
SENATE BILL 6736

State of Washington

61st Legislature

2010 Regular Session

By Senators Tom and Fraser

Read first time 01/25/10. Referred to Committee on Ways & Means.

1 AN ACT Relating to modifying state expenditure limitations;
2 amending RCW 43.135.010 and 43.135.035; and adding a new section to
3 chapter 43.135 RCW.

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

5 **Sec. 1.** RCW 43.135.010 and 2005 c 72 s 3 are each amended to read
6 as follows:

7 The people of the state of Washington hereby find and declare:

8 (1) The continuing increases in our state tax burden and the
9 corresponding growth of state government is contrary to the interest of
10 the people of the state of Washington.

11 (2) It is necessary to limit the rate of growth of state government
12 while assuring adequate funding of essential services, including basic
13 education as defined by the legislature.

14 (3) The current budgetary system in the state of Washington lacks
15 stability. The system encourages crisis budgeting and results in
16 cutbacks during lean years and overspending during surplus years.

17 (4) It is therefore the intent of this chapter to:

18 (a) Establish a limit on state expenditures that will assure that

1 the growth rate of state expenditures does not exceed the growth rate
2 in Washington personal income;

3 (b) Assure that local governments are provided funds adequate to
4 render those services deemed essential by their citizens;

5 (c) Assure that the state does not impose responsibility on local
6 governments for new programs or increased levels of service under
7 existing programs unless the costs thereof are paid by the state;

8 (d) Assure that new tax preferences do not decrease funding for
9 essential services by adjusting previously enacted tax preferences;

10 (e) Provide for adjustment of the limit when costs of a program are
11 transferred between the state and another political entity;

12 ((+e)) (f) Establish a procedure for exceeding this limit in
13 emergency situations;

14 ((+f)) (g) Provide for voter approval of tax increases; and

15 ((+g)) (h) Avoid overfunding and underfunding state programs by
16 providing stability, consistency, and long-range planning.

17 **Sec. 2.** RCW 43.135.035 and 2009 c 479 s 36 are each amended to
18 read as follows:

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

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

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

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

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

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

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

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

1 expenditures; or (b) a transfer of moneys to, or an expenditure from,
2 the budget stabilization account.

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

9 (6) For the purposes of this chapter (~~(1, Laws of 2008)~~), "raises
10 taxes" means any action or combination of actions by the legislature,
11 other than an action or combination of actions that has a net zero
12 impact or a net positive impact under section 3 of this act, that
13 increases state tax revenue deposited in any fund, budget, or account,
14 regardless of whether the revenues are deposited into the general fund.

15 NEW SECTION. Sec. 3. A new section is added to chapter 43.135 RCW
16 to read as follows:

17 (1) After January 1, 2010, the fiscal impact of new tax preferences
18 must be offset by modifying or repealing previously enacted tax
19 preferences in order to enact a single piece of legislation which has
20 a net zero impact or a net positive impact.

21 (2) For the purposes of this chapter, "net zero impact" or a "net
22 positive impact" under this section is not an action or combination of
23 actions by the legislature which raises taxes.

24 (3) For the purposes of this section, "tax preference" has the same
25 meaning as in RCW 43.136.021.

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