



INITIATIVE MEASURE 960

Proposed by Initiative Petition

Official Ballot Title:

Initiative Measure No. 960 concerns tax and fee increases imposed by state government.

This measure would require two-thirds legislative approval or voter approval for tax increases, legislative approval of fee increases, certain published information on tax-increasing bills, and advisory votes on taxes enacted without voter approval.

Should this measure be enacted into law?

Yes [] No []

Note: The Official Ballot Title was written by the Attorney General as required by law. The Explanatory Statement was written by the Attorney General as required by law and revised by the court. The Fiscal Impact Statement was written by the Office of Financial Management. For more in-depth fiscal analysis, visit www.ofm.wa.gov/initiatives. The complete text of Initiative Measure 960 begins on page 24.



Fiscal Impact Statement

Summary of Fiscal Impact

Initiative 960 would result in added costs to prepare ten-year cost projections for proposed state tax and fee increases, to notify legislators and the public about proposed revenue legislation, and to conduct advisory votes on tax increases approved by the Legislature. Costs are estimated to be up to \$1.8 million a year, including \$1.2 million for local election expenses. Local government pays election costs in even-numbered years. The state pays a pro-rated share in odd-numbered years. Actual election costs for any particular year will depend on the number of tax measures referred to an advisory vote.

Assumptions Supporting Fiscal Impact Statement

The Office of Financial Management (OFM) will need up to \$205,000 in the first year, and \$154,000 in subsequent years for computer system modifications and staff dedicated to new responsibilities, including:

- Determining which proposed legislation and fee increases require a ten-year cost projection.
- Conducting analysis of costs to taxpayers from tax and fee increases and/or obtaining such analysis from other state agencies with the appropriate expertise.
- Updating cost projections for legislative amendments to the original proposal.
- Reporting the results of the ten-year cost analyses to legislators, the media, and citizens.
- Notifying legislators, the media, and citizens when bills that raise taxes or fees are scheduled for a legislative committee hearing, pass a legislative committee, or pass one house of the Legislature.
- Maintaining a web site with cost and legislative contact information for each proposed tax or fee increase.

The Office of Financial Management will work with state agencies that collect revenue from tax or fee increases to obtain data on ten-year costs, which is expected to require up to \$280,000 per year for staff in the Department of Revenue and an indeterminate amount in other agencies. OFM will review agency projections prior to publication. State agencies will also have to identify all proposed fee increases that would be subject to legislative approval under Initiative 960, but the additional cost to do this cannot be determined.

It is assumed that the required ten-year cost projection will include an estimate of additional tax or fee revenue generated and state agency administrative expenses. Depending on the proposal, the projection may also include the additional amount of the tax or fee that is estimated to be paid by the average taxpayer.





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Fiscal Impact Statement (continued)

Although the exact number of advisory votes resulting from tax increases passed during any future legislative session cannot be predicted, state and local advisory election costs are assumed to be up to \$1.3 million, based on the assumptions below.

- **Local and State Government:** In printing official ballots, county auditors must provide a separate list with descriptions of any tax measures requiring an advisory vote of the people. Additional costs would be incurred if the number of measures increase the number of pages required for the ballot. One additional page, which could include several tax measures, would cost 37 cents (materials, production, and mailing). It is unknown how many counties would have to add pages to their ballots. If all counties add one page, the cost would be \$1.21 million for approximately 3.3 million ballots. Local government would pay this cost in even-numbered years.

The state reimburses counties for a pro-rated share of election costs in odd-numbered years when there are statewide measures on the ballot. Additional statewide advisory measures would result in more state costs.

Election costs would occur each year in which tax measures were referred for an advisory vote, but would vary based on the actual number of measures.

- **Secretary of State:** The Secretary of State will assign a serial number to each ballot measure, file the measure, and certify the measure for county auditors. It is estimated that the description, cost projection and legislator contact information for each ballot measure would require approximately four pages in the statewide voters' pamphlet, at a cost of \$94,000 (\$23,500 per page) for inclusion in 3.3 million pamphlets.

Initiative 960 requires a minimum of two pages in the voters' pamphlet for each tax source measure subject to an advisory vote. The need for an average four pages per measure is based on the following assumptions of space requirements: one-quarter page for the description of the measure; between one-half and one-and-one-half pages for the ten-year cost projection; and three pages for the contact information and voting record for all legislators.

- **Attorney General:** The Office of the Attorney General must identify tax legislation requiring an advisory vote and write a brief description of each measure. This cost is estimated at \$1,250 per ballot measure.

Explanatory Statement

The law as it presently exists:

An existing law states that the legislature may only take an action that raises state revenue if two-thirds of the members of each house of the legislature vote to do so. The same statute also states that if the action to increase revenue will result in expenditures that exceed the state expenditure limit, then the action to raise revenue will not take effect unless approved by a vote of the people. With limited exceptions, the state expenditure limit is the maximum amount that may be spent from the state general fund and related accounts in each fiscal year and is calculated using a formula based partly on average growth in personal income. The state expenditure limit is increased when the cost of a state program and related revenues are transferred to the general fund or a related account from another fund or account.

