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**SUBSTITUTE HOUSE BILL 1981**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** House State Government, Elections & Information Technology (originally sponsored by Representatives Farrell, Ormsby, Slatter, Pollet, and Jinkins)

AN ACT Relating to estimating the effective tax rate of proposed ballot measures and legislation; amending RCW 29A.32.070 and 29A.72.025; adding a new section to chapter 29A.72 RCW; and adding a new section to chapter 43.88A RCW.

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

**Sec.**  RCW 29A.32.070 and 2016 c 83 s 1 are each amended to read as follows:

(1) The secretary of state ((~~shall~~)) must determine the format and layout of the voters' pamphlet published under RCW 29A.32.010. The secretary of state ((~~shall~~)) must print the pamphlet in clear, readable type on a size, quality, and weight of paper that in the judgment of the secretary of state best serves the voters. The pamphlet must contain a table of contents. Measures and arguments must be printed in the order specified by RCW 29A.72.290.

(2) The secretary of state's name may not appear in the voters' pamphlet in his or her official capacity if the secretary is a candidate for office during the same year. His or her name may only be included as part of the information normally included for candidates.

(3) The voters' pamphlet must provide the following information for each statewide issue on the ballot except measures for an advisory vote of the people whose requirements are provided in (l) of this subsection ((~~(11) of this section~~)):

((~~(1)~~)) (a) The legal identification of the measure by serial designation or number;

((~~(2)~~)) (b) The official ballot title of the measure;

((~~(3)~~)) (c) A statement prepared by the attorney general explaining the law as it presently exists;

((~~(4)~~)) (d) A statement prepared by the attorney general explaining the effect of the proposed measure if it becomes law;

((~~(5)~~)) (e) The fiscal impact statement prepared under RCW 29A.72.025;

((~~(6)~~)) (f) The revenue equity statement prepared under section 2 of this act;

(g) The total number of votes cast for and against the measure in the senate and house of representatives, if the measure has been passed by the legislature;

((~~(7)~~)) (h) An argument advocating the voters' approval of the measure together with any statement in rebuttal of the opposing argument;

((~~(8)~~)) (i) An argument advocating the voters' rejection of the measure together with any statement in rebuttal of the opposing argument;

((~~(9)~~)) (j) Each argument or rebuttal statement must be followed by the names of the committee members who submitted them, and may be followed by a telephone number that citizens may call to obtain information on the ballot measure;

((~~(10)~~)) (k) The full text of the measure;

((~~(11)~~)) (l) Two pages ((~~shall~~)) must be provided in the general election voters' pamphlet for each measure for an advisory vote of the people under RCW 43.135.041 and ((~~shall~~)) must consist of the serial number assigned by the secretary of state under RCW 29A.72.040, the short description formulated by the attorney general under RCW 29A.72.283, the tax increase's most up‑to‑date ten‑year cost projection, including a year‑by‑year breakdown, by the office of financial management under RCW 43.135.031, and the names of the legislators, and their contact information, and how they voted on the increase upon final passage so they can provide information to, and answer questions from, the public. For the purposes of this subsection, "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 email address.

NEW SECTION. **Sec.**  A new section is added to chapter 29A.72 RCW to read as follows:

(1) The office of financial management must prepare a revenue equity statement for each of the following state ballot measures:

(a) An initiative to the people that is certified to the ballot;

(b) An initiative to the legislature that is certified to the house of representatives and the senate;

(c) An alternative measure appearing on the ballot that the legislature proposes to an initiative to the legislature;

(d) A referendum bill referred to voters by the legislature; and

(e) A referendum measure appearing on the ballot.

(2) The revenue equity statement must describe the projections for how the ballot measure would affect any projected increase or decrease in the average effective tax rate imposed directly or indirectly on Washington residents in excess of 0.05 percent of family income for any family income quintile. Each statement must include:

(a) The estimated average effective tax rate, expressed as a percentage of household income, imposed by each family income quintile;

(b) Similar estimates within the top fifteenth percentile, fourth percentile, first percentile, and 0.1 percentile under current law and under each proposed measure;

(c) Comparable estimates for the first six fiscal years following enactment of the proposed measure; and

(d) A summary of the ballot measure not to exceed two hundred words and a more detailed disclosure that includes the assumptions that were made to estimate the effective rate of taxes, and any unavoidable limitations on the availability of data for a comprehensive analysis.

(3) Revenue equity statements must be written in clear and concise language, avoid legal and technical terms when possible, and be filed with the secretary of state no later than the last business day in July for a ballot measure to the people, or no later than the first day of the legislative session for which an initiative to the legislature has been submitted. Revenue equity statements may include easily understood graphics. Revenue equity statements must be available online from the secretary of state's web site and included in the state voters' pamphlet. Additional information may be posted on the web site of the office of financial management.

(4) For the purposes of this section "effective tax rate" includes fees that apply broadly to the majority of Washington residents as well as revenue measures that are identified as taxes.

NEW SECTION. **Sec.**  A new section is added to chapter 43.88A RCW to read as follows:

(1) The director of financial management, in consultation with the legislature, the department of revenue, and any other appropriate state or local agency, must establish a procedure for the provision of a tax rate equity statement for legislative bills that describes how the bill would affect any projected increase or decrease in the average effective tax rate imposed directly or indirectly on Washington residents in excess of 0.05 percent of family income for any family income quintile.

(2) Each statement must include:

(a) The estimated average effective tax rate, expressed as a percentage of household income, imposed by each family income quintile;

(b) Similar estimates for the top fifteenth percentile, fourth percentile, first percentile, and 0.1 percentile under current law and under each proposed measure;

(c) Comparable estimates for the first six fiscal years following enactment of the proposed measure; and

(d) A summary of the bill not to exceed two hundred words and a more detailed disclosure that includes the assumptions that were made to estimate the effective rate of taxes, and any unavoidable limitations on the availability of data for a comprehensive analysis.

(3) For the purposes of this section "effective tax rate" includes fees that apply broadly to the majority of Washington residents as well as revenue measures that are identified as taxes.

**Sec.**  RCW 29A.72.025 and 2009 c 415 s 7 are each amended to read as follows:

The office of financial management, in consultation with the secretary of state, the attorney general, and any other appropriate state or local agency, shall prepare a fiscal impact statement for each of the following state ballot measures: (1) An initiative to the people that is certified to the ballot; (2) an initiative to the legislature that will appear on the ballot; (3) an alternative measure appearing on the ballot that the legislature proposes to an initiative to the legislature; (4) a referendum bill referred to voters by the legislature; and (5) a referendum measure appearing on the ballot. Fiscal impact statements must be written in clear and concise language, avoid legal and technical terms when possible, and be filed with the secretary of state no later than the ((~~tenth day of August~~)) last business day of July. Fiscal impact statements may include easily understood graphics.

A fiscal impact statement must describe any projected increase or decrease in revenues, costs, expenditures, or indebtedