

Initiative Measure No. 1369 filed January 6, 2015

2/3 CONSTITUTIONAL AMENDMENT

COMPLETE TEXT

AN ACT Relating to taxes and fees imposed by state government; amending RCW 43.135.031 and 43.135.041; adding a new section to chapter 43.135 RCW; repealing RCW 82.38.030; creating new sections; and providing a contingent expiration date.

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

INTENT

NEW SECTION. **Sec. 1.** Over the past twenty years, the taxpayers have been required to pay increasing taxes and fees to the state, hampering economic growth and limiting opportunities for the citizens of Washington.

The people declare and establish that the state needs to exercise fiscal restraint by either reducing tax burdens or limiting tax increases to only those considered necessary by more than a bare majority of legislators.

Since 1993, the voters have repeatedly passed initiatives requiring two-thirds legislative approval or voter approval to raise taxes and majority legislative approval for fee increases. However, the people have not been allowed to vote on a constitutional amendment requiring these protections even though the people have approved them on numerous occasions.

This measure provides a reduction in the burden of state taxes by repealing real estate excise taxes, enabling the citizens to keep more of their own money to pay for increases in other state taxes and fees due to the lack of a constitutional amendment protecting them, unless the legislature refers to the ballot for a vote a constitutional amendment requiring two-thirds legislative approval or voter approval to raise taxes and majority legislative approval for fee increases. The people want to ensure that tax and fee increases are consistently a last resort.

REPEAL REAL ESTATE EXCISE TAXES UNLESS...

NEW SECTION. **Sec. 2.** The following acts or parts of acts, as now existing or hereafter amended, are each repealed:

(1) RCW 82.45.010 ("Sale" defined) and 2014 c 58 s 24 & 2010 1st sp.s. c 23 s 207;

(2) RCW 82.45.020 ("Seller" defined) and 1980 c 154 s 1 & 1969 ex.s. c 223 s 28A.45.020;

(3) RCW 82.45.030 ("Selling price," "total consideration paid or contracted to be paid," defined) and 2011 c 58 s 15, 1993 sp.s. c 25 s 503, & 1969 ex.s. c 223 s 28A.45.030;

(4) RCW 82.45.032 (Additional definitions) and 2001 c 282 s 2, 1993 sp.s. c 25 s 504, 1986 c 211 s 1, 1984 c 192 s 1, & 1979 ex.s. c 266 s 1;

(5) RCW 82.45.033 ("Controlling interest" defined) and 2010 1st sp.s. c 23 s 208 & 1993 sp.s. c 25 s 505;

(6) RCW 82.45.035 (Determining selling price of leases with option to purchase-Mining property-Payment, security when selling price not separately stated) and 1969 ex.s. c 223 s 28A.45.035;

(7) RCW 82.45.060 (Tax on sale of property) and 2013 2nd sp.s. c 9 s 6;

(8) RCW 82.45.065 (Tax preferences-Expiration dates) and 2013 2nd sp.s. c 13 s 1718;

(9) RCW 82.45.070 (Tax is lien on property-Enforcement) and 2010 1st sp.s. c 23 s 209 & 1969 ex.s. c 223 s 28A.45.070;

(10) RCW 82.45.080 (Tax is seller's obligation-Choice of remedies) and 2010 1st sp.s. c 23 s 210, 1980 c 154 s 3, & 1969 ex.s. c 223 s 28A.45.080;

(11) RCW 82.45.090 (Payment of tax and fee-Evidence of payment-Recording-Sale of beneficial interest) and 2009 c 350 s 8, 2003 c 53 s 404, 1993 sp.s. c 25 s 506, 1991 c 327 s 6, 1990 c 171 s 7, 1984 c 192 s 2, 1980 c 154 s 4, 1979 ex.s. c 266 s 2, & 1969 ex.s. c 223 s 28A.45.090;

(12) RCW 82.45.100 (Tax payable at time of sale-Interest, penalties on unpaid or delinquent taxes-Notice-Prohibition on certain assessments or refunds-Deposit of penalties) and 2010 1st sp.s. c 23 s 211, 2007 c 111 s 112, 1997 c 157 s 4, 1996 c 149 s 5, 1993 sp.s. c 25 s 507, 1988 c 286 s 5, 1982 c 176 s 1, & 1981 c 167 s 2;

