
HOUSE BILL 2377

State of Washington 61st Legislature 2009 Regular Session

By Representatives Pettigrew, Dickerson, Darneille, Williams, and Hunt

Read first time 04/16/09. Referred to Committee on Health & Human Services Appropriations.

1 AN ACT Relating to funding health care and the working families'
2 tax rebate with a voter-approved temporary sales tax increase; amending
3 RCW 82.08.020; reenacting and amending RCW 82.08.064 and 43.135.035;
4 adding a new section to chapter 43.79 RCW; adding a new section to
5 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating
6 new sections; making appropriations; providing a contingent effective
7 date; providing expiration dates; and providing for submission of
8 certain sections of this act to a vote of the people.

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

10 NEW SECTION. **Sec. 1.** INTENT. An unprecedented shortfall in state
11 general fund revenues has threatened the state's ability to fund vital
12 health services and has harmed working families. For this reason, the
13 legislature is asking the voters to approve temporary tax increases in
14 order to fund health care and to support working families during this
15 time of revenue shortfalls.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.79 RCW
17 to read as follows:

18 HEALTH CARE TRUST ACCOUNT. (1) The health care trust account is

1 created in the state treasury. Receipts from the temporary increase in
2 the retail sales as authorized in RCW 82.08.020(4) must be deposited
3 into the account. Moneys in the account may be spent only after
4 appropriation. The legislature may appropriate from the account only
5 to fund the basic health plan, public health services, health care,
6 mental health care, hospitals, and long-term care nursing homes.

7 (2) This section expires January 1, 2013.

8 **Sec. 3.** RCW 82.08.020 and 2006 c 1 s 3 are each amended to read as
9 follows:

10 TEMPORARY SALES TAX INCREASE. (1) There is levied and there shall
11 be collected a tax on each retail sale in this state equal to six and
12 five-tenths percent of the selling price.

13 (2) There is levied and there shall be collected an additional tax
14 on each retail car rental, regardless of whether the vehicle is
15 licensed in this state, equal to five and nine-tenths percent of the
16 selling price. The revenue collected under this subsection shall be
17 deposited in the multimodal transportation account created in RCW
18 47.66.070.

19 (3) Beginning July 1, 2003, there is levied and collected an
20 additional tax of three-tenths of one percent of the selling price on
21 each retail sale of a motor vehicle in this state, other than retail
22 car rentals taxed under subsection (2) of this section. The revenue
23 collected under this subsection shall be deposited in the multimodal
24 transportation account created in RCW 47.66.070.

25 (4) From January 1, 2010, through December 31, 2012, there is
26 levied and there shall be collected an additional tax of three-tenths
27 of one percent of the selling price on each retail sale in this state.
28 Of the revenue collected under this subsection:

29 (a) 21.6 percent of the revenue shall be deposited in the general
30 fund and used to fund the working families' tax exemption for low-
31 income persons created in RCW 82.08.0206.

32 (b) The remainder shall be deposited in the health care trust
33 account created in section 2 of this act.

34 (5) For purposes of subsection (3) of this section, "motor vehicle"
35 has the meaning provided in RCW 46.04.320, but does not include farm
36 tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181,

1 off-road and nonhighway vehicles as defined in RCW 46.09.020, and
2 snowmobiles as defined in RCW 46.10.010.

3 ~~((+5))~~ (6) Beginning on December 8, 2005, 0.16 percent of the
4 taxes collected under subsection (1) of this section shall be dedicated
5 to funding comprehensive performance audits required under RCW
6 43.09.470. The revenue identified in this subsection shall be
7 deposited in the performance audits of government account created in
8 RCW 43.09.475.

9 ~~((+6))~~ (7) The taxes imposed under this chapter shall apply to
10 successive retail sales of the same property.

11 ~~((+7))~~ (8) The rates provided in this section apply to taxes
12 imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08 RCW
14 to read as follows:

15 TAX EXPIRATION DATE. The tax increases authorized in RCW
16 82.08.020(4) are temporary in nature and expire on December 31, 2012.
17 This expiration date may not be repealed or extended without a two-
18 thirds vote of both houses of the legislature or a vote of the people.

19 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.12 RCW
20 to read as follows:

21 USE TAX DEDICATION. (1) From January 1, 2010, through December 31,
22 2012, use taxes collected on the rate provided in RCW 82.08.020(4)
23 shall be deposited in the general fund and the health care trust
24 account in the same proportions established in RCW 82.08.020(4).

