



INITIATIVE MEASURE 602

TO THE PEOPLE

Note: The ballot title and explanatory statement were written by the Attorney General as required by law. The complete text of Initiative Measure 602 begins on page 26.

Statement for

**INITIATIVE 602 PROTECTS TAXPAYERS AND
CONTROLS GOVERNMENT SPENDING**

**INITIATIVE 602 FIGHTS RAMPANT INEFFICIENCY
AND WASTE IN GOVERNMENT**

Even before this year's tax increases, state government had nearly \$1 billion more of your tax dollars than ever before. Yet, they still increased spending and burdened Washingtonians with an additional \$1.2 BILLION in new taxes.

I-602 encourages state government to set priorities — funding essential needs, including K-12 and higher education, and public safety first! Inefficient and wasteful uses of your tax dollars — like \$44,000 fish tanks, expensive office buildings, excessive travel, and unnecessary bureaucracy — would meet the chopping-block.

**INITIATIVE 602 SAFEGUARDS WASHINGTON'S
FUTURE**

Reasonable controls that work. I-602 controls how much money the state can collect and then limits spending to that level. Experience shows that limits based on spending alone allow too many loopholes for higher taxes and spending.

Living within taxpayers' means. Our state budget has nearly tripled in the last 12 years . . . that's faster than hard-working taxpayers can afford. Under I-602, government spending rises only if the people's financial condition improves.

Making government accountable. I-602 requires a 60% legislative vote to increase taxes within the limit. New taxes are limited to two years.

Planning ahead. I-602 establishes a "savings account" to

Official Ballot Title:

Shall state revenue collections and state expenditures be limited by a factor based on personal income, and certain revenue measures repealed?

The law as it now exists:

The state is currently operating under a law (Chapter 43.135 RCW, enacted by initiative in 1979), which limits state tax revenue in each fiscal year to an amount calculated by multiplying the previous year's revenue limit by the average state personal income ratio for the three calendar years immediately preceding the beginning of the fiscal year in question. For instance, the tax revenue limit for fiscal 1994 (which began on July 1, 1993) is the limit for fiscal 1993 multiplied by the average increase in personal income for calendar 1990, 1991, and 1992. The starting point for these calculations was the revenue received in fiscal 1979. Current law requires the Legislature to impose taxes and other

protect vital public services during tough times — avoiding unnecessary tax increases. The cycle of simply taxing and spending more will be broken.

**TAKE BACK OUR GOVERNMENT AND
SEND POLITICIANS A MESSAGE . . .
VOTE YES ON INITIATIVE 602**

Too many elected officials believe government is for the politicians, not the people.

I-602 is a common-sense, reasonable plan to make government serve the public . . . and gives taxpayers the protection they deserve.

Make government accountable and control taxes, call 1-800-487-1693.

Rebuttal of Statement against

I-602 is a "boon" to Washington taxpayers who are fed up with wasteful spending by bureaucrats and politicians! Alcohol and Tobacco's share of 1993's \$1.2 billion tax increase is less than 17%. Who pays the rest? You do!

That's why 450,000 Washingtonians signed petitions to put I-602 on the ballot!

PUT AN END TO \$44,000 FISH TANKS AND JET-SETTING GOVERNMENT BUREAUCRATS!

Send Politicians a message.

YES ON I-602!

Voters Pamphlet Statement Prepared by:

PEGGY JOHNSON, I-602 Republican Co-Chair; KEN DONOHUE, I-602 Democrat Co-Chair; RANDY TATE, State Representative.

Advisory Committee: MELODY MURPHY, I-602 Independent Co-Chair; CAROLYN LOGUE, State Director, National Federation of Independent Business; MIKE CARRELL, Chair, Teachers for I-602; WYNN CANNON, Chairman, League of Wash. Taxpayers; DON BRUNELL, Pres., Association of Wash. Business.

charges in a manner that will insure that estimated tax revenues do not exceed the revenue limit for each fiscal year. The limit may be exceeded only in case of an emergency declared by the Legislature with a two-thirds vote in each house. The budgeting and accounting laws prohibit the governor from allowing the expenditure of funds in excess of actual revenue received. The 1979 initiative also limits the extent to which the Legislature may impose new obligations on local governments without reimbursing them from state funds.

