
HOUSE BILL 3007

State of Washington

59th Legislature

2006 Regular Session

By Representatives McDonald, Alexander, Haler, Hinkle, Armstrong, Sump, Orcutt, Dunn, Newhouse, Ahern, Holmquist, McCune, Ericksen, Serben, Kristiansen, Bailey, Roach, Nixon, Anderson, Condotta, Shabro, Rodne, Woods, Schindler and Pearson

Read first time 01/18/2006. Referred to Committee on Finance.

1 AN ACT Relating to implementing a proposed constitutional amendment
2 placing restrictions on tax increases; amending RCW 43.135.035 and
3 43.135.035; providing an effective date; providing a contingent
4 effective date; and providing an expiration date.

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

6 **Sec. 1.** RCW 43.135.035 and 2005 c 72 s 2 are each amended to read
7 as follows:

8 (1) After July 1, 1995, any action or combination of actions by the
9 legislature that (~~raises state revenue or requires revenue neutral tax~~
10 ~~shifts~~) constitutes a tax increase may be taken only if approved by a
11 (~~two-thirds~~) three-fifths vote of each house, and then only if state
12 expenditures in any fiscal year, including the new revenue, will not
13 exceed the state expenditure limits established under this chapter.
14 (~~However, for legislation enacted between the effective date of this~~
15 ~~2005 act and June 30, 2007, any action or combination of actions by the~~
16 ~~legislature that raises state revenue or requires revenue neutral tax~~
17 ~~shifts may be taken with the approval of a majority of members elected~~
18 ~~to each house, so long as state expenditures in any fiscal year,~~
19 ~~including the new revenue, will not exceed the state expenditure limits~~

1 ~~established under this chapter.))~~ This section does not apply to a tax
2 that will be used exclusively for highway purposes under Article II,
3 section 40 of the state Constitution.

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

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

16 "Shall taxes be imposed on in order to allow a
17 spending increase above last year's authorized spending adjusted for
18 inflation and population increases?"

19 (3)(a) The state expenditure limit may be exceeded upon declaration
20 of an emergency for a period not to exceed twenty-four months by a law
21 approved by a (~~two-thirds~~) three-fifths vote of each house of the
22 legislature and signed by the governor. The law shall set forth the
23 nature of the emergency(~~(, which is limited to natural disasters that~~
24 ~~require immediate government action to alleviate human suffering and~~
25 ~~provide humanitarian assistance)).~~ The state expenditure limit may be
26 exceeded for no more than twenty-four months following the declaration
27 of the emergency and only for the purposes contained in the emergency
28 declaration.

29 (b) (~~Additional taxes required for an emergency under this section~~
30 ~~may be imposed only until thirty days following the next general~~
31 ~~election, unless an extension is approved at that general election.~~
32 ~~The additional taxes shall expire upon expiration of the declaration of~~
33 ~~emergency. The legislature shall not impose additional taxes for~~
34 ~~emergency purposes under this subsection unless funds in the education~~
35 ~~construction fund have been exhausted.)) Taxes enacted pursuant to an
36 emergency previously declared under this section may be imposed with a
37 favorable vote of a majority of members elected to each house of the~~

1 legislature, and shall expire not later than twelve months after the
2 effective date of the emergency declaration.

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

6 (4) If the cost of any state program or function is shifted from
7 the state general fund on or after January 1, 1993, to another source
8 of funding, or if moneys are transferred from the state general fund to
9 another fund or account, the state expenditure limit committee, acting
10 pursuant to RCW 43.135.025(5), shall lower the state expenditure limit
11 to reflect the shift. For the purposes of this section, a transfer of
12 money from the state general fund to another fund or account includes
13 any state legislative action taken that has the effect of reducing
14 revenues from a particular source, where such revenues would otherwise
15 be deposited into the state general fund, while increasing the revenues
16 from that particular source to another state or local government
17 account. This subsection does not apply to the dedication or use of
18 lottery revenues under RCW 67.70.240(3) or property taxes under RCW
19 84.52.068, in support of education or education expenditures.

20 (5) If the cost of any state program or function is shifted to the
21 state general fund on or after January 1, 2000, from another source of
22 funding, or if moneys are transferred to the state general fund from
23 another fund or account, the state expenditure limit committee, acting
24 pursuant to RCW 43.135.025(5), shall increase the state expenditure
25 limit to reflect the shift.

26 **Sec. 2.** RCW 43.135.035 and 2005 c 72 s 5 are each amended to read
27 as follows:

28 (1) After July 1, 1995, any action or combination of actions by the
29 legislature that (~~raises state revenue or requires revenue neutral tax~~
30 ~~shifts~~) constitutes a tax increase may be taken only if approved by a
31 (~~two-thirds~~) three-fifths vote of each house, and then only if state
32 expenditures in any fiscal year, including the new revenue, will not
33 exceed the state expenditure limits established under this chapter.
34 This section does not apply to a tax that will be used exclusively for
35 highway purposes under Article II, section 40 of the state
36 Constitution.

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

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

13 "Shall taxes be imposed on in order to allow a
14 spending increase above last year's authorized spending adjusted for
15 personal income growth?"

16 (3)(a) The state expenditure limit may be exceeded upon declaration
17 of an emergency for a period not to exceed twenty-four months by a law
18 approved by a (~~two-thirds~~) three-fifths vote of each house of the
19 legislature and signed by the governor. The law shall set forth the
20 nature of the emergency(~~(, which is limited to natural disasters that~~
21 ~~require immediate government action to alleviate human suffering and~~
22 ~~provide humanitarian assistance))~~). The state expenditure limit may be
23 exceeded for no more than twenty-four months following the declaration
24 of the emergency and only for the purposes contained in the emergency
25 declaration.

26 (b) (~~Additional taxes required for an emergency under this section~~
27 ~~may be imposed only until thirty days following the next general~~
28 ~~election, unless an extension is approved at that general election.~~
29 ~~The additional taxes shall expire upon expiration of the declaration of~~
30 ~~emergency. The legislature shall not impose additional taxes for~~
31 ~~emergency purposes under this subsection unless funds in the education~~
32 ~~construction fund have been exhausted.)) Taxes enacted pursuant to an
33 emergency previously declared under this section may be imposed with a
34 favorable vote of a majority of members elected to each house of the
35 legislature, and shall expire not later than twelve months after the
36 effective date of the emergency declaration.~~

37 (c) The state or any political subdivision of the state shall not

1 impose any tax on intangible property listed in RCW 84.36.070 as that
2 statute exists on January 1, 1993.

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

18 (5) If the cost of any state program or function and the ongoing
19 revenue necessary to fund the program or function are shifted to the
20 state general fund or a related fund on or after January 1, 2007, the
21 state expenditure limit committee, acting pursuant to RCW
22 43.135.025(5), shall increase the state expenditure limit to reflect
23 the shift.

24 NEW SECTION. **Sec. 3.** Section 1 of this act expires July 1, 2007.

25 NEW SECTION. **Sec. 4.** Section 2 of this act takes effect July 1,
26 2007.

27 NEW SECTION. **Sec. 5.** This act takes effect if the proposed
28 amendment to Article VII, section . . . of the state Constitution (HJR
29, H-4178/06) is validly submitted to and is approved and
30 ratified by the voters at a general election held in November 2006. If
31 the proposed amendment is not approved and ratified, this act is void
32 in its entirety.

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