State law also authorizes some state agencies to charge various fees. Fees are different from taxes in that fees generally provide money to pay for specific services that the agency provides or to fulfill a particular regulatory purpose, while taxes ordinarily are designed to raise revenue for governmental services more generally. Where agencies are authorized to set fees, state law limits the size of any increase in fees during any fiscal year. Agencies are generally prohibited from raising any fee in any year by more than the rate of average growth in state personal income over the prior ten fiscal years. Greater increases require legislative approval.

State law establishes that the office of financial management is responsible for providing a fiscal note, which is a statement of fiscal impact, for all bills and resolutions which increase or decrease or tend to increase or decrease state government revenues or expenditures. A fiscal note indicates by fiscal year the impact for the remainder of the biennium in which the bill or resolution





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Explanatory Statement (continued)

The law as it presently exists: (continued)

would take effect as well as the cumulative impact for the next four fiscal years. A completed fiscal note is filed immediately with designated legislative committees. Whenever possible, a fiscal note is provided prior to or at the time the bill or resolution to which it relates is first heard by the applicable legislative committee. A fiscal note remains attached to the bill or resolution throughout the legislative process whenever possible.

The state constitution requires that each house of the legislature maintain a journal of its proceedings. The state constitution also requires that the names of the members of the legislature voting for and against the final passage of a bill be entered in the journal.

The state constitution authorizes the legislature to refer legislative bills to the people for their approval or rejection at a general or special election. State law neither specifically authorizes nor specifically prohibits the use of non-binding advisory votes on legislative bills.

The effect of the proposed measure, if it becomes law:

The measure applies to the existing requirement that any action taken by the legislature that “raises taxes” must be approved by a two-thirds vote. Specifically, the measure would clarify that the term “raises taxes” includes any legislative action that increases state tax revenue deposited in any fund, budget, or account, but does not include revenue neutral tax shifts. The measure would recognize that the legislature may, if it chooses, submit a tax increase to the voters for their approval or rejection in a referendum.

With limited exceptions, the measure would also require legislative approval for all new fees and fee increases. Agencies would no longer be authorized to increase fees by administrative action.

For any bill introduced in the legislature raising taxes or fees, the measure would require the office of financial management to promptly determine and provide to the public and members of the legislature a ten-year projection of its cost to taxpayers, including a yearly projection. The cost projection would be required for each revenue source in any such bill. The measure would require that the office of financial management report the cost projection analysis in a press release to be posted on its website, including the names and contact information for the sponsors and co-sponsors of any such bill. When a legislative committee schedules a public hearing for a bill raising taxes or fees, the measure would require the office of financial management to promptly report the most recent cost projection analysis and provide notice of the hearing to legislators, the media, and the public. When a bill raising taxes or fees is approved by a legislative committee or a majority of members of either house of the legislature, the measure would require the office of financial management to expeditiously update the cost projection and report the updated analysis to the legislature, the media and the public. The office of financial management would be required to prioritize the preparation of cost projection analyses and reporting and dissemination of cost projection information for bills raising taxes or fees. Such projections would take priority over producing fiscal notes. The measure would require that whenever possible, the cost projection analysis be provided, along with the fiscal notes, prior to or at the time the bill or resolution is first heard by the applicable legislative committee. As with fiscal notes, the cost projection analysis for bills increasing taxes or fees would be attached to the bill or resolution throughout the legislative process insofar as possible.

The measure would eliminate the current allowance for an increase in the state expenditure limit when the cost of a state program and related revenue are shifted to the general fund or a related fund from another fund or account if the revenue previously had been shifted from the general fund or a related fund.

The measure would require an advisory vote of the people to be placed on the next general election ballot if legislative action raising taxes is not subject to a referendum vote. If such legislative action involves more than one revenue source, the measure requires that each tax increase would be subject to a separate advisory vote of the people. The measure would not require an advisory vote of the people if legislative action raising taxes is otherwise subject to a vote of the people.

In order to implement the advisory vote, the measure would require the attorney general to determine legislative action that is subject to an advisory vote, send written notice to the secretary of state, and formulate a short description of each advisory vote measure. The measure would require county auditors to print advisory vote measures and their short description on the official ballots under a separate heading on the ballot entitled “Advisory Vote of the People.” The measure would also require the general election voters’ pamphlet to contain certain information about each advisory vote appearing on the ballot, including the short description written by the attorney general, the most recent ten-year cost projection analysis, each legislator’s vote on final passage of the tax increase, and contact information for each legislator.



Statement For Initiative Measure 960

I-960 CLOSES LOOPHOLES THE LEGISLATURE PUT IN TAXPAYER PROTECTION INITIATIVE 601, VOTER-APPROVED IN 1993

I-601 put reasonable limits on state government's fiscal policies. But over the years, Olympia has put loophole after loophole into it to circumvent the law. I-960 closes those loopholes.

