



Initiative Measure 394

TO THE PEOPLE

Official Ballot Title:

Shall public agencies obtain voter approval prior to issuing bonds for the construction or acquisition of major public energy projects?

The law as it now exists:

While the state and local governmental units must, under certain circumstances, obtain voter approval to raise money through the issuance of general obligation bonds, there is no such requirement of voter approval for the issuance of revenue bonds payable only from the revenues derived from the specific project. The issuance of such revenue bonds now includes the financing of the construction of public energy projects.

The effect of Initiative 394, if approved into law:

This initiative would require a public agency of the state to obtain approval from its voters before selling any bonds to finance the construction or purchase of a major public energy project. A "major public energy project" is defined by the initiative to mean a facility or addition to a facility which generates more than 250 megawatts of electrical power. Projects under construction by July 1, 1982 would not be covered except any WPPSS projects, the construction budget of which exceeds certain limits.

If the applicant to build or purchase a project is a public utility district, a joint operating agency, a city, or a county, an election to decide if the funds for the project may be expended shall be held among the voters of that jurisdiction, or the voters of the local government entities which comprise the joint operating agency. If the applicant is a public agency other than those listed above, the election shall be conducted on a state-wide basis. The election would be for the purpose of setting the maximum amount of bond financing which is authorized for a major public energy project. Prior to the election, the applicant would have to make available for public comment a cost effectiveness study prepared by an independent consultant. The study

would examine the project and the ability to meet electrical power demands of intended customers at a reasonable cost compared with other alternatives. Supporters and opponents of the project would be permitted to present their views in a Voters' Pamphlet produced by the Secretary of State. Public comment and other basic information about the project would also be included in the Voters' Pamphlet.

NOTE: The ballot title and explanatory statement were written by the Attorney General as required by state law. The complete text of Initiative Measure 394 begins on page 14.

Statement for

WHAT I-394 DOES

Initiative 394 requires that a public agency like the Washington Public Power Supply System (WPPSS) obtain voter approval before it could issue more bonds to build or acquire major public power projects.

WHY I-394?

Spending on WPPSS's five nuclear projects has grown from its first estimate of \$4.1 billion to the current estimate of almost \$24 billion dollars. There is now no direct accountability to the ratepayers who will pay the bills for WPPSS's runaway spending.

WHO'S SPENDING?

Most of WPPSS's spending spiral is caused by contractor cost overruns. Faulty management, flawed engineering and contract loopholes have driven up the costs of the projects. Neither the WPPSS Board nor the state legislature has been able or willing to control these contractors to halt their runaway spending.

WHO DO YOU TRUST?

People clearly should have the right to vote yes or no before public utilities sell bonds, since these bonds will have to be repaid through higher electricity rates. Washington's voters are quite capable of making a judgment on these issues just as they vote on bonds for school districts, sewer and water projects. We ought to trust the people to make these decisions, rather than the inexperienced WPPSS Board or the state legislature.

I-394 MAKES WPPSS ACCOUNTABLE TO YOU

Initiative 394 makes WPPSS and its contractors directly accountable to the ratepayers who will pay the bills. I-394 forces WPPSS to reform its management, scrutinize its contractors and halt this runaway spending of your money.

VOTE YES ON I-394!

Rebuttal of Statement against

Opponents misrepresent Initiative 394. The issue is *your right to vote* to control public spending. 1) Initiative 394 enables Washington voters to do what the WPPSS Board has failed to do — stop contractor cost overruns on WPPSS nuclear projects. 2) Initiative 394 holds WPPSS accountable by requiring *voter approval* of WPPSS construction budget before WPPSS spends YOUR money. 3) Initiative 394 assures a strong Washington economy, by preventing WPPSS from putting *you* in debt over your head.

Voters Pamphlet Statement Prepared by:

RUTHE RIDDER, State Senator; AL WILLIAMS, State Senator; NITA RINEHART, State Representative.

Advisory Committee: TOM BAKER, President, District 751, International Association of Machinists and Aerospace Workers; PAT FLOYD, Commissioner, Jefferson County Public Utility District; JOLENE UNSOELD, Citizen Lobbyist; ERIC SMITH, President, Local 1105, Retail Clerks Union; STEVE ZEMKE, Chairperson, Don't Bankrupt Washington Committee.

Statement against

Initiative 394 would create a costly, bureaucratic nightmare with disastrous consequences for every taxpayer, electricity user, worker and business in Washington.

