



# HOUSE JOINT RESOLUTION 12

## PROPOSED CONSTITUTIONAL AMENDMENT

NOTE: The ballot title and explanatory statement were written by the Attorney General as required by state law. The complete text of House Joint Resolution 12 begins on page 12.

Vote cast by the 1985 Legislature on final passage:  
HOUSE: Yeas, 91; Nays, 5; Absent or not voting, 2.  
SENATE: Yeas, 48; Nays, 1; Absent or not voting, 0.

### Official Ballot Title:

Shall the Constitution be amended to permit State Industrial Insurance (Worker's Compensation) Funds to be invested as authorized by law?

### The law as it now exists:

The State Constitution substantially restricts the financial investments into which public funds can be invested. In 1968, the State Constitution was amended to permit public employee pension and retirement funds to be invested as authorized by law. The legislature has authorized those funds to be invested in government and corporate stocks, bonds and other securities. However, that 1968 constitu-

tional amendment did not apply to the State Industrial Insurance (Worker's Compensation) Funds. Therefore, the investment of those funds remains governed by the constitutional restrictions that apply to the investment of state treasury funds.

### The effect of HJR 12, if approved into law:

This constitutional amendment, if approved, would permit the State Industrial Insurance (Worker's Compensation) Funds to be invested in any manner authorized by law.

## Statement for

### HJR 12 REDUCES EMPLOYER/EMPLOYEE TAXES

Industrial insurance trust funds pay injured worker benefits. These funds come from employer/employee premiums and fixed-income investments. HJR 12 would give the State Investment Board flexibility to invest industrial insurance trust funds in equity investments, e.g., stock, just as it now does with other public funds. If equity investments had been allowed in 1983, industrial insurance trust funds would have earned \$30 to \$50 million more in investment income. More money from investment income means lower industrial insurance rates for employers and employees.

### EQUITY INVESTMENT HAS PROVEN RECORD OF SAVING MONEY

By a 4 to 1 margin in 1968, voters approved an amendment to the state Constitution allowing investment of public pension and retirement funds in equity investments. Today, about 45 percent of these funds are invested in equity investments. Historically, equity investments produce a 2.4 - 2.5 percent higher rate of return than other investments.

### PROTECTIONS FOR PUBLIC MONEY

HJR 12 allows but **does not require** investment of industrial insurance trust funds in stock. The Legislature limits the percentage of public funds that can be invested in stock. Other laws establish procedures to safeguard investment of public funds. These safeguards would apply to industrial insurance trust funds investments if the voters approve HJR 12.

### EFFECTIVE MONEY MANAGEMENT

HJR 12 simply authorizes smart money management permitting flexible, effective investment to benefit the industrial insurance system.

**ENDORSED BY THE STATE GRANGE, RAY HILL, MASTER; BUSINESS, LABOR AND TAXPAYERS AGREE.**

**VOTE YES ON HJR 12**

### Voters' Pamphlet Statement Prepared by:

LARRY VOGNILD, State Senator; KIM PEERY, State Representative; IRV NEWHOUSE, State Senator.

Advisory Committee: DICK MARQUARDT, Washington State Insurance Commissioner; ROBERT JONES, President, Washington State Farm Bureau; MARVIN WILLIAMS, President, Washington State Labor Council, AFL-CIO; GARY SMITH, Executive Director, Independent Business Association; ART WANG, State Representative.

## Statement against

State law requires that the argument and rebuttal statement against a constitutional amendment be written by one or more members of the state Legislature who voted against that proposed measure on final passage or, in the event that no such member of the Legislature consents to prepare the statement, by any other responsible individual or individuals to be appointed by the Speaker of the House of Representatives, the President of the State Senate, and the Secretary of State. No legislator who voted against House Joint Resolution 12 or other individual opposing the measure consented to write an argument against the measure for publication in this pamphlet.



## COMPLETE TEXT OF House Joint Resolution 12

All words printed in italics are in the Constitution at the present and are being taken out by this amendment. All words underscored do not appear in the Constitution as it now is written but will be put in if this amendment is adopted.

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 XXIX, section 1 of the Constitution of the state of Washington to read as follows:

Article XXIX, section 1. Notwithstanding the provisions of sections 5, and 7 of Article VIII and section 9 of Article XII or any other section or article of the Constitution of the state of Washington, the moneys of any public pension or retirement fund or industrial insurance trust fund may be invested as authorized by law.

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.



## COMPLETE TEXT OF House Joint Resolution 22

All words printed in italics are in the Constitution at the present and are being taken out by this amendment. All words underscored do not appear in the Constitution as it now is written but will be put in if this amendment is adopted.

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, section 2 of the Constitution of the state of Washington 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: PROVIDED, That the only requirement under this subsection concerning the number of electors necessary to approve a proposition to levy an additional tax for the public schools is that three-fifths of the electors voting on the proposition vote "yes": PROVIDED FURTHER, That notwithstanding any other provision of this Constitution, any proposition pursuant to this subsection to levy additional tax for the ((support of the common)) public schools may ((provide such support)) be for a two year period;

(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: PROVIDED, That the only requirement under this subsection concerning the number of electors necessary to approve a proposition to levy an additional tax for the public schools is that three-fifths of the electors voting on the proposition vote