In 2005, the Court ruled the Legislature broke the law by shifting funds to spend the same money twice. Justice Owens called it "a shell game." Incredibly, Olympia defended itself saying I-601 DIDN'T SPECIFICALLY PROHIBIT THEM FROM SPENDING THE SAME MONEY TWICE! I-960 says shifted money isn't new revenue and can only be spent once.

For 13 years, the law has required two-thirds legislative approval for tax increases. The Legislature re-enacted this two-thirds requirement in 1998 and 2005. But to circumvent the law, Olympia takes tax increases off-budget. I-960 says Olympia must follow the law whether the tax increase is off-budget or on-budget.

No one is above the law, not even the Legislature.

TO CIRCUMVENT OUR CONSTITUTION AND REPEAL OUR RIGHTS,

OLYMPIA DECLARES A BILL AN "EMERGENCY"

I-960 alerts voters anytime Olympia imposes an "emergency" tax increase with two-pages in the general election voters pamphlet listing the costs, how legislators voted, and provides voter feedback with an advisory vote. We can't stop politicians from repealing our constitutionally-guaranteed rights, but we're entitled to know which politicians are doing it.

I-960 helps Olympia follow the law and respect our Constitution.

I-960 REQUIRES THE GOVERNMENT TO PUBLICLY DISCLOSE COSTS AND LEGISLATORS' SPONSORSHIP AND VOTING RECORDS ON ...

... any tax increase bill. I-960 guarantees email updates get sent to the press and the people anytime a tax increase bill "moves." The people have the right to know what Olympia is doing.

WASHINGTON'S THE 9TH HIGHEST TAXED STATE IN THE NATION – I-960 KEEPS US FROM HITTING #1

I-960 reminds politicians that taxpayers don't have bottomless wallets. Vote Yes.

For more information, call (425) 493-8707 or visit www.TheTaxpayerProtectionInitiative.com.

Rebuttal of Statement Against

Opponents' threats, lies, and scare tactics are hilarious (terrorist attacks? recession? flu?).

Washington has 13 years of positive experience with I-601 (Colorado's totally different).

I-960's protections affect tax increases, not fund transfers.

Government collects over \$50 BILLION EVERY YEAR. Even without tax hikes, revenue grows. If prioritized, that's more than enough.

Send politicians a message: stop declaring "emergencies" – they short-circuit our rights. Stop breaking the law.

Approve I-960 because politicians can't control themselves. Vote Yes.

Voters' Pamphlet Argument Prepared by:

ERMA TURNER, beauty shop owner, gathered 3,455 signatures, Cle Elum; STEVEN BENCZE, retired warehouseman, fisherman/hunter, gathered 2,461 signatures, Othello; ERIC PHILLIPS, hiker, label company owner, gathered 2,348 signatures, Everett; KAREN CURRY, housewife, husband Lee (plumber), gathered 2,172 signatures, Yakima; ANDRE GARIN, retired postal worker, bowler, gathered 1,989 signatures, Vancouver; MIKE DUNMIRE, husband, community leader, retired businessman, initiative volunteer, Woodinville.

Statement Against Initiative Measure 960

All of us want greater accountability and openness from government. Initiative 960 pretends to do that, but will only make things worse.

I-960 WILL LEAD TO ENDLESS, EXPENSIVE ELECTIONS.

I-960 would require a public vote on countless budget items, no matter how small. The result? Less efficient government, long and confusing ballots, and millions of dollars wasted on endless elections.

I-960 WILL MAKE GOVERNMENT LESS EFFICIENT.

Routine fund transfers to address basic needs, such as road and bridge repairs, children's health care, or prescription drug assistance for seniors would require a two-thirds legislative vote *and* a public vote. This could cripple state government.

When a similar measure was enacted in Colorado, nonpartisan analysis revealed education funding dropped from 35th in the nation to 49th, child immunization rates fell to dead last among the 50 states, and prenatal care fell from 23rd to 48th. This must not happen in Washington State.

I-960 WILL NOT CUT TAXES, BUT IT WILL WASTE YOUR MONEY.

More elections and longer ballots are expensive to administer and process. Sorting out the many legal issues created by I-960's confusing and poorly written language will tie up the courts, costing taxpayers time and money.

I-960 WILL SLOW GOVERNMENT'S RESPONSE, EVEN IN A CRISIS.

The initiative would leave us vulnerable in times of crisis. I-960 says the legislature can suspend supermajority legislative and public votes only during a natural disaster. Authorities would be handcuffed from responding quickly during an economic recession, pandemic flu, or even terrorist attacks.

I-960 is too risky and too expensive. Join police, firefighters, teachers, nurses, Children's Alliance, Washington Association of Churches, Washington Conservation Voters, Washington State Labor Council, business and citizens across Washington in voting *No on 960*.

For more information, call (206) 501-4342 or visit www.no960.com.

Rebuttal of Statement For

I-960 mandates wasteful, costly elections and would create mass confusion—not transparency and accountability. Dozens of complicated votes would only get 13-word descriptions. (Sec. 8)

I-960 is so complex even sponsor Tim Eyman admitted: "You asked for a short description of 960, I just can't give it to you." (Crosscut 8/13/07)

I-960 cannot be suspended due to a terrorist attack or economic crisis – only for a "natural disaster." (Sec. 5.3(a))

Vote NO on I-960.