25 (2) This section expires January 1, 2013.

26 **Sec. 6.** RCW 82.08.064 and 2003 c 361 s 304 and 2003 c 168 s 205
27 are each reenacted and amended to read as follows:

28 SALES TAX ADMINISTRATION. (1) A sales and use tax rate change
29 under this chapter or chapter 82.12 RCW shall be imposed (a) no sooner
30 than seventy-five days after its enactment into law and (b) only on the
31 first day of January, April, July, or October.

32 (2) Subsection (1) of this section does not apply to the tax rate
33 change in section 301, chapter 361, Laws of 2003, and section 3,
34 chapter . . ., Laws of 2009 (section 3 of this act).

1 (3)(a) A sales and use tax rate increase under this chapter or
2 chapter 82.12 RCW imposed on services applies to the first billing
3 period starting on or after the effective date of the increase.

4 (b) A sales and use tax rate decrease under this chapter or chapter
5 82.12 RCW imposed on services applies to bills rendered on or after the
6 effective date of the decrease.

7 (c) For the purposes of this subsection (3), "services" means
8 retail services such as installing and constructing and retail services
9 such as telecommunications, but does not include services such as
10 tattooing.

11 **Sec. 7.** RCW 43.135.035 and 2008 c 1 s 5 (Initiative Measure No.
12 960) and 2007 c 484 s 6 are each reenacted and amended to read as
13 follows:

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

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

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

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

1 (3)(a) The state expenditure limit may be exceeded upon declaration
2 of an emergency for a period not to exceed twenty-four months by a law
3 approved by a two-thirds vote of each house of the legislature and
4 signed by the governor. The law shall set forth the nature of the
5 emergency, which is limited to natural disasters that require immediate
6 government action to alleviate human suffering and provide humanitarian
7 assistance. The state expenditure limit may be exceeded for no more
8 than twenty-four months following the declaration of the emergency and
9 only for the purposes contained in the emergency declaration.

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

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

20 (4) If the cost of any state program or function is shifted from
21 the state general fund or a related fund to another source of funding,
22 or if moneys are transferred from the state general fund or a related
23 fund to another fund or account, the state expenditure limit committee,
24 acting pursuant to RCW 43.135.025(5), shall lower the state expenditure
25 limit to reflect the shift. For the purposes of this section, a
26 transfer of money from the state general fund or a related fund to
27 another fund or account includes any state legislative action taken
28 that has the effect of reducing revenues from a particular source,
29 where such revenues would otherwise be deposited into the state general
30 fund or a related fund, while increasing the revenues from that
31 particular source to another state or local government account. This
32 subsection does not apply to: (a) The dedication or use of lottery
33 revenues under RCW 67.70.240(3) or property taxes under RCW 84.52.068,
34 in support of education or education expenditures; (b) a transfer of
35 moneys to, or an expenditure from, the budget stabilization account; or
36 (c) expenditures from the health care trust account created in section
37 2 of this act.

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

8 (6) For the purposes of chapter 1, Laws of 2008, "raises taxes"
9 means any action or combination of actions by the legislature that
10 increases state tax revenue deposited in any fund, budget, or account,
11 regardless of whether the revenues are deposited into the general fund.

12 NEW SECTION. **Sec. 8.** AUTHORIZATION FOR THE WORKING FAMILIES' TAX
13 REBATE. (1) The department of revenue is authorized to implement the
14 working families' tax exemption for calendar years 2010 and 2011.

15 (2) The sums of thirty-two million dollars for the fiscal year
16 ending June 30, 2010, and of seventy-three million dollars for the
17 fiscal year ending June 30, 2011, or so much thereof as may be
18 necessary, are appropriated from the state general fund to the
19 department of revenue for payments under the working families' tax
20 exemption pursuant to RCW 82.08.0206.

21 NEW SECTION. **Sec. 9.** APPROPRIATIONS FOR THE BASIC HEALTH PLAN.
22 The sum of \$167,352,000 dollars, or as much thereof as may be
23 necessary, is appropriated for the biennium ending June 30, 2011, from
24 the health care trust account to the health care authority for the
25 purposes of restoring basic health plan enrollment beyond the level
26 appropriated in the 2009-11 biennial operating budget.