The effect of Initiative Measure 602, if approved into law:

Initiative Measure 602 would replace the current state tax revenue limit with a new state revenue collection limit. This limit would be calculated for each fiscal year by multiplying the total state personal income for the fiscal year in question by a "limitation factor." The limitation factor would be calculated by dividing the sum of total state revenue collections for the fiscal years 1988 through 1992 by the sum of total state personal income for those same fiscal years. The new limit would take effect with the fiscal year beginning July 1, 1993.

The state would be prohibited from expending funds derived from state revenue collections in excess of the state revenue collection limit for the fiscal year in question. The state treasurer,

except in case of emergency, would be prohibited from issuing any checks or warrants which would result in an expenditure in excess of the revenue collection limit.

A revenue reserve fund would be created to hold any excess funds collected above amounts anticipated and budgeted, or any undesignated and unspent funds in the treasury. The treasurer could transfer money from this fund in years when revenue falls short of the amount anticipated and budgeted by the Legislature. Further revenue collections that exceed the limits of the revenue reserve fund would be paid into a general obligation debt reduction account.

The revenue collection limit could be exceeded upon a declaration of an emergency by the governor and a law approved by a vote of seventy-five percent of each house of the Legislature. No emergency could last longer than twenty-four months. In an emergency, revenue collections could be increased enough to meet the emergency, but no more.

The Legislature would be prohibited from imposing new responsibilities on political subdivisions, or programs previously provided by the state, or increased levels of service in existing programs, except where the Legislature fully reimburses the political subdivision. The Legislature could not meet its reimbursement obligation by authorizing new local revenue collections.

The initiative would repeal all revenue actions by the state to increase revenues over those in effect on December 31, 1992.

The initiative would go into effect immediately, and would place a revenue collection limit on the fiscal year beginning July 1, 1993.

Statement against

I-602 IS NOT THE ANSWER

Washington citizens deserve a strong economy, good paying jobs, a clean environment, safe neighborhoods, quality education, and improved health care. This initiative will NOT help us achieve these goals.

Every citizen should demand that taxes be raised prudently and public money be spent wisely. But this initiative is not the answer to legitimate calls for improved government efficiency and accountability.

INDISCRIMINATE HARM

The blanket repeal of all 1993 tax and fee increases would spread indiscriminate harm across the state. The roll-back of alcohol and tobacco taxes will leave 198,000 Washingtonians without health care and cripple health care reform efforts. Two-thousand university students and 8,000 community and technical college students will lose their place in class, including 5,000 laid-off workers seeking job training.

Many other programs such as criminal justice assistance to local government and public school support would likely be reduced as the legislature rebalances state spending. Those politicians who claim they can find plenty of money for worthwhile programs by eliminating waste are not telling the truth.

LEGISLATIVE GRIDLOCK

The requirement that 75% of the legislature approve spending increases for critical needs would encourage a small number of legislators to demand changes in long-established law in trade for their vote on the budget.

ALCOHOL AND TOBACCO WIN

Passage of I-602 would result in unfair, unrepresentative, gridlocked government. A clear threat to our quality of life, and a boon to alcohol and tobacco companies.

Vote NO on I-602.

For more information, call (206) 625-0511.

Rebuttal of Statement for

Lobbyists wrote I-602. Special interests paid \$250,000 to collect the signatures. Why? Because I-602 cuts their taxes. Under their plan, as few as 13 senators would decide what's best for all Washingtonians.

I-602 also cuts essential services like college and university enrollments, retraining for unemployed workers, and it makes health care reform unworkable.

Send a real message. We won't let alcohol, tobacco and insurance lobbyists control our government.

We won't be fooled. Vote NO!