Voters' Pamphlet Argument Prepared by:

RANDY REVELLE, Senior Vice President, Washington State Hospital Association; DOUG SHADEL, Director, AARP of Washington; JUDY HUNTINGTON, RN, Executive Director, Washington State Nurses Association; MIKE RAGAN, Kennewick High School teacher, WEA Vice President; MICHELLE MOULTON, M+M Painting, small business owner, Sammamish; KELLY FOX, President, Washington State Council of Firefighters.



AN ACT Relating to tax and fee increases imposed by state government; amending RCW 43.88A.020, 43.88A.030, 43.135.035, 29A.72.040, 29A.72.250, 29A.72.290, 29A.32.031, 29A.32.070, and 43.135.055; adding a new section to chapter 43.135 RCW; adding new sections to chapter 29A.72 RCW; creating new sections; and providing an effective date.

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

INTENT

NEW SECTION. Sec. 1. Washington has a long history of public interest in tax increases. The people have clearly and consistently illustrated their ongoing and passionate desire to ensure that taxpayers are protected. The people find that even without raising taxes, the government consistently receives revenue growth many times higher than the rate of inflation every year. With this measure, the people intend to protect taxpayers by creating a series of accountability procedures to ensure greater legislative transparency, broader public participation, and wider agreement before state government takes more of the people's money. This measure protects taxpayers and relates to tax and fee increases imposed by state government. This measure would require publication of cost projections, information on public hearings, and legislators' sponsorship and voting records on bills increasing taxes and fees, allow either two-thirds legislative approval or voter approval for tax increases, and require advisory votes on tax increases blocked from citizen referendum.

The intent of sections 2, 3, and 4 of this act: The people want a thorough, independent analysis of any proposed increase in taxes and fees. The people find that legislators too often do not know the costs to the taxpayers for their tax and fee increases and this fiscal analysis by the office of financial management will provide better, more accessible information. The people want a user-friendly method to track the progress of bills increasing taxes and fees, finding that transparency and openness leads to more public involvement and better understanding. The people want information on public hearings and legislators' sponsorship and voting records on bills increasing taxes and fees and want easy access to contact information of legislators so the people's voice can be heard. Section 2(5) and (6) of this act are intended to provide active, engaged citizens with the opportunity to be notified of the status of bills increasing taxes and fees. Such a notification system is already being provided by the state supreme court with regard to judicial rulings. Intent of RCW 43.88A.020: The cost projection reports required by section 2 of this act will simplify and facilitate the creation of fiscal notes. The people want the office of financial management to fully comply with the cost projections and other requirements of section 2 on bills increasing taxes or fees before fiscal notes. Cost projections and the other information required

by section 2 are critically important for the Legislature, the media, and the public to receive before fiscal notes.

The intent of section 5 of this act: The two-thirds requirement for raising taxes has been on the books since 1993 and the people find that this policy has provided the legislature with a much stronger incentive to use existing revenues more cost effectively rather than reflexively raising taxes. The people want this policy continued and want it to be clear that tax increases inside and outside the general fund are subject to the two-thirds threshold. If the legislature cannot receive a two-thirds vote in the house of representatives and senate to raise taxes, the Constitution provides the legislature with the option of referring the tax increase to the voters for their approval or rejection at an election using a referendum bill. The people expect the legislature to respect, follow, and abide by the law, on the books for 13 years, to not raise taxes in excess of the state expenditure limit without two-thirds legislative approval and a vote of the people. Intent of RCW 43.135.035(5): When it comes to enactment of tax increases exceeding the state expenditure limit, the legislature has, in recent years, shifted money between funds to get around the voter approval requirement for tax increases above the state expenditure limit as occurred in 2005 with sections 1607 and 1701 of ESSB 6090. RCW 43.135.035(5) is intended to clarify the law so that the effective taxpayer protection of requiring voter approval for tax increases exceeding the state expenditure limit is not circumvented.

The intent of sections 6 through 13 of this act: Our state constitution guarantees to the people the right of referendum. In recent years, however, the legislature has thwarted the people's constitutional right to referendum by excessive use of the emergency clause. In 2005, for example, the legislature approved five hundred twenty-three bills and declared ninety-eight of them, nearly twenty percent, "emergencies," insulating them all from the constitution's guaranteed right to referendum. The Courts' reviews of emergency clauses have resulted in inconsistent decisions regarding the legality of them in individual cases. The people find that, if they are not allowed to vote on a tax increase, good public policy demands that at least the legislature should be aware of the voters' view of individual tax increases. An advisory vote of the people at least gives the legislature the views of the voters and gives the voters information about the bill increasing taxes and provides the voters with legislators' names and contact information and how they voted on the bill. The people have a right to know what's happening in Olympia. Intent of section 6(1) of this act: If the legislature blocks a citizen referendum through the use of an emergency clause or a citizen referendum on the tax increase is not certified for the next general election ballot, then an advisory vote on the tax increase is required. Intent of section 6(4) of this act: If there's a binding vote on the ballot, there's no need for a non-binding vote.

