



HJR 40

House Joint Resolution

Proposed Constitutional Amendment

Ballot Title:

Shall the validation formula approved in 1972 for excess levy elections also be applied to bonds payable from such levies?

Vote cast by members of the 1973 Legislature on final passage:
HOUSE: (98 members) Yeas, 88; Nays, 5; Absent or not voting, 5.
SENATE: (49 members) Yeas, 37; Nays, 6; Absent or not voting, 6.

Statement for

This Change Has Been Tested

HJR 40 provides the opportunity to make the same change in the election process for general obligation bond levies as voters approved in 1972 for maintenance and operation levies. This beneficial Constitutional change in the law governing school and other special districts has been tested in many special levy elections. Those elections went both ways, some levies were approved and some rejected. The important point is that all of these elections were decided by the people voting and not by the people that stayed at home. The former voter turnout requirement for maintenance and operation levy elections, and present requirement for general obligation bond approval, is 40% of the total number of people voting in the previous general election.

Here Is What It Would Do and Not Do

HJR 40 simply removes the condition that a minimum number of persons must vote on a bond issue proposition. It would make the process uniform for both types of levy elections. It would not change the number of votes required to validate a bond issue. The 60% yes vote would still be needed for passage, or at least what would be $\frac{3}{5}$ ths of 40% of the total number of persons voting in the last general election. Under HJR 40, however, the voters would decide the fate of a proposition, not the stay at home citizens.

Rebuttal of Statement against

HJR 40 will not permit bonded indebtedness by proportionately fewer voters approving the issue. Sixty percent of what would be forty percent of voters in the last general election, still must say "yes." This could result in an approval requirement of those interested enough to vote of greater than sixty percent. Postponement of needed construction projects causes inflationary costs. HJR 40 will help meet legitimate needs promptly. It will save costly delays and costly elections.

Committee **FOR** House Joint Resolution 40:

ALAN THOMPSON, State Representative, Democrat and JOHN MURRAY, State Senator, Republican.

The Law as it now exists:

The state constitution currently restricts the aggregate of all property tax levies to one percent of the true and fair value of the property unless the voters of a taxing district have authorized levies in excess of this limit. Excess levies may be authorized by the voters on either an annual basis for current expenses or on a long-term basis to fund general obligation bonds.

By their approval of Amendment 59 to the constitution at the November, 1972, general election, the voters changed the preexisting restrictions of the constitution upon voter approval of annual excess levies so as to provide that such an election would be valid either—

(1) If the total number of all votes cast on the proposition is not less than forty percent of the number cast at the district's last preceding general election; or

(2) If, where the total number of votes on the proposition is less than forty percent of the number cast at the district's last preceding general election, the total number of "yes" votes is, nevertheless, equal to at least three-fifths of forty percent (i.e., 24%) of the number of votes cast at that election.

The voters did not, however, by their approval of this 1972 constitutional amendment authorize the use of the second of these two alternative methods of validation of an excess levy election where the election is held to authorize the issuance of general obligation bonds and the funding of such bonds by a long term excess levy; nor did they change the preexisting requirement of the constitution that neither an annual excess levy for current expenses nor a long-term excess levy to fund general obligation bonds would be deemed to have been authorized unless approved by at least 60% of the electors voting on the proposition.

Effect of HJR 40 if approved into Law:

This proposed constitutional amendment would also retain the requirement that an excess levy proposition for any purpose
(continued on page 27)

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 40 starts on Page 26.

Statement against

Are You Concerned About Higher Taxes?

Are you among the many thousands of thinking people who are concerned about higher and higher taxes? Are you critical of the rapidly increasing cost of government? Are you one of the many who are urging spending reform? Then you will readily understand why passage of HJR 40 will open the door still wider to permit increased property taxes.

How so? In last November's election the people voted to change the 40-mill law to permit easier passage of excess levies to meet operational costs for a single year.

What HJR 40 Would Do

What would HJR 40 do? It would allow the same easier passage to apply to capital levies. What is wrong with that? Simply this: such bonded debts could extend not just for a single year, but for as long as thirty years to finance capital construction. And capital construction generally calls for increased operational costs as well, paid for, of course, in increased taxes over the entire life of the bond issues.

Going into debt is not necessarily bad. Most of us have to do it at one time or another. But isn't it unwise to constitutionally permit an increasingly smaller number of voters to place such a long time debt upon the shoulders of all owners of property within a taxing district in such an easy manner?

We think HJR 40 is unwise legislation. We hope you agree, and will vote NO on HJR 40.

Rebuttal of Statement for

The key words in the "FOR" statement are these:

"HJR 40 simply removes the condition that a minimum number of persons must vote on a bond issue proposition."

