

**Initiative Measure****1053**

Proposed by initiative petition:

## **Initiative Measure No. 1053 concerns tax and fee increases imposed by state government.**

**This measure would restate existing statutory requirements that legislative actions raising taxes must be approved by two-thirds legislative majorities or receive voter approval, and that new or increased fees require majority legislative approval.**

**Should this measure be enacted into law?**

Yes

No

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law. The Fiscal Impact Statement was written by the Office of Financial Management as required by law. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Initiative Measure 1053 begins on page 62.

### **Explanatory Statement**

Written by the Office of the Attorney General

#### **The Law as it Presently Exists**

Washington statutes currently impose conditions on tax increases, but the legislature has temporarily suspended their effect. Under these statutes, any action or combination of actions by the legislature that 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 a given fiscal year, including new revenue, will

not exceed state expenditure limits established in law. These statutes provide that actions resulting in expenditures in excess of the expenditure limit will require approval by the people at a November election, with some exceptions for expenditures made in response to declared emergencies. The 2010 session of the legislature amended these laws to suspend their effect until July 1, 2011.

Washington statutes currently provide that a state fee may not be imposed or increased in any fiscal year without prior legislative approval. This requirement does not apply to assessments made by agricultural commodity commissions or to the forest products commission.

#### **The Effect of the Proposed Measure, if Approved**

This measure would reverse the action of the 2010 legislature by replacing the current statute regarding tax increases and the state expenditure limit with a new section reading the same as the pre-2010 version of the law and restating that any action or combination of actions by the legislature that raises taxes may be taken only if approved by at least two-thirds legislative approval in both the house of representatives and the senate. Consequently, for the period beginning with the effective date of this measure, those requirements would be not be suspended.

The measure would rephrase the language relating to increases in state fees, providing that a fee may only be imposed or increased in any fiscal year if approved with majority legislative approval in both the house of representatives and the senate.

### **Fiscal Impact Statement**

Written by the Office of Financial Management

#### **Fiscal Impact**

Initiative 1053 would have no direct fiscal impact on state and local revenues, costs, expenditures or indebtedness.

#### **General Assumptions**

The initiative's impact is limited to changes in the state legislative process.

## Argument For Initiative Measure 1053

### Three Times the Voters Have Approved Initiatives Requiring *Either Two-Thirds Vote of the Legislature or...*

... majority vote of the people to raise taxes. Three times. Yet Olympia took it away this year, despite overwhelming citizen opposition. KING 5's poll: 68% thought it was wrong thing to do. When asked whether tax increases should require two-thirds or a majority, a whopping 74% said two-thirds. Voters want tax increases to be *an absolute last resort*.

### For the Two Years Following Voters Approval in 2007, I-960 Worked Exactly as Voters Intended

With I-960, tax increases *were* a last resort and Olympia balanced its budgets without raising taxes. This year without I-960, they increased taxes \$6.7 billion (cost over first 10 years says state's budget office). I-1053 brings back I-960's protections.

### We Need Certainty in Tough Economic Times

The worst thing state government could do is hamper the conditions for economic growth. Washington lost 16,000 jobs this year – only eight states lost more. We need an economic climate where families feel confident, employers expand, job growth is positive. I-1053 provides a stable future, giving families and employers the certainty they need to prosper.

### Olympia Faces Another Massive Deficit Because Unsustainable Spending Has Once Again Outstripped Revenue

We simply can't afford to have it all. With I-1053, Olympia will finally be forced to reform government, prioritize spending and re-evaluate existing programs. Without I-1053, they'll resort to job-killing, family-budget-busting tax increases.

Hold Olympia accountable for your tax dollars – vote yes on 1053.

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### Rebuttal of Argument Against

Since 1993, Washington's had the two-thirds requirement. In those 17 years, during legislative sessions when it's been in effect, tax hikes were a last resort resulting in more reform and fewer taxes. When Olympia suspends it (like this year), tax increases become a first resort with less reform and much higher taxes. It shouldn't be easy for government to take more of the people's money. Let's bring back the protection Olympia took away. Vote yes.

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### Argument Prepared by

**Erma Turner**, beauty shop owner, gathered 2338 signatures, Cle Elum; **Darryl Ehlers**, farmer, husband, father, poet, gathered 1158 signatures, Lynden; **Eric Phillips**, hiker, label company owner, gathered 2073 signatures, Everett; **Larry Stanley**, retired small business owner, active in community, Spokane; **Brad Carlson**, family small business owner, Evergreen Memorial Gardens, Vancouver; **Wes Uhlman**, former Seattle mayor, chair AWB Small Business Council.

**Contact:** (425) 493-8707; YesOn1053@gmail.com; www.YesOn1053.com

## Argument Against Initiative Measure 1053

Things are tough here, but at least we are doing better than other states. The two-thirds majority is a disaster in California, creating gridlock and making it impossible to balance their budget. We don't need that here.

### Eyman's 1053: California-style gridlock

The two-thirds requirement may sound good, but 1053 is a prescription for partisan gridlock that will make things worse. California is a mess because of the two-thirds requirement – let's not go down that road. 1053 would mean just 17 legislators (out of 147) on the far left or right could block a balanced proposal to close Washington's budget deficit.

### Eyman's 1053 harms our communities

Nobody likes taxes, but they pay for important services like providing a quality education for kids, caring for seniors and public safety. 1053 keeps us from making responsible decisions and taking a balanced approach to the budget crisis. If 1053 had been in place this year, we would have cut 70,000 people from the Basic Health Plan, coverage for another 16,000 kids, slashed nursing home funding, and eliminated thousands of teachers.