The intent of section 14 of this act: The people want to return the authority to impose or increase fees from unelected officials at state agencies to the duly elected representatives of the legislature or to the people. The people find that fee increases should be debated openly and transparently and up-or-down votes taken by our elected



representatives so the people are given the opportunity to hold them accountable at the next election.

**PROTECTING TAXPAYERS BY REQUIRING
PUBLICATION OF COST PROJECTIONS,
INFORMATION ON PUBLIC HEARINGS, AND
LEGISLATORS' SPONSORSHIP AND VOTING
RECORDS ON BILLS INCREASING TAXES AND FEES**

NEW SECTION. Sec. 2. A new section is added to chapter 43.135 RCW and reads as follows:

(1) For any bill introduced in either the house of representatives or the senate that raises taxes as defined by RCW 43.135.035 or increases fees, the office of financial management must expeditiously determine its cost to the taxpayers in its first ten years of imposition, must promptly and without delay report the results of its analysis by public press release via email to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. Any ten-year cost projection must include a year-by-year breakdown. For any bill containing more than one revenue source, a ten-year cost projection for each revenue source will be included along with the bill's total ten-year cost projection. The press release shall include the names of the legislators, and their contact information, who are sponsors and co-sponsors of the bill so they can provide information to, and answer questions from, the public.

(2) Any time any legislative committee schedules a public hearing on a bill that raises taxes as defined by RCW 43.135.035 or increases fees, the office of financial management must promptly and without delay report the results of its most up-to-date analysis of the bill required by subsection (1) of this section and the date, time, and location of the hearing by public press release via email to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. The press release required by this subsection must include all the information required by subsection (1) of this section and the names of the legislators, and their contact information, who are members of the legislative committee conducting the hearing so they can provide information to, and answer questions from, the public.

(3) Each time a bill that raises taxes as defined by RCW 43.135.035 or increases fees is approved by any legislative committee or by at least a simple majority in either the house of representatives or the senate, the office of financial management must expeditiously re-examine and re-determine its ten-year cost projection due to amendment or other changes during the legislative process, must promptly and without delay report the results of its most up-to-date analysis by public press release via email to each member of the house of representatives, each member of the senate,

the news media, and the public, and must post and maintain these releases on its web site. Any ten-year cost projection must include a year-by-year breakdown. For any bill containing more than one revenue source, a ten-year cost projection for each revenue source will be included along with the bill's total ten-year cost projection. The press release shall include the names of the legislators, and their contact information, and how they voted on the bill so they can provide information to, and answer questions from, the public.

(4) For the purposes of this section, "names of legislators, and their contact information" includes each legislator's position (Senator or Representative), first name, last name, party affiliation (for example, Democrat or Republican), city or town they live in, office phone number, and office email address.

(5) For the purposes of this section, "news media" means any member of the press or media organization, including newspapers, radio, and television, that signs up with the office of financial management to receive the public press releases by email.

(6) For the purposes of this section, "the public" means any person, group, or organization that signs up with the office of financial management to receive the public press releases by email.

Sec. 3. RCW 43.88A.020 and 1994 c 219 s 3 are each amended to read as follows:

The office of financial management shall, in cooperation with appropriate legislative committees and legislative staff, establish a procedure for the provision of fiscal notes on the expected impact of bills and resolutions which increase or decrease or tend to increase or decrease state government revenues or expenditures. Such fiscal notes shall indicate by fiscal year the impact for the remainder of the biennium in which the bill or resolution will first take effect as well as a cumulative forecast of the fiscal impact for the succeeding four fiscal years. Fiscal notes shall separately identify the fiscal impacts on the operating and capital budgets. Estimates of fiscal impacts shall be calculated using the procedures contained in the fiscal note instructions issued by the office of financial management.

In establishing the fiscal impact called for pursuant to this chapter, the office of financial management shall coordinate the development of fiscal notes with all state agencies affected.

The preparation and dissemination of the ongoing cost projections and other requirements of section 2 of this act for bills increasing taxes or fees shall take precedence over fiscal notes.

Sec. 4. RCW 43.88A.030 and 1986 c 158 s 16 are each amended to read as follows:

When a fiscal note is prepared and approved as to form, accuracy, and completeness by the office of financial management, which depicts the expected fiscal impact of a bill or resolution, copies shall be filed immediately with:

- (1) The chairperson of the committee to which the bill or resolution was referred upon introduction in the house of origin;
- (2) The senate committee on ways and means, or its successor; and
- (3) The house committees on revenue and appropriations, or their successors.



Whenever possible, such fiscal note and, in the case of a bill increasing taxes or fees, the cost projection and other information required under section 2 of this act shall be provided prior to or at the time the bill or resolution is first heard by the committee of reference in the house of origin.