In opposing this concept, we feel that it is wrong to encourage and promote lesser citizen participation in public affairs. When long-time property taxes are proposed, it is particularly important that decision be made by a substantial number of voters, not just a few. VOTE "NO" on HJR 40.

Committee **AGAINST** House Joint Resolution 40:

DAMON R. CANFIELD, State Senator; DONALD G. GARRETT, State Representative; LESTER P. JENKINS, Secretary, 40 Mill Tax Limit Committee.

is also subject to a tax imposed upon or measured by net income derived from such business or occupation.

(4) Notwithstanding any other provisions of this Constitution:

(a) Upon and after December 31, 1979, business inventories held for sale shall be exempt from ad valorem taxes.

(b) In the case of capital property as defined by the legislature held by a taxpayer on the effective date of a state income tax act and disposed of after such effective date, such taxpayer shall be allowed to exclude from the computation of taxable income the amount of any gain attributable to a difference in value of such property occurring between the time of acquisition by the taxpayer and the effective date of such act.

(5) Notwithstanding any other provision of this Constitution, the legislature may by law:

(a) Provide for direct payments to an individual to the extent that (i) insufficient income tax liability exists for full application of an otherwise applicable credit, and (ii) such credit is granted for the purpose of providing direct or indirect relief from other state or local taxes.

(b) Coordinate the administration and collection of state income taxes with the income tax laws and procedures of the United States. The legislature may adopt by reference any federal statutes relating to federal income taxes, as existing at time of adoption and as amended from time to time.

(c) Define terms used in this Section 12 to the extent necessary to facilitate the operation thereof.

BE IT FURTHER RESOLVED, That the foregoing amendment shall be construed as a single amendment within the meaning of Article XXIII, Section 1 (Amendment 27) of this Constitution.

The legislature finds that the changes contained in the foregoing amendment constitute a single integrated plan for a balanced revision of the tax structure for state and local government. In the event the foregoing amendment is held to be separate amendments, this joint resolution shall be void in its entirety and shall be of no further force and effect.

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 14, 1973.
LEONARD A. SAWYER,
Speaker of the House.

Passed the Senate April 14, 1973.
JOHN A. CHERBERG,
President of the House.

COMPLETE TEXT OF

House Joint Resolution

40

Proposed Constitutional Amendment

Ballot Title as issued by the Attorney General:

Shall the validation formula approved in 1972 for excess levy elections also be applied to bonds payable from such levies?

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 amending section 2 (Amendments 55 and 59) thereof to read as follows:

Article VII, section 2. Except as hereinafter provided and notwithstanding any other provision of this Constitution, the aggregate of all tax levies upon real and personal property by the state and all taxing districts now existing or hereafter created, shall not in any year exceed one per centum of the true and fair value of such property in money: PROVIDED, HOWEVER, That nothing herein shall prevent levies at the rates now provided by law by or for any port or public utility district. The term "taxing district" for the purposes of this section shall mean any political subdivision, municipal corporation, district, or other governmental agency authorized by law to levy, or have levied for it, ad valorem taxes on property, other than a port or public utility district. Such aggregate limitation or any specific limitation imposed by law in conformity therewith may be exceeded only

(a) By any taxing district when specifically authorized so to do by a majority of at least three-fifths of the electors thereof voting on the proposition to levy such additional tax submitted not more than twelve months prior to the date on which the proposed levy is to be made and not oftener than twice in such twelve month period, either at a special election or at the regular election of such taxing district, at which election the number of persons voting "yes" on the proposition shall constitute three-fifths of a number equal to forty per centum of the total votes cast in such taxing district at the last preceding general election when the number of electors voting on the proposition does not exceed forty per centum of the total votes cast in such taxing district in the last preceding general election; or by a majority of at least three-fifths of the electors thereof voting on the proposition to levy when the number of electors voting on the proposition exceeds forty per centum of the total votes cast in such taxing district in the last preceding general election;