Voters Pamphlet Statement Prepared by:

DANIEL J. EVANS, former Governor; MARGARET COLONY, President, League of Women Voters of Washington; W. HUNTER SIMPSON, retired Businessman.

Advisory Committee: ANNA H. CHAVELLE, MD, President, Washington State Medical Association; DR. WILLIAM WILEY, Senior Vice President, Battelle Memorial Institute; FATHER WILLIAM J. SULLIVAN, S.J., President, Seattle University; PHYLLIS GUTIERREZ KENNEY, Higher Education and Community Leader; AL LINK, President, Spokane Central Labor Council.



COMPLETE TEXT OF Initiative Measure 601 (cont.)

acts are each repealed:

- (1) RCW 43.88.520 and 1981 c 280 s 1;
- (2) RCW 43.88.525 and 1991 sp.s. c 13 s 13, 1985 c 57 s 52, & 1981 c 280 s 2;
- (3) RCW 43.88.530 and 1982 1st ex.s. c 36 s 2 & 1981 c 280 s 3;
- (4) RCW 43.88.535 and 1982 1st ex.s. c 36 s 3 & 1981 c 280 s 4;
- (5) RCW 43.88.540 and 1984 c 138 s 11 & 1981 c 280 s 5;
- (6) RCW 43.135.020 and 1980 c 1 s 2;
- (7) RCW 43.135.030 and 1980 c 1 s 3;
- (8) RCW 43.135.040 and 1980 c 1 s 4;
- (9) RCW 43.135.050 and 1980 c 1 s 5;
- (10) RCW 43.135.070 and 1980 c 1 s 7;
- (11) RCW 43.135.900 and 1980 c 1 s 8; and
- (12) RCW 43.135.901 and 1980 c 1 s 9.

NEW SECTION. Sec. 10. This chapter may be known and cited as the taxpayer protection act.

NEW SECTION. Sec. 11. Sections 2, 3, 4, 8, 9, and 10 of this act are each added to chapter 43.135 RCW.

NEW SECTION. Sec. 12. 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. 13. (1) After the effective date of this section, the state may raise existing taxes, impose new taxes as authorized by law, or make revenue-neutral tax shifts only with approval of a majority of the voters at a November general election. The requirement for a vote at a November general election is in addition to any other requirements established by law.

(2) This section expires on July 1, 1995.

NEW SECTION. Sec. 14. (1) Sections 8 and 13 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately.

(2) Sections 1 through 7 and 9 through 12 of this act shall take effect July 1, 1995.



COMPLETE TEXT OF Initiative Measure 602

AN ACT Relating to limitations on state revenues; amending RCW 43.135.060 and 43.84.092; adding new sections to chapter 43.135 RCW; adding a new section to chapter 82.33 RCW; adding a new section to chapter 43.88 RCW; creating new sections; repealing RCW 43.88.520, 43.88.525, 43.88.530, 43.88.535, 43.88.540, 43.135.010, 43.135.020, 43.135.030, 43.135.040, 43.135.050, 43.135.070, 43.135.900, and 43.135.901; and declaring an emergency.

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

NEW SECTION. Sec. 1. FINDINGS AND DECLARATIONS. The people of the state of Washington declare that:

(1) The continued growth in the burden of tax levies and other revenue generating assessments imposed on the citizens and businesses of the state of Washington and the corresponding growth in state government is contrary to the interests of the people of the state of Washington.

(2) It is necessary to reaffirm the people's will to limit the rate of growth of state government while assuring adequate funding of essential services, including basic education as required by Article IX, section 1 of the state Constitution.

(3) During periods of severe economic downturns or fiscal emergencies, receipts of state revenue collections may decline below the state revenue collection limit established in this chapter and; therefore, it is necessary and vital for the state of Washington to maintain an adequate reserve of state revenue collections to provide a resource for the stable financing of essential state services during such periods.

(4) A state tax limitation was passed by a vote of the people at the November 6, 1979, state general election. However, because of a high base calculation, that state tax limitation has not been effective in carrying out the intent of the people to limit revenues and the growth of state government.