When a fiscal note has been prepared for a bill or resolution, a copy of the fiscal note shall be placed in the bill books or otherwise attached to the bill or resolution and shall remain with the bill or resolution throughout the legislative process insofar as possible. For bills increasing taxes or fees, the cost projection and other information required by section 2 of this act shall be placed in the bill books or otherwise attached to the bill or resolution and shall remain with the bill or resolution throughout the legislative process insofar as possible.

PROTECTING TAXPAYERS BY ALLOWING EITHER TWO-THIRDS LEGISLATIVE APPROVAL OR VOTER APPROVAL FOR TAX INCREASES

Sec. 5. RCW 43.135.035 and 2005 c 72 s 5 are each amended to read as follows:

(1) After July 1, 1995, any action or combination of actions by the legislature that ~~((raises state revenue or requires revenue-neutral tax shifts))~~ raises taxes may be taken only if approved by a two-thirds vote of each house of the legislature, and then only if state expenditures in any fiscal year, including the new revenue, will not exceed the state expenditure limits established under this chapter. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases may be referred to the voters for their approval or rejection at an election.

(2)(a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature shall not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment shall not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit shall be adjusted downward upon expiration or repeal of the legislative action.

(b) The ballot title for any vote of the people required under this section shall be substantially as follows:

“Shall taxes be imposed on in order to allow a spending increase above last year’s authorized spending adjusted for inflation and population increases?”

(3)(a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a two-thirds vote of each house of the legislature and signed by the governor. The law shall set forth the nature of the emergency, which is limited to natural

disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes shall expire upon expiration of the declaration of emergency. The legislature shall not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.

(c) The state or any political subdivision of the state shall not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

(4) If the cost of any state program or function is shifted from the state general fund or a related fund to another source of funding, or if moneys are transferred from the state general fund or a related fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund or a related fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund or a related fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to the dedication or use of lottery revenues under RCW 67.70.240(3) or property taxes under RCW 84.52.068, in support of education or education expenditures.

(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund or a related fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund or a related fund.

(6) For the purposes of this act, “raises taxes” means any action or combination of actions by the legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

PROTECTING TAXPAYERS BY REQUIRING AN ADVISORY VOTE OF THE PEOPLE WHEN THE LEGISLATURE BLOCKS A TAX INCREASE FROM A PUBLIC VOTE

NEW SECTION. Sec. 6. A new section is added to chapter 43.135 RCW and reads as follows:

(1) If legislative action raising taxes as defined by RCW 43.135.035 is blocked from a public vote or is not referred to the people by a referendum petition found to be sufficient under RCW 29A.72.250, a measure for an advisory vote of the people is required and shall be placed on the next general election ballot under this act.



(a) If legislative action raising taxes involves more than one revenue source, each tax being increased shall be subject to a separate measure for an advisory vote of the people under the requirements of this act.

(2) No later than the first of August, the attorney general will send written notice to the secretary of state of any tax increase that is subject to an advisory vote of the people, under the provisions and exceptions provided by this act. Within five days of receiving such written notice from the attorney general, the secretary of state will assign a serial number for a measure for an advisory vote of the people and transmit one copy of the measure bearing its serial number to the attorney general as required by RCW 29A.72.040, for any tax increase identified by the attorney general as needing an advisory vote of the people for that year's general election ballot. Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this subsection.

(3) For the purposes of this section, "blocked from a public vote" includes adding an emergency clause to a bill increasing taxes, bonding or contractually obligating taxes, or otherwise preventing a referendum on a bill increasing taxes.

(4) If legislative action raising taxes is referred to the people by the legislature or is included in an initiative to the people found to be sufficient under RCW 29A.72.250, then the tax increase is exempt from an advisory vote of the people under this act.

Sec. 7. RCW 29A.72.040 and 2003 c 111 s 1805 are each amended to read as follows:

The secretary of state shall give a serial number to each initiative, referendum bill, ((or)) referendum measure, or measure for an advisory vote of the people, using a separate series for initiatives to the legislature, initiatives to the people, referendum bills, ((and)) referendum measures, and measures for an advisory vote of the people, and forthwith transmit one copy of the measure proposed bearing its serial number to the attorney general. Thereafter a measure shall be known and designated on all petitions, ballots, and proceedings as "Initiative Measure No.," "Referendum Bill No.," ((or)) "Referendum Measure No." or "Advisory Vote No."

NEW SECTION. Sec. 8. A new section is added to RCW 29A.72 and shall read as follows:

Within five days of receipt of a measure for an advisory vote of the people from the secretary of state under RCW 29A.72.040 the attorney general shall formulate a short description not exceeding thirty-three words and not subject to appeal, of each tax increase and shall transmit a certified copy of such short description meeting the requirements of this section to the secretary of state. The description must be formulated and displayed on the ballot substantially as follows:

"The legislature imposed, without a vote of the people, (identification of tax and description of increase), costing (most up-to-date ten-year cost projection, expressed in dollars and rounded to the nearest million) in its first ten years, for government spending. This tax increase should be:

- Repealed . . . []
Maintained . . . []"

Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this section. The words "This tax increase should be: Repealed . . . [] Maintained . . . []" are not counted in the thirty-three word limit for a short description under this section.