The initiative creates complicated and expensive restrictions which may terminate major energy projects now under construction and those planned for the future. It restricts every type of major energy project, including hydro, nuclear, coal or alternative energy sources such as wind, solar and geothermal. Cutting through the nearly 2,000 words of the proposal, here is what it does:

- It requires frequent elections on energy bond issues costing as much as \$1,000,000 per election — paid for by the taxpayers.
- It requires costly government studies, comparison projections, decommissioning analyses, and a special printing of millions of pamphlets — paid for by taxpayers and ratepayers.
- Without new generating capacity from plants now under construction, we face a devastating shortage of electricity in the near future. It will mean the immediate loss of thousands of jobs and the ultimate loss of hundreds of thousands of jobs as industry is faced with factory closures or limited production schedules because of severe energy shortages.

The cost of Initiative 394 could be staggering — at stake is the energy and economic future of Washington. As taxpayers and ratepayers, it will cost us an adequate supply of energy, hundreds of thousands of jobs, millions of dollars in elections

and studies and could cost us billions of dollars in uncompleted energy projects and construction delays.

VOTE NO ON 394. IT'S A VERY EXPENSIVE PROPOSITION

Rebuttal of Statement for

I-394 is *not* a WPPSS measure. I-394 will *not* affect WPPSS management. I-394 does *not* scrutinize contractors. *I-394 does force* expensive, repeated elections which make no sense. Voters not affected could vote, while affected voters may be prohibited from voting. *I-394 does force* a shutdown of construction of vitally needed energy projects. *I-394 does jeopardize* every type of major energy project including vitally needed hydro, coal, nuclear and wind projects. VOTE NO on 394!

Voters Pamphlet Statement Prepared by:

RAY ISAACSON, State Representative; JACK SILVERS, Master, Washington State Grange; RANDY A. ROACH, Attorney primarily engaged in construction and surety bonding law.

Advisory Committee: JULIA BUTLER HANSEN, Former Member of Congress; MINER H. BAKER, Economist; ROBERT DILGER, Executive Secretary, Washington State Building and Construction Trades Council, AFL-CIO; DOROTHY KLINE, Civic Leader; WELLS McCURDY, Past Chairman, Association of Washington Business.

Initiative Measure 394

AN ACT Relating to energy facilities; adding a new chapter to Title 80 RCW; and providing an effective date.

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

NEW SECTION. Section 1. This chapter may be cited as the Washington state energy financing voter approval act.

NEW SECTION. Sec. 2. The purpose of this chapter is to provide a mechanism for citizen review and approval of proposed financing for major public energy projects. The development of dependable and economic energy sources is of paramount importance to the citizens of the state, who have an interest in insuring that major public energy projects make the best use of limited financial resources. Because the construction of major public energy projects will significantly increase utility rates for all citizens, the people of the state hereby establish a process of voter approval for such projects.

NEW SECTION. Sec. 3. The definitions set forth in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Public agency" means a public utility district, joint operating agency, city, county, or any other state governmental agency, entity, or political subdivision.

(2) "Major public energy project" means a plant or installation capable, or intended to be capable, of generating electricity in an amount greater than two hundred fifty megawatts. Where two or more such plants are located within the same geographic site, each plant shall be considered a major public energy project. An addition to an existing facility is not deemed to be a major energy project unless the addition itself is capable, or intended to be capable, of generating electricity in an amount greater than two hundred fifty megawatts. A project which is under construction on July 1, 1982, shall not be considered a major public energy project unless the official agency budget or estimate for total construction costs for the project as of July 1, 1982, is more than two hundred percent of the first official estimate of total construction costs as specified in the senate energy and utilities committee WPPSS inquiry report, volume one, January 12, 1981, and unless, as of July 1, 1982, the projected remaining cost of construction for that project exceeds two hundred million dollars.

(3) "Cost of construction" means the total cost of planning and building a major public energy project and placing it into operation, including, but not limited to, planning cost, direct construction cost, licensing cost, cost of fuel inventory for the first year's operation, interest, and all other costs incurred prior to the first day of full operation, whether or not incurred prior to the effective date of this act.

(4) "Cost of acquisition" means the total cost of acquiring a major public energy project from another party, including, but not limited to, principal and interest costs.

(5) "Bond" means a revenue bond, a general obligation bond, or any other indebtedness issued by a public agency or its assignee.

(6) "Applicant" means a public agency, or the assignee of a public agency, requesting the secretary of state to conduct an election pursuant to this chapter.

(7) "Cost-effective" means that a project or resource is forecast:

- To be reliable and available within the time it is needed; and
- To meet or reduce the electric power demand of the intended consumers at an estimated incremental system cost no greater than that of the least-cost similarly reliable and available alternative project or resource, or any combination thereof.