NEW SECTION. Sec. 2. INTENT. It is the intent of the people of the state of Washington to:

(1) Establish a limitation that will assure that the growth rate of state revenue collections does not exceed an established percentage of the economy as represented by total state personal income.

(2) Reaffirm that the state shall not impose upon any political subdivision of the state the responsibility for new programs, programs previously offered by the state, or increased levels of service unless the costs of these programs or services are paid or reimbursed by the state.



COMPLETE TEXT OF Initiative Measure 602 (cont.)

(3) Provide for adjustment of the state revenue collection limit when the costs of a federal, state, or political subdivision program, service, project, facility, or activity are transferred in such a manner that the result is an increase or decrease in state revenue collections.

(4) Establish a responsible and fiscally sound revenue reserve fund for use in severe economic downturns or fiscal emergencies.

(5) Establish procedures for the disposition of amounts collected in excess of this limit.

(6) Establish procedures for use when estimated state revenues collections fall below the state revenue collection limit.

(7) Establish procedures for exceeding this limit in emergency situations.

NEW SECTION. Sec. 3. DEFINITIONS: Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter:

(1) "Estimated state revenue collections" means the estimated state revenue collections as published in the most recent official economic and revenue forecast prepared under RCW 82.33.020.

(2) "Fiscal year" means the year beginning July 1st and ending the following June 30th.

(3) "General obligation debt reduction account" means the general obligation debt reduction account created by this chapter.

(4) "Political subdivision" means any division of the state made by proper authorities thereof, acting within their constitutional or legislatively authorized powers, for the purpose of carrying out the administration of governmental powers of a subordinate or local nature.

(5) "Revenue measure" means any tax, fee, license, charge, assessment, tariff, toll, duty, or other encumbrance levied, set, imposed, or exacted on persons, income, property, or activities or any expansion of the base of any existing tax, fee, license, charge, assessment, tariff, toll, duty, or other encumbrance levied, set, imposed, or exacted on persons, income, property, or activities.

(6) "Revenue reserve fund" means the revenue reserve fund created by this chapter.

(7) "State revenue collections" means all moneys received, collected, or owed from each and every source as required by law or rule, whether or not such funds are otherwise subject to legislative appropriation, including funds maintained or deposited outside the state treasury. Unless otherwise stated to the contrary, the following shall not be included in this definition:

(a) Moneys received as a gift, grant, donation, aid, or

assistance from any person, firm, or corporation, public or private, when the terms and conditions of such gift, grant, donation, aid, or assistance require the application and disbursement of such moneys otherwise than for the general purposes of the state of Washington;

(b) Moneys received as a gift, grant, donation, aid, or assistance from the United States or any department, agency, bureau, or corporation of the United States;

(c) Moneys derived from the investment of funds under the authority of the state investment board pursuant to chapter 43.33A RCW;

(d) Moneys received from performance bonds and deposits;

(e) Moneys paid into or received from the accident fund established under RCW 51.44.010, the medical aid fund established under RCW 51.44.020, the reserve fund established under RCW 51.44.030, the supplemental pension fund established under RCW 51.44.033, and the second injury fund established under RCW 51.44.040, for the purposes authorized as of December 31, 1992;

(f) Moneys paid into or received from trust funds that were created or established prior to December 31, 1992;

(g) Moneys paid into or received from a permanent and irreducible fund of the state that was created or established prior to December 31, 1992;

(h) Moneys received from the sale of bonds or other evidences of indebtedness;

(i) Moneys paid into or deposited to funds or accounts by the state for disbursement to political subdivisions of the state. However, these funds or accounts must have been created or established prior to December 31, 1992;

(j) Moneys dedicated under Article 2, section 40 of the state Constitution;

(k) Moneys paid into or received from the revenue reserve fund; or

(l) Moneys paid into or received from the general obligation debt reduction account.