### Funded by BP and big banks, 1053 protects special interest loopholes

Sponsored by Tim Eyman, 1053 is funded by out-of-state corporate interests that want to preserve massive tax loopholes that benefit them but hurt our communities. In fact, BP Oil is 1053's biggest funder! 1053 is the wrong choice for Washington.

Join teachers, nurses, firefighters, Children's Alliance, Washington Association of Churches, and others: vote *no* on 1053.

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### Rebuttal of Argument For

Eyman's I-1053 may sound good at first, but beware of unintended consequences. The two-thirds requirement is causing havoc in California, and BP and the big banks are using 1053 to protect costly special tax breaks that shortchange Washington families. If it had been in effect this year, we would have had to make irresponsible cuts like eliminate maternity care, lay off more teachers, and cut home care for seniors. Vote no on 1053.

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### Argument Prepared by

**Jerry Reilly**, Chair, Eldercare Alliance; **Rev. Paul Benz**, Director, Lutheran Public Policy Office of Washington State; **Pam Keeley**, Registered Nurse; **Andy Coons**, Middle School Math Teacher, President, Tacoma Education Association; **Greg Merkley**, Kent Firefighter, Washington State Council of Firefighters.

**Contact:** info@VoteNo1053.com



### How do I read measure text?

Any language in double parentheses with a line through it is existing state law and will be taken out of the law if the measure is approved by voters. Any underlined language or new sections do not appear in current state law but will be added to the law if the measure is approved by voters.

## Complete Text

### Initiative Measure 1053

AN ACT Relating to tax and fee increases imposed by state government; amending RCW 43.135.035 and 43.135.055; adding a new section to chapter 43.135 RCW; creating new sections; repealing RCW 43.135.035; and providing contingent effective dates.

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

#### INTENT

**NEW SECTION. Sec. 1.** This initiative should deter the governor and the legislature from sidestepping, suspending or repealing any of Initiative 960's policies in the 2010 legislative session. But regardless of legislative action taken during the 2010 legislative session concerning Initiative 960's policies, the people intend, by the passage of this initiative, to require either two-thirds legislative approval or voter approval for tax increases and majority legislative approval for fee increases. These important policies ensure that taking more of the people's money will always be an absolute last resort.

#### PROTECTING TAXPAYERS BY REQUIRING EITHER TWO-THIRDS LEGISLATIVE APPROVAL OR VOTER APPROVAL FOR STATE GOVERNMENT TO RAISE TAXES

(sections 2 and 3 take effect if the 2010 legislature suspends or repeals the two-thirds legislative vote requirement for tax increases)

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

(1) After July 1, 1995, any action or combination of actions by the legislature that raises taxes may be taken only if approved by at least two-thirds legislative approval in both the house of representatives and the senate. 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 personal income growth?"

(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 to another source of funding, or if moneys are transferred from the state general 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 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, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240(3), in support of education or education expenditures; or (b) a transfer of moneys to, or an expenditure from, the budget stabilization account.

(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 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.

(6) For the purposes of this chapter, "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.

**NEW SECTION. Sec. 3.** RCW 43.135.035 (Tax Legislation--Referral to voters--Conditions and restrictions--Ballot title--Declarations of emergency--Taxes on intangible property--Expenditure limit to reflect program cost shifting or fund transfer) and 2009 c 479 s 36 are each repealed.

#### PROTECTING TAXPAYERS BY REQUIRING EITHER TWO-THIRDS LEGISLATIVE APPROVAL OR VOTER APPROVAL

**FOR STATE GOVERNMENT TO RAISE TAXES**

**(section 4 takes effect if the 2010 legislature does not suspend or repeal the two-thirds legislative vote requirement for tax increases)**

**Sec. 4.** RCW 43.135.035 and 2009 c 479 s 36 are each amended to read as follows:

(1) After July 1, 1995, any action or combination of actions by the legislature that raises taxes may be taken only if approved by ~~((a))~~ at least two-thirds ((vote of each house of the legislature)) legislative approval in both the house of representatives and the senate, 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 personal income growth?”

(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 to another source of funding, or if moneys are transferred from the state general 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 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, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240(3), in support of education or education expenditures; or (b) a transfer of moneys to, or an expenditure from, the budget stabilization account.

(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 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.

(6) For the purposes of this chapter ((1, Laws of 2008)), “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 MAJORITY LEGISLATIVE APPROVAL FOR STATE GOVERNMENT TO INCREASE FEES**

**Sec. 5.** RCW 43.135.055 and 2008 c 1 s 14 are each amended to read as follows:

1) ~~((No))~~ A fee may only be imposed or increased in any fiscal year ~~((without prior legislative approval))~~ if approved with majority legislative approval in both the house of representatives and the senate and must be subject to the accountability procedures required by RCW 43.135.031.

(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. 6.** 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. 7.** 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. 8.** This act shall be known and cited as Save The 2/3’s Vote For Tax Increases Act of 2010.

NEW SECTION. **Sec. 9.** Sections 2 and 3 of this act take effect if, during the 2010 legislative session, the legislature amends or repeals RCW 43.135.035.

NEW SECTION. **Sec. 10.** Section 4 of this act takes effect if, during the 2010 legislative session, the legislature does not amend or repeal RCW 43.135.035.

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