NEW SECTION. Sec. 9. A new section is added to RCW 29A.72 and shall read as follows:

When the short description is finally established under section 8 of this act, the secretary of state shall file the instrument establishing it with the proposed measure and transmit a copy thereof by mail to the chief clerk of the house of representatives, the secretary of the senate, and to any other individuals who have made written request for such notification. Thereafter such short description shall be the description of the measure in all ballots and other proceedings in relation thereto.

Sec. 10. RCW 29A.72.250 and 2003 c 111 s 1825 are each amended to read as follows:

If a referendum or initiative petition for submission of a measure to the people is found sufficient, the secretary of state shall at the time and in the manner that he or she certifies for the county auditors of the various counties the names of candidates for state and district officers certify to each county auditor the serial numbers and ballot titles of the several initiative and referendum measures and serial numbers and short descriptions of measures submitted for an advisory vote of the people to be voted upon at the next ensuing general election or special election ordered by the legislature.

Sec. 11. RCW 29A.72.290 and 2003 c 111 s 1829 are each amended to read as follows:

The county auditor of each county shall print on the official ballots for the election at which initiative and referendum measures and measures for an advisory vote of the people are to be submitted to the people for their approval or rejection, the serial numbers and ballot titles certified by the secretary of state and the serial numbers and short descriptions of measures for an advisory vote of the people. They must appear under separate headings in the order of the serial numbers as follows:

- (1) Measures proposed for submission to the people by initiative petition will be under the heading, "Proposed by Initiative Petition";
(2) Bills passed by the legislature and ordered referred to the people by referendum petition will be under the heading, "Passed by the Legislature and Ordered Referred by Petition";
(3) Bills passed and referred to the people by the legislature will be under the heading, "Proposed to the People by the Legislature";
(4) Measures proposed to the legislature and rejected or not acted upon will be under the heading, "Proposed to the Legislature and



Referred to the People”;

(5) Measures proposed to the legislature and alternative measures passed by the legislature in lieu thereof will be under the heading, “Initiated by Petition and Alternative by Legislature”;

(6) Measures for an advisory vote of the people under RCW 29A.72.040 will be under the heading, “Advisory Vote of the People”.

Sec. 12. RCW 29A.32.031 and 2004 c 271 s 121 are each amended to read as follows:

The voters’ pamphlet must contain:

(1) Information about each measure for an advisory vote of the people and each ballot measure initiated by or referred to the voters for their approval or rejection as required by RCW 29A.32.070;

(2) In even-numbered years, statements, if submitted, advocating the candidacies of nominees for the office of president and vice president of the United States, United States senator, United States representative, governor, lieutenant governor, secretary of state, state treasurer, state auditor, attorney general, commissioner of public lands, superintendent of public instruction, insurance commissioner, state senator, state representative, justice of the supreme court, judge of the court of appeals, or judge of the superior court. Candidates may also submit a campaign mailing address and telephone number and a photograph not more than five years old and of a size and quality that the secretary of state determines to be suitable for reproduction in the voters’ pamphlet;

(3) In odd-numbered years, if any office voted upon statewide appears on the ballot due to a vacancy, then statements and photographs for candidates for any vacant office listed in subsection (2) of this section must appear;

(4) In even-numbered years, a section explaining how voters may participate in the election campaign process; the address and telephone number of the public disclosure commission established under RCW 42.17.350; and a summary of the disclosure requirements that apply when contributions are made to candidates and political committees;

(5) In even-numbered years the name, address, and telephone number of each political party with nominees listed in the pamphlet, if filed with the secretary of state by the state committee of a major political party or the presiding officer of the convention of a minor political party;

(6) In each odd-numbered year immediately before a year in which a president of the United States is to be nominated and elected, information explaining the precinct caucus and convention process used by each major political party to elect delegates to its national presidential candidate nominating convention. The pamphlet must also provide a description of the statutory procedures by which minor political parties are formed and the statutory methods used by the parties to nominate candidates for president;

(7) An application form for an absentee ballot;

(8) A brief statement explaining the deletion and addition of language for proposed measures under RCW 29A.32.080;

(9) Any additional information pertaining to elections as may be required by law or in the judgment of the secretary of state is deemed informative to the voters.

Sec. 13. RCW 29A.32.070 and 2003 c 111 s 807 are each amended to read as follows:

The secretary of state shall determine the format and layout of the voters’ pamphlet. The secretary of state shall print the pamphlet in clear, readable type on a size, quality, and weight of paper that in the judgment of the secretary of state best serves the voters. The pamphlet must contain a table of contents. Federal and state offices must appear in the pamphlet in the same sequence as they appear on the ballot. Measures and arguments must be printed in the order specified by RCW 29A.72.290.