(8) "State revenue collection limit" or "limit" means the limitation created by this chapter.

(9) "Limitation factor" means the percentage created by dividing the sum of total state revenue collections for the fiscal years 1988 through 1992 by the sum of total state personal income for the fiscal years 1988 through 1992.

(10) "Total state personal income" means the estimated total personal income for the state during a fiscal year as published by the United States department of commerce, bureau of economic analysis, or its successor, and as reported in the most recent official economic and revenue forecast prepared under RCW 82.33.020.

(11) "Undesignated fund balance" means any unreserved and undesignated current assets or other resources available for expenditure over and above any current liabilities that are expected to be incurred by the close of a fiscal year.

NEW SECTION. Sec. 4. LIMITATION FACTOR—



COMPLETE TEXT OF Initiative Measure 602 (cont.)

COMPUTATION. Within thirty days after the effective date of this act, the economic and revenue forecast supervisor, as defined in RCW 82.33.010(2), shall compute the limitation factor defined under section 3 of this act. Upon computing the limitation factor, the economic and revenue forecast supervisor shall make and file with the secretary of state, a certificate containing the results of the computation and any amendment or adjustment thereof. Copies of the certificate shall be sent to each elected official of the state and each member of the legislature.

NEW SECTION. Sec. 5. STATE REVENUE COLLECTION LIMIT—CALCULATION. (1) Unless otherwise provided for in this chapter, the state revenue collection limit for the fiscal year beginning July 1, 1993, and for each fiscal year thereafter, shall be the limitation factor multiplied by the total state personal income for the fiscal year for which the limit is being calculated.

(2) To establish the revenue collection limit for the fiscal year beginning July 1, 1993, the economic and revenue forecast supervisor shall use total state personal income as published by the United States department of commerce, bureau of economic analysis, or its successor, and as reported in the November 1992 official economic and revenue forecast prepared under RCW 82.33.020.

(3) To establish the revenue collection limit for the fiscal year beginning July 1, 1994, the economic and revenue forecast supervisor shall use total state personal income as published by the United States department of commerce, bureau of economic analysis, or its successor, and as reported in the November 1993 official economic and revenue forecast prepared under RCW 82.33.020.

(4) For each fiscal year thereafter, the state revenue collection limit shall be established by the economic and revenue forecast supervisor on November 20 of the year immediately preceding the fiscal year for which the limit is being calculated.

NEW SECTION. Sec. 6. REVENUE MEASURES—ESTIMATED STATE REVENUE COLLECTIONS TO BE WITHIN LIMIT. Except as otherwise provided for in this chapter, all state revenue measures from which state revenue collections are derived shall be imposed, levied, or set by law or rule in such a manner that estimated state revenue collections for each fiscal year will not exceed the state revenue collection limit established for the corresponding fiscal year.

NEW SECTION. Sec. 7. EXPENDITURE REQUIREMENTS. (1) The state shall not expend funds derived from

state revenue collections for any fiscal year in excess of the state revenue collection limit established for the corresponding fiscal year.

(2) Except pursuant to an appropriation provided for a declaration of emergency under section 10 of this act, the state treasurer shall not issue or redeem any check, warrant, or voucher from funds derived from state revenue collections that would result in an expenditure for any fiscal year in excess of the state revenue collection limit for the corresponding fiscal year. A violation of this subsection constitutes a violation of RCW 43.88.290.

(3) In addition to the penalties provided in RCW 43.88.300 for a judgment against the state treasurer for violating RCW 43.88.290, the attorney general may take civil action for such violations.

NEW SECTION. Sec. 8. REVENUE RESERVE FUND. (1) A revenue reserve fund is created in the custody of the state treasurer. Only the state treasurer may transfer moneys to or from the fund as provided in this chapter. On the effective date of this act, all funds currently contained, or on deposit, in the budget stabilization account created under RCW 43.88.525 shall be transferred into the revenue reserve fund.