(8) "System cost" means an estimate of all direct costs of a project or resource over its effective life, including, if applicable, the cost of distribution to the consumer, and, among other factors, waste disposal costs, end-of-cycle costs, and fuel costs (including projected in-

creases), and such quantifiable environmental costs and benefits as are directly attributable to the project or resource.

NEW SECTION. Sec. 4. No public agency or assignee of a public agency may issue or sell bonds to finance the cost of construction or the cost of acquisition of a major public energy project, or any portion thereof, unless it has first obtained authority for the expenditure of the funds to be raised by the sale of such bonds for that project at an election conducted in the manner provided in this chapter.

NEW SECTION. Sec. 5. The election required under section 4 of this act shall be conducted in the manner provided in this section.

(1) (a) If the applicant is a public utility district, joint operating agency, city, or county, the election shall be among the voters of the public utility district, city, or county, or among the voters of the local governmental entities comprising the membership of the joint operating agency.

(b) If the applicant is any public agency other than those described in subsection (1) (a) of this section, or is an assignee of a joint operating agency and not itself a joint operating agency, the election shall be conducted state-wide in the manner provided in Title 29 RCW for state-wide elections.

(2) The election shall be held at the next state-wide general election occurring more than ninety days after submission of a request by an applicant to the secretary of state unless a special election is requested by the applicant as provided in this section.

(3) If no state-wide election can be held under subsection (2) of this section within one hundred twenty days of the submission to the secretary of state of a request by an applicant for financing authority under this chapter, the applicant may request that a special election be held if such election is necessary to avoid significant delay in construction or acquisition of the energy project. Within ten days of receipt of such a request for a special election, the secretary of state shall designate a date for the election pursuant to RCW 29.13.010 and certify the date to the county auditor of each county in which an election is to be held under this section.

(4) Prior to an election under this section, the applicant shall submit to the secretary of state a cost-effectiveness study, prepared by an independent consultant approved by the state finance committee, pertaining to the major public energy project under consideration. The study shall be available for public review and comment for thirty days. At the end of the thirty-day period, the applicant shall prepare a final draft of the study which includes the public comment, if any.

(5) The secretary of state shall certify the ballot issue for the election to be held under this section to the county auditor of each county in which an election is to be held. The certification shall include the statement of the proposition as provided in section 6 of this act. The costs of the election shall be relieved by the state in the manner provided for state measures under RCW 29.13.047.

(6) Prior to an election under this section, the secretary of state shall provide an opportunity for supporters and opponents of the requested financing authority to present their respective views in a voters' pamphlet which shall be distributed to the voters of the local governmental entities participating in the election. Upon submission of an applicant's request for an election pursuant to this section, the applicant shall provide the secretary of state with the following information regarding each major public energy project for which the applicant seeks financing authority at such election, which information shall be included in the voters' pamphlet:

(a) The name, location, and type of major public energy project, expressed in common terms;

(b) The dollar amount and type of bonds being requested;

(c) If the bond issuance is intended to finance the acquisition of all or a portion of the project, the anticipated total cost of the acquisition of the project;

(d) If the bond issuance is intended to finance the planning or

construction of all or a portion of the project, the anticipated total cost of construction of the project;

(e) The projected average rate increase for consumers of the electricity to be generated by the project. The rate increase shall be that which will be necessary to repay the total indebtedness incurred for the project, including estimated interest;

(f) A summary of the final cost-effectiveness study conducted under subsection (4) of this section;

(g) The anticipated functional life of the project;

(h) The anticipated decommissioning costs of the project; and

(i) If a special election is requested by the applicant, the reasons for requesting a special election.

NEW SECTION. Sec. 6. The proposition for each major public energy project listed upon a ballot pursuant to this chapter shall be in the form provided in this section.

(1) If the funds are intended to finance the planning or construction of all or a portion of the project, the proposition shall read substantially as follows:

"Shall (name of applicant) be authorized to spend (dollar amount of financing authority requested) to construct the (name of the project) (type of project) located at (location), the anticipated total construction cost of which is (anticipated cost of construction)?"

(2) If the financing authority is intended to finance the acquisition of all or a portion of the project from another party, the proposition shall read substantially as follows:

"Shall (name of applicant) be authorized to spend (dollar amount of financing authority requested) to acquire the (name of project) (type of project) located at (location), the anticipated total acquisition cost of which is (anticipated cost of acquisition)?"

