious or educational purposes) and to repeal automatically the statutory or constitutional provisions granting them unless such provisions are amended or reenacted by the legislature or (where necessary) reapproved by the people before March 1, 1977, and every tenth year thereafter?

BE IT RESOLVED, *By the Senate and House of Representatives of the State of Washington in Legislative Session Assembled:*

THAT, At the next general election to be held in this state there shall be submitted to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article VII of the Constitution of the state of Washington by adding a new section to read as follows:

NEW SECTION. Article VII, section 12. All statutes and every part or provision of this Constitution which grant to any person, individual, firm, corporation or other business organization, or any public or private body, agency or institution, any exemption, deduction, or exclusion from state or locally imposed taxes or credit for payment of any such taxes against other state tax liability (other than a statute or part thereof granting an exemption from taxes imposed upon property owned or used by a religious organization, corporation, or corporation sole, solely for religious or educational purposes)

shall be reviewed by the legislature commencing before March 1, 1977, and before March 1st of every ten years thereafter. Any such statute or such part thereof which is not amended or reenacted without amendment, and any such constitutional provision which is not reapproved by the people, before March 1, 1977 and before the first day of March ending each ten year period thereafter shall be null and void effective upon such March 1st date. This section shall not apply to the removal or repeal of any tax exemption, deduction, exclusion or credit, if such removal or repeal would be in violation of the laws or Constitution of the United States.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of the foregoing constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.

Passed the House April 21, 1971.
THOMAS A. SWAYZE, JR.,
Speaker of the House.

Passed the Senate May 10, 1971.
JOHN A. CHERBERG,
President of the Senate.

COMPLETE TEXT OF

House Joint Resolution

21

Proposed Constitutional Amendment

Ballot Title as issued by the Attorney General:

Allowing Combined County-City Governments

Shall the state constitution be amended to permit the people in any county by majority vote to create a combined "city-county" government through the adoption of a home rule charter under which other municipal corporations having such powers and duties as are prescribed in the charter could also be retained or established, if desired, and to set separate constitutional debt limitations for the "city-county" as thus created and for any new or retained municipal corporations?

BE IT RESOLVED, *By the Senate and House of Representatives of the State of Washington in Legislative Session Assembled:*

THAT, At the next general election to be held in this state there shall be submitted to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article XI of the Constitution of the State of Washington by amending section 16 (Amendment 23) thereof as follows:

Article XI, section 16. ((The legislature shall, by general law, provide for the formation of combined city and county municipal corporations, and for the manner of determining the territorial limits thereof, each of which shall be known as a "city and county," and, when organized, shall contain a population of at least three hundred thousand (300,000) inhabitants.)) Any county may frame a "Home Rule" charter subject to the Constitution and laws of this state to provide for the formation and government of combined city and county municipal corporations, each of which shall be known as "city-county." Registered voters equal in number to ten (10) percent of the voters of any such county voting at the last preceding general election may at any time propose by a petition the calling of an election of freeholders. The provisions of section 4 of this Article with respect to a petition calling for an election of freeholders to frame a county home rule charter, the election of freeholders, and the framing and adoption of a county home rule charter pursuant to such petition shall apply