(2) The state treasurer is authorized to and shall transfer to the revenue reserve fund a sum equal to the amount of any state revenue collections in excess of the state revenue collection limit. Deposits authorized under this subsection, shall be made on the last day of each fiscal year based on estimated state revenue collections for that fiscal year.

(3) Upon the completion of any fiscal year for which there is an undesignated fund balance, the state treasurer is hereby authorized to and shall transfer to the revenue reserve fund a sum equal to the amount of any undesignated fund balance.

(4) The state treasurer is authorized to and shall transfer to the revenue reserve fund any other amounts the legislature may from time to time direct to be deposited or transferred into the fund.

(5) The balance of the revenue reserve fund at the end of a fiscal year shall not exceed two and one-half percent of the immediately preceding fiscal year's state revenue collection limit. Any amount in excess of this two and one-half percent limit shall be transferred by the state treasurer to the general obligation debt reduction account.

NEW SECTION. Sec. 9. ESTIMATED STATE REVENUE COLLECTIONS BELOW LIMIT—PROCEDURES FOR IMPOSITION OF REVENUE MEASURES. (1) If, at the time the state revenue collection limit is established as required pursuant to section 5 of this act, the estimated state revenue collections for the corresponding fiscal year are projected to be below the state revenue collection limit, the state treasurer shall immediately transfer to the state general fund from amounts available in the revenue reserve



COMPLETE TEXT OF Initiative Measure 602 (cont.)

fund a sum equal to the difference between estimated state revenue collections and the state revenue collection limit for use during such fiscal year.

(2) If the procedure required under subsection (1) of this section has been implemented and there remains a difference between the state revenue collection limit and estimated revenue collections, the legislature may, by an affirmative vote of sixty percent of each house, enact revenue measures necessary to generate any sum that is equal to or below the state revenue collection limit less the estimated state revenue collections.

(3) Any revenue measure enacted pursuant to subsection (2) of this section may be imposed, levied, or set by law or rule for a period not to exceed twenty-four months from the effective date of such revenue measure.

NEW SECTION. Sec. 10. WHEN STATE REVENUE COLLECTION LIMIT MAY BE EXCEEDED—CONDITIONS. (1) The state revenue collection limit may be exceeded upon declaration of an emergency by the governor and a law approved by an affirmative vote of seventy-five percent of each house of the legislature. The declaration of emergency shall set forth the circumstances constituting the emergency and the amount of state revenue collections in excess of the applicable state revenue collection limit necessary to meet the emergency.

(2) A declaration of emergency for the purposes of exceeding the state revenue collection limit shall not exceed twenty-four months.

(3) The state revenue collection limit may be exceeded by an amount no greater than that indicated by the governor in his or her emergency declaration.

(4) The amount of state revenue collections authorized under this section in excess of the state revenue collection limit is not subject to the provisions of sections 7(2) and 8(2) of this act.

(5) Revenue measures enacted to meet the costs of an emergency under this section may be imposed, levied, or set by law or rule for a period not to exceed twenty-four months from the effective date of the revenue measures. However, all revenue measures enacted to meet the cost of an emergency under this section shall expire immediately upon the expiration of the declaration of emergency.

NEW SECTION. Sec. 11. STATE REVENUE COLLECTION LIMIT—ADJUSTMENTS. (1) If by order of any court, the costs of a federal, state, or political subdivision program, service, project, facility, or activity are transferred in such a manner that the result is an increase or decrease

in state revenue collections, the limitation factor shall be adjusted and the state revenue collection limit recalculated as provided in this section. The office of financial management shall determine the total dollar amount of any increase or decrease in state revenue collections caused by such a transfer.

(2) For the purpose of this section, "adjusted limitation factor" means the total dollar amount of any such increase or decrease in state revenue collections for the fiscal year in which the increase or decrease is effective divided by the corresponding fiscal year's total state personal income plus or minus the limitation factor or the most recent adjusted limitation factor.

(3) For the fiscal year in which any such increase or decrease is effective and for each fiscal year thereafter, the state revenue collection limit shall be the adjusted limitation factor multiplied by total state personal income for the fiscal year for which the limit is being recalculated or calculated.