27 NEW SECTION. **Sec. 10.** APPROPRIATIONS FOR LONG-TERM CARE AND
28 NURSING HOMES. The sum of \$77,250,000 dollars, or as much thereof as
29 may be necessary, is appropriated for the biennium ending June 30,
30 2011, from the health care trust account to the department of social
31 and health services aging and disability services administration solely
32 for the purpose of providing long-term care, including in-home care,
33 adult day health care, and nursing homes.

1 NEW SECTION. **Sec. 11.** APPROPRIATIONS FOR HOSPITALS. The sum of
2 \$75,000,000 dollars, or as much thereof as may be necessary, is
3 appropriated for the biennium ending June 30, 2011, from the health
4 care trust account to the department of social and health services
5 medical assistance program for the purposes of hospital payments.

6 NEW SECTION. **Sec. 12.** APPROPRIATIONS FOR MENTAL HEALTH CARE. The
7 sum of \$24,214,000 dollars, or as much thereof as may be necessary, is
8 appropriated for the biennium ending June 30, 2011, from the health
9 care trust account to the department of social and health services
10 mental health division solely for the purpose of providing community
11 mental health services.

12 NEW SECTION. **Sec. 13.** APPROPRIATIONS FOR HEALTH CARE FOR
13 CHILDREN. The sum of \$13,350,000 dollars, or as much thereof as may be
14 necessary, is appropriated for the biennium ending June 30, 2011, from
15 the health care trust account to the department of social and health
16 services medical assistance program for the purposes of reimbursing
17 providers of health care for children.

18 NEW SECTION. **Sec. 14.** APPROPRIATIONS FOR THE HEALTHY OPTIONS
19 HEALTH CARE PROGRAM. The sum of \$19,200,000 dollars, or as much
20 thereof as may be necessary, is appropriated for the biennium ending
21 June 30, 2011, from the health care trust account to the department of
22 social and health services medical assistance program for the purposes
23 of providing health care through managed health care systems.

24 NEW SECTION. **Sec. 15.** APPROPRIATIONS FOR PUBLIC HEALTH SERVICES.
25 The sum of \$3,000,000 dollars, or as much thereof as may be necessary,
26 is appropriated for the biennium ending June 30, 2011, from the health
27 care trust account to the department of health for the purposes of
28 distribution to local health jurisdictions to spend on core public
29 health functions of statewide significance as defined in RCW 43.70.514.

30 NEW SECTION. **Sec. 16.** Pursuant to RCW 43.88.260(2)(b), the office
31 of financial management is authorized to take necessary steps to ensure
32 that expenditures of appropriations from the health care trust account

1 in sections 9 through 15 of this act begin as soon as possible after
2 the appropriations take effect.

3 NEW SECTION. **Sec. 17.** The department of social and health
4 services and the office of financial management shall seek matching
5 federal matching funds for appropriations from the health care trust
6 account in sections 9 through 15 of this act to the maximum extent
7 permitted by federal law. Upon receipt, such revenues may be expended
8 as permitted by RCW 43.79.270.

9 NEW SECTION. **Sec. 18.** REFERRAL TO VOTERS FOR APPROVAL--BALLOT
10 TITLE. (1) The secretary of state shall submit sections 1 through 7 of
11 this act to the people for their adoption and ratification, or
12 rejection, at the next general election to be held in this state, in
13 accordance with Article II, section 1 of the state Constitution and the
14 laws adopted to facilitate its operation.

15 (2) Pursuant to RCW 29A.72.090, the statement of subject and
16 concise description for the ballot title shall be as follows:

17 "The legislature has passed House Bill . . . [this act], concerning
18 funding for health care and the working families' tax rebate. This
19 bill would fund working families' tax rebate and health care trust for
20 basic health plan, nursing homes, hospitals, and health services
21 through a temporary 0.3% sales tax increase expiring December 31,
22 2012."

23 NEW SECTION. **Sec. 19.** This act takes effect upon approval of
24 sections 1 through 7 of this act by the voters by December 15, 2009, as
25 provided in section 18 of this act. If sections 1 through 7 of this
26 act are not approved by the voters by December 15, 2009, as provided in
27 section 18 of this act, this act is null and void in its entirety.

28 NEW SECTION. **Sec. 20.** As used in this act, captions constitute no
29 part of the law.

30 NEW SECTION. **Sec. 21.** If any provision of this act or its
31 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

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