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**Finance Committee**

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**2ESB 6843**

**Brief Description:** Preserving essential public services by temporarily suspending the two-thirds vote requirement for tax increases.

**Sponsors:** Senators Prentice, Murray, Kohl-Welles, Regala, Fairley, Ranker, McDermott, Kline and Keiser.

**Brief Summary of Second Engrossed Bill**

- Suspends the two-thirds vote requirement for any action or combination of actions by the Legislature that raises taxes until July 1, 2011.

**Hearing Date:** 2/13/10

**Staff:** Jeffrey Mitchell (786-7139).

**Background:**

Initiative Measure No. 960 (I-960), adopted by the voters in 2007, establishes certain requirements related to any action of the Legislature that raises taxes or fees.

Legislative Approval by Two-Thirds or Voter-Approval of Tax Increases.

Legislation raising taxes must receive a two-thirds vote of the members of the Senate and the House. Tax increases may be referred to the voters for their approval or rejection.

Raises taxes is defined by I-960 as 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.

Cost Projections, Notice of Public Hearings, and Information on Bill Sponsorship.

The Office of Financial Management (OFM) must determine the 10-year cost to the taxpayers of any bill raising taxes or fees. The results must be distributed by public press release and emailed to legislators, the media, and the public. The press release for any bill raising taxes or fees must

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be published upon bill introduction, any public hearing scheduled on such a bill, committee approval, and approval by the Senate or the House. The initial press release upon bill introduction must include contact information for legislators who are sponsors or co-sponsors of the bill. The press release for scheduled hearing must include the contact information for the legislative committee members. The press release for committee approval or approval by the Senate or House must include the names of legislators, their contact information, and how they voted.

Advisory Vote of the People on Tax Increases.

If a legislative bill raising taxes is blocked from a public vote or is not referred to the voters, a measure for an advisory vote by the people is required and must be placed on the next general election ballot. Blocked from a public vote is defined by I-960 as including adding an emergency clause to a bill increasing taxes, bonding or contractually obligating taxes, or otherwise preventing a referendum on a bill increasing taxes. If the bill involves more than one revenue source, each tax being increased must be subject to a separate advisory vote of the people. The voter pamphlet entry for advisory votes on a tax increase must be two pages long and must include a ten-year projection of the fiscal impact of the tax on the taxpayers and a description of how each member of the Legislature voted on the tax increase.

Legislative Approval of Fee Increases.

No fee may be imposed or increased by a state agency without prior legislative approval.

**Summary of Bill:**

The two-thirds vote requirement for any action or combination of actions by the Legislature that raises taxes is suspended until July 1, 2011.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.