(4) For the fiscal year in which any state revenue collections increase or decrease required by subsection (1) of this section become effective, the state revenue collection limit as adjusted in this section shall be recalculated by the economic and revenue forecast supervisor prior to the beginning of that fiscal year. For the fiscal years thereafter, the state revenue collection limit shall be established by the economic and revenue forecast supervisor on November 20 of the year immediately preceding the fiscal year for which the state revenue collection limit is being calculated.

NEW SECTION. Sec. 12. GENERAL OBLIGATION DEBT REDUCTION ACCOUNT. The general obligation debt reduction account is created in the state treasury. Moneys in the account may be spent only following appropriation by law and shall be used solely for the purposes of reducing the outstanding principle and interest of the general obligation indebtedness of the state of Washington.

Sec. 13. RCW 43.135.060 and 1990 2nd ex.s. c 1 s 601 are each amended to read as follows:

(1) The legislature shall not impose responsibility for new programs, ~~programs previously provided by the state,~~ or increased levels of service under existing programs on any ~~((taxing district))~~ political subdivision of the state unless the ~~((districts))~~ costs of the program or increased service are reimbursed ~~((for the costs thereof))~~ by the state.

(2) The amount of increased local revenue and state appropriations and distributions that are received or could be received by a ~~((taxing district))~~ political subdivision of the state as a result of legislative enactments after 1979 shall be included as reimbursement under subsection (1) of this section. This subsection does not affect litigation pending on January 1, 1990.

(3) ~~((If by order of any court, or legislative enactment, the costs of a federal or taxing district program are transferred~~



COMPLETE TEXT OF Initiative Measure 602 (cont.)

~~to or from the state, the otherwise applicable state tax revenue limit shall be increased or decreased, as the case may be, by the dollar amount of the costs of the program.~~

~~(4) The legislature, in consultation with the office of financial management or its successor agency, shall determine the costs of any new programs or increased levels of service under existing programs imposed on any taxing district or transferred to or from the state.~~

~~(5)) Subsection (1) of this section does not apply to the costs incurred for voting devices or machines under RCW 29.04.200.~~

~~(4) No portion of the reimbursement provided under subsection (1) of this section by the state to a political subdivision may be in the form of authorization for a new or increased revenue measure.~~

NEW SECTION. Sec. 14. A new section is added to chapter 82.33 RCW to read as follows:

The official, optimistic, and pessimistic revenue forecasts prepared under RCW 82.33.020 shall include revenue estimates for all state revenue collections as defined in chapter 43.135 RCW.

Sec. 15. RCW 43.84.092 and 1992 c 235 s 4 are each amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the common school construction fund, the county criminal justice assistance account, the county sales and use tax equalization account, the data processing building construction account, the deferred compensation administrative account, the deferred compensation principal account, the department of retirement systems expense account, the Eastern Washington University capital projects account, the federal forest revolving account, the general obligation debt reduction account, the industrial insurance premium

refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local sales and use tax account, the medical aid account, the municipal criminal justice assistance account, the municipal sales and use tax equalization account, the natural resources deposit account, the perpetual surveillance and maintenance account, the public employees' retirement system plan I account, the public employees' retirement system plan II account, the Puyallup tribal settlement account, the resource management cost account, the revenue reserve fund, the site closure account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the supplemental pension account, the teachers' retirement system plan I account, the teachers' retirement system plan II account, the University of Washington bond retirement fund, the University of Washington building account, the volunteer fire fighters' relief and pension principal account, the volunteer fire fighters' relief and pension administrative account, the Washington judicial retirement system account, the Washington law enforcement officers' and fire fighters' system plan I retirement account, the Washington law enforcement officers' and fire fighters' system plan II retirement account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, and the Western Washington University capital projects account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, and the state university permanent fund shall be allocated to their respective beneficiary accounts. All earnings to be distributed under this subsection (2)(a) shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(b) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The central Puget Sound public transportation account, the city hardship assistance account, the county arterial preservation account, the economic development account, the essential rail assistance account, the essential rail banking account, the ferry bond retirement fund, the grade crossing protective fund, the high capacity transportation account, the highway bond retirement fund, the highway construction stabilization account, the highway safety account, the motor vehicle fund, the motorcycle safety education account, the pilotage account, the public transportation systems account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the recreational vehicle account, the rural arterial