(13) RCW 82.45.105 (Single-family residential property, tax credit when subsequent transfer of within nine months for like property) and 1969 ex.s. c 223 s 28A.45.105;

(14) RCW 82.45.150 (Applicability of general administrative provisions-Departmental rules, scope-Real estate excise tax affidavit form-Departmental audit) and 2014 c 97 s 307, 2014 c 58 s 26, 1996 c 149 s 6, 1994 c 137 s 1, 1993 sp.s. c 25 s 509, 1981 c 167 s 1, & 1980 c 154 s 5;

(15) RCW 82.45.180 (Disposition of proceeds) and 2013 c 251 s 11, 2010 1st sp.s. c 26 s 9, 2009 c 308 s 5, & 2006 c 312 s 1;

(16) RCW 82.45.190 (Exemptions-State route No. 16 corridor transportation systems and facilities) and 1998 c 179 s 7;

(17) RCW 82.45.195 (Exemptions-Standing timber sales) and 2014 c 97 s 308, 2010 1st sp.s. c 23 s 518, & 2007 c 48 s 7;

(18) RCW 82.45.197 (Exemptions-Inheritance-Documents required) and 2014 c 58 s 25 & 2008 c 269 s 1;

(19) RCW 82.45.210 (State assistance for county electronic processing and reporting of taxes-Grant program) and 2012 c 198 s 7, 2006 c 312 s 2, & 2005 c 480 s 4;

(20) RCW 82.45.220 (Failure to report transfer of controlling interest) and 2010 1st sp.s. c 23 s 212 & 2005 c 326 s 3; and

(21) RCW 82.45.900 (Chapter 82.46 RCW ordinances in effect on July 1, 1993-Application under chapter 82.45 RCW).

...UNLESS THE LEGISLATURE REFERS TO THE BALLOT FOR A VOTE A CONSTITUTIONAL AMENDMENT REQUIRING TWO-THIRDS LEGISLATIVE APPROVAL OR VOTER APPROVAL TO RAISE TAXES AND MAJORITY LEGISLATIVE APPROVAL FOR FEE INCREASES

NEW SECTION. **Sec. 3.** (1) Section 2 of this act takes effect April 15, 2016, unless the contingency in subsection (2) of this section occurs.

(2) If the legislature, prior to April 15, 2016, refers to the ballot for a vote a constitutional amendment requiring two-thirds legislative approval or voter approval to raise taxes as defined by voter-approved Initiatives 960, 1053, and 1185 and section 6 of this act and majority legislative approval for fee increases as required by voter-approved Initiatives 960, 1053, and 1185 and codified in RCW 43.135.055 and further defined by subsection (a) of this section, section 2 of this act expires on April 14, 2016.

(a) "Majority legislative approval for fee increases" means only the legislature may set a fee increase's amount and must list it in a bill so it can be subject to the ten-year cost projection and other accountability procedures required by RCW 43.135.031.

STATUTORY REFERENCE UPDATES

Sec. 4. RCW 43.135.031 (Bills raising taxes or fees – Cost analysis – Press release – Notice of hearings – Updated analyses) and 2013 c 1 s 5 are each amended to read as follows:

(1) For any bill introduced in either the house of representatives or the senate that raises taxes as defined by ((~~RCW 43.135.034~~)) section 6 of this act 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 e-mail 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 cosponsors 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 43.135.034~~)) section 6 of this act 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 e-mail 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 43.135.034~~)) section 6 of this act 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 reexamine and redetermine 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 e-mail 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 e-mail 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 e-mail.

(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 e-mail.

Sec. 5. RCW 43.135.041 (Tax legislation – Advisory vote – Duties of the attorney general and secretary of state – Exemption) and 2013 c 1 s 6 are each amended to read as follows:

(1)(a) After July 1, 2011, if legislative action raising taxes as defined by (~~RCW 43.135.034~~) section 6 of this act 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 chapter.

(b) If legislative action raising taxes enacted after July 1, 2011, 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 chapter.

(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 chapter. 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 chapter.

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

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

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 7.** 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. 8.** 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.

TITLE OF THE ACT

NEW SECTION. **Sec. 9.** This act is known and may be cited as the
"Taxpayer Protection Act."

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