(b) By any taxing district otherwise authorized by law to issue general obligation bonds for capital purposes, for the sole purpose of making the required payments of principal and interest on general obligation bonds issued solely for capital purposes, other than the replacement of equipment, when authorized so to do by majority of at least three-fifths of the electors thereof voting on the proposition to issue such bonds and to pay the principal and interest thereon by an annual tax levy in excess of the limitation herein provided during the term of such bonds, submitted not oftener than twice in any calendar year, at an election held in the manner provided by law for bond elections in such taxing district, at which election the total number of persons voting ((on the proposition shall constitute not less than forty per centum of the total number of votes cast in such taxing district at the last preceding general election)) "yes" on the proposition shall constitute three-fifths of a number equal to forty per centum of the total votes cast in such taxing district at the last preceding general election when the number of electors voting on the proposition does not exceed forty per centum of the total votes cast in such taxing district in the last preceding general election; or by a majority of at least three-fifths of the electors thereof voting on the proposition to issue such bonds when the number of electors voting on the proposition exceeds forty per centum of the total votes cast in such taxing district in the last preceding general election: PROVIDED, That any such taxing district shall have the right by vote of its governing body to refund any general obligation bonds of said district issued for capital purposes only, and to provide for the interest thereon and amortization thereof by annual levies in excess of the tax limitation provided for herein, AND PROVIDED FURTHER, That the provisions of this section shall also be subject to the limitations contained in Article VIII, section 6, of this Constitution;

(c) By the state or any taxing district for the purpose of

paying the principal or interest on general obligation bonds outstanding on December 6, 1934; or for the purpose of preventing the impairment of the obligation of a contract when ordered so to do by a court of last resort.

AND 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 4, 1973.
LEONARD A. SAWYER,
Speaker of the House.

Passed the Senate April 11, 1973.
JOHN A. CHERBERG,
President of the Senate.

EXPLANATORY COMMENT

All words in double parentheses and lined through are in our State Constitution at 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.

Initiative Measure 282

(continued from Page 7)

Office	Salary Since 1965	A Vote "For" Salary Effective December 1973	A Vote "Against" Salary Effective January 1, 1974
Commissioner of Public Lands	20,000	21,100	33,000
Insurance Commissioner	16,500	17,400	29,700
Legislators	3,600	3,800*	10,560*
*The increases for legislators cannot take effect until the beginning of their next terms of office.			
	Salary Since 1972		
Supreme Court Judges	\$33,000	\$34,825	\$38,000
Judges—Court of Appeals	30,000	31,650	35,000
Superior Court Judges	27,000	28,500	32,000
Full-time District Court Judges	22,000	23,250	26,000

Referendum Bill 33

(Continued from Page 13)

such plates could be issued, however, which would duplicate or conflict with existing or projected license plate series; and, in addition, the department of motor vehicles would be authorized to refuse to issue any combination of letters or numbers carrying connotations offensive to good taste and decency or which would be misleading.

In order to obtain or retain such license plates, a person would be required to pay, in addition to the regular registration fee and any other fees and taxes required to be paid upon registration of his vehicle, an additional fee of thirty dollars upon its initial registration and a fee of twenty dollars upon each annual renewal of such registration. All revenues derived from the additional fees would be paid into the state game fund rather than the motor vehicle fund, where they would be available for use exclusively for the preservation, protection, perpetuation and enhancement of nongame wildlife primarily related to endangered species such as Bald Eagles, Columbia River White Tail Deer or song birds.

House Joint Resolution 37

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On the other hand twelve months after a net income tax has gone into effect and so long as it remains in effect, it would prohibit the following:

1. Sales or use taxes on food and prescription drugs;
2. Any combined state and local sales tax rates in excess of 5.3%;
3. Any further school district special property tax levies for operation and maintenance;
4. A business and occupation tax rate in excess of one-quarter of one percent for those businesses subject to the net income tax;
5. Application of the property tax to business inventories after December 31, 1979;
6. The taxing, under the income tax, of gain from disposition of capital property (as defined by the legislature) attributable to periods arising prior to the effective date of the income tax.

The proposed constitutional amendment would also:

1. **Require** the state to guarantee full funding of a basic program of education; and
2. **Validate** certain implementing legislation passed by the 1973 legislature. Under this legislation the income tax rate on corporations would be 7½% in 1974, 8% in 1975, 8½% in 1976, 9% in 1977, 9½% in 1978, and 10% in 1979 and subsequent years, while the rate schedule for individuals, estates and trusts would range from 2% to 6.5%.

Taxable income for individuals under this legislation generally would be the same as adjusted gross income for federal income tax purposes, less \$1,250 for each personal exemption, and less certain other deductions allowable as itemized deductions for federal income tax purposes. These provisions of the implementing legislation would be tied into the constitutional amendment by the fact that any change in the rate schedule or the definition of taxable income would be subject to referendum as explained above.

House Joint Resolution 40

(Continued from Page 19)

poses be approved by at least sixty percent of the electors voting thereon. However, in the case of long-term excess levies to fund general obligation bonds, this amendment would change the formula for validation of the election so as to provide the same two alternative methods of validation as now exist with respect to excess levies voted on an annual basis for current expenses of a taxing district.