COMPLETE TEXT OF Initiative Measure 602 (cont.)

trust account, the special category C account, the state patrol highway account, the transfer relief account, the transportation capital facilities account, the transportation equipment fund, the transportation fund, the transportation improvement account, and the urban arterial trust account.

(3) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

NEW SECTION. Sec. 16. A new section is added to chapter 43.88 RCW to read as follows:

The budget document submitted by the governor to the legislature under RCW 43.88.030 shall reflect the state revenue collection limit established under chapter 43.135 RCW and shall not propose expenditures from funds derived from state revenue collections in excess of the state revenue collection limit established for the fiscal year or years to which the budget pertains.

NEW SECTION. Sec. 17. REVENUE MEASURES REPEAL. (1) Upon the effective date of this act, all actions or combinations of actions by the state to increase state revenue measures over those in effect on December 31, 1992, shall revert to those in effect on December 31, 1992, except for those under sections 9 and 10 of this act.

(2) The code reviser, in cooperation with the fiscal committees of the house of representatives and the senate, shall develop a correction bill to reflect the changes required by subsection (1) of this section. The correction bill shall be introduced during the legislative session immediately following the effective date of this act.

(3) Prior to the adoption of the correction bill required under this section, the governor may utilize any means provided by law to ensure that the expenditure of funds derived from state revenue collections does not exceed the state revenue collection limit.

NEW SECTION. Sec. 18. REPEALER. The following acts or parts of acts are each repealed:

- (1) RCW 43.88.520 and 1981 c 280 s 1;
- (2) RCW 43.88.525 and 1991 sp.s. c 13 s 13, 1985 c 57 s 52, & 1981 c 280 s 2;
- (3) RCW 43.88.530 and 1982 1st ex.s. c 36 s 2 & 1981 c 280 s 3;
- (4) RCW 43.88.535 and 1982 1st ex.s. c 36 s 3 & 1981 c 280 s 4;
- (5) RCW 43.88.540 and 1984 c 138 s 11 & 1981 c 280 s 5;

- (6) RCW 43.135.010 and 1980 c 1 s 1;
- (7) RCW 43.135.020 and 1980 c 1 s 2;
- (8) RCW 43.135.030 and 1980 c 1 s 3;
- (9) RCW 43.135.040 and 1980 c 1 s 4;
- (10) RCW 43.135.050 and 1980 c 1 s 5;
- (11) RCW 43.135.070 and 1980 c 1 s 7;
- (12) RCW 43.135.900 and 1980 c 1 s 8; and
- (13) RCW 43.135.901 and 1980 c 1 s 9.

NEW SECTION. Sec. 19. SHORT TITLE. This chapter shall be known and cited as the state revenue collection limitation act of 1993.

NEW SECTION. Sec. 20. SEVERABILITY. 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. 21. CODIFICATION INSTRUCTIONS. Sections 1 through 12 and 19 of this act are each added to chapter 43.135 RCW.

NEW SECTION. Sec. 22. CAPTIONS NOT LAW. Section headings as used in this act do not constitute any part of the law.

NEW SECTION. Sec. 23. EMERGENCY CLAUSE. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately, and the first fiscal year for which the state revenue collection limit shall be in effect is the fiscal year beginning July 1, 1993.

PLEASE NOTE:

In the preceding and following measures, all words in double brackets with a line through them are in the State Law or Constitution at the present time and are being taken out by the measure. All words underlined do not appear in the State Law or Constitution as they are now written but will be put in if the measure is adopted.