NEW SECTION. Sec. 7. A request for financing authority pursuant to this chapter shall be considered approved if it receives the approval of a majority of those voting on the request.

NEW SECTION. Sec. 8. In planning for future energy expenditures, public agencies shall give priority to projects and resources which are cost-effective. Priority for future bond sales to finance energy expenditures by public agencies shall be given: First, to conservation; second, to renewable resources; third, to generating resources utilizing waste heat or generating resources of high fuel-conversion efficiency; and fourth, to all other resources. This section does not apply to projects which are under construction on the effective date of this section.

NEW SECTION. Sec. 9. Sections 1 through 8 of this act shall constitute a new chapter in Title 80 RCW.

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.

NEW SECTION. Sec. 11. Section 8 of this act shall take effect immediately. The remainder of this act shall take effect on July 1, 1982. Public agencies intending to submit a request for financing authority under this act are authorized to institute the procedures specified in section 5(4) of this act prior to the effective date of this act.

Initiative Measure 402

AN ACT Reforming gift and inheritance taxation; adding a new chapter to Title 83 RCW to be designated chapter 83.100 RCW; creating new sections; repealing chapters 83.01, 83.04, 83.05, 83.08, 83.12, 83.14, 83.16, 83.20, 83.24, 83.28, 83.32, 83.36, 83.40, 83.44, 83.48, 83.52, 83.58, 83.60, and 83.98 RCW; prescribing penalties; and providing an effective date.

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

NEW SECTION. Sec. 83.100.010. SHORT TITLE. This chapter may be cited as the "Estate and Transfer Tax Reform Act of 1981."

NEW SECTION. Sec. 83.100.020. DEFINITIONS. As used in this chapter:

(1) "Decedent" means a deceased individual;

(2) "Department" means the department of revenue, the director of that department, or any employee of the department exercising authority lawfully delegated to him by the director;

(3) "Federal credit" means the maximum amount of the credit for estate death taxes allowed by section 2011 for the decedent's net estate;

(4) "Gross estate" means "gross estate" as defined and used in section 2031 of the United States Internal Revenue Code of 1954, as amended or renumbered;

(5) "Net estate" means "taxable estate" as defined in section 2051 of the United States Internal Revenue Code of 1954, as amended or renumbered;

(6) "Nonresident" means a decedent who was domiciled outside Washington at his death;

(7) "Person" means any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate, or other entity and, to the extent permitted by law, any federal, state, or other governmental unit or subdivision or agency, department, or instrumentality thereof;

(8) "Personal representative" means the executor or administrator of a decedent or, if no executor or administrator is appointed, qualified, and acting, any person who has possession of any property;

(9) "Property" means property included in the gross estate;

(10) "Release" means a release of no tax due or a receipt for payment of the tax due under this chapter;

(11) "Resident" means a decedent who was domiciled in Washington at time of death;

(12) "Section 2011" means section 2011 of the United States Internal Revenue Code of 1954, as amended or renumbered; and

(13) "Transfer" means "transfer" as defined and used in section 2001 of the United States Internal Revenue Code of 1954, as amended or renumbered.

NEW SECTION. Sec. 83.100.030. RESIDENTS—TAX IMPOSED—CREDIT FOR TAX PAID OTHER STATE. (1) A tax in an amount equal to the federal credit is imposed on the transfer of the net estate of every resident.

(2) If any property of a resident is subject to a death tax imposed by another state for which a credit is allowed by section 2011, and if the tax is imposed by the other state is not qualified by a reciprocal provision allowing the property to be taxed in the state of decedent's domicile, the amount of the tax due under this section shall be credited with the lesser of:

(a) The amount of the death tax paid the other state and credited against the federal estate tax; or

(b) An amount computed by multiplying the federal credit by a fraction, the numerator of which is the value of the property subject to the death tax imposed by the other state, and the denominator of which is the value of the decedent's gross estate.

NEW SECTION. Sec. 83.100.040. NONRESIDENTS—TAX IMPOSED—EXEMPTION. (1) Tax in an amount computed as provided in this section is imposed on the transfer of the net estate located in Washington of every nonresident.

(2) The tax shall be computed by multiplying the federal credit by a fraction, the numerator of which is the value of the property located in Washington, and the denominator of which is the value of the decedent's gross estate.

(3) The transfer of the property of a nonresident is exempt from the tax imposed by this section to the extent that the property of residents is exempt from taxation under the laws of the state in which the nonresident is domiciled.

NEW SECTION. Sec. 83.100.050. TAX REPORTS—DATE TO BE FILED—EXTENSIONS. (1) The personal representative of every estate