The voters’ pamphlet must provide the following information for each statewide issue on the ballot except measures for an advisory vote of the people whose requirements are provided in subsection (1) of this section:

(1) The legal identification of the measure by serial designation or number;

(2) The official ballot title of the measure;

(3) A statement prepared by the attorney general explaining the law as it presently exists;

(4) A statement prepared by the attorney general explaining the effect of the proposed measure if it becomes law;

(5) The fiscal impact statement prepared under *RCW 29.79.075;

(6) The total number of votes cast for and against the measure in the senate and house of representatives, if the measure has been passed by the legislature;

(7) An argument advocating the voters’ approval of the measure together with any statement in rebuttal of the opposing argument;

(8) An argument advocating the voters’ rejection of the measure together with any statement in rebuttal of the opposing argument;

(9) Each argument or rebuttal statement must be followed by the names of the committee members who submitted them, and may be followed by a telephone number that citizens may call to obtain information on the ballot measure;

(10) The full text of the measure;

(11) Two pages shall be provided in the general election voters’ pamphlet for each measure for an advisory vote of the people under section 6 of this act and shall consist of the serial number assigned by the secretary of state under RCW 29A.72.040, the short description formulated by the attorney general under section 8 of this act, the tax increase’s most up-to-date ten-year cost projection, including a year-by-year breakdown, by the office of financial management under section 2 of this act, and the names of the legislators, and their contact information, and how they voted on the increase upon final passage so they can provide information



to, and answer questions from, the public. For the purposes of this subsection, “names of legislators, and their contact information” includes each legislator’s position (Senator or Representative), first name, last name, party affiliation (for example, Democrat or Republican), city or town they live in, office phone number, and office email address.

PROTECTING TAXPAYERS BY REQUIRING FEE INCREASES TO BE VOTED ON BY ELECTED REPRESENTATIVES, RATHER THAN IMPOSED BY UNELECTED OFFICIALS AT STATE AGENCIES

Sec. 14. RCW 43.135.055 and 2001 c 314 s 19 are each amended to read as follows:

(1) No fee may be imposed or increased in any fiscal year ((by a percentage in excess of the fiscal growth factor for that fiscal year)) without prior legislative approval and must be subject to the accountability procedures required by section 2 of this act.

(2) This section does not apply to an assessment made by an

agricultural commodity commission or board created by state statute or created under a marketing agreement or order under chapter 15.65 or 15.66 RCW, or to the forest products commission, if the assessment is approved by referendum in accordance with the provisions of the statutes creating the commission or board or chapter 15.65 or 15.66 RCW for approving such assessments.

CONSTRUCTION CLAUSE

NEW SECTION. Sec. 15. The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

SEVERABILITY CLAUSE

NEW SECTION. Sec. 16. 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.

MISCELLANEOUS

NEW SECTION. Sec. 17. Subheadings and part headings used in this act are not part of the law.

NEW SECTION. Sec. 18. This act shall be known and cited as the Taxpayer Protection Act of 2007.

NEW SECTION. Sec. 19. This act takes effect December 6, 2007.



AN ACT Relating to creating the insurance fair conduct act; amending RCW 48.30.010; adding a new section to chapter 48.30 RCW; creating a new section; and prescribing penalties.

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

NEW SECTION. Sec. 1. This act may be known and cited as the insurance fair conduct act.

Sec. 2. RCW 48.30.010 and 1997 c 409 s 107 are each amended to read as follows:

(1) No person engaged in the business of insurance shall engage in unfair methods of competition or in unfair or deceptive acts or practices in the conduct of such business as such methods, acts, or practices are defined pursuant to subsection (2) of this section.

(2) In addition to such unfair methods and unfair or deceptive acts or practices as are expressly defined and prohibited by this code, the commissioner may from time to time by regulation promulgated pursuant to chapter 34.05 RCW, define other methods of competition and other acts and practices in the conduct of such business reasonably found by the commissioner to be unfair or deceptive after a review of all comments received during the notice and comment rule-making period.

(3)(a) In defining other methods of competition and other acts and practices in the conduct of such business to be unfair or deceptive, and after reviewing all comments and documents received during the notice and comment rule-making period, the commissioner shall identify his or her reasons for defining the method of competition or other act or practice in the conduct of insurance to be unfair or deceptive and shall include a statement outlining these reasons as part of the adopted rule.

(b) The commissioner shall include a detailed description of facts upon which he or she relied and of facts upon which he or she failed to rely, in defining the method of competition or other act or practice in the conduct of insurance to be unfair or deceptive, in the concise explanatory statement prepared under RCW 34.05.325(6).

(c) Upon appeal the superior court shall review the findings of fact upon which the regulation is based de novo on the record.

(4) No such regulation shall be made effective prior to the expiration of thirty days after the date of the order by which it is promulgated.

(5) If the commissioner has cause to believe that any person is violating any such regulation, the commissioner may order such person to cease and desist therefrom. The commissioner shall deliver such order to such person direct or mail it to the person by registered mail with return receipt requested. If the person violates the order after expiration of ten days after the cease and desist order has been received by him or her, he or she may be fined by the commissioner a sum not to exceed two hundred and fifty dollars for each violation committed thereafter.

(6) If any such regulation is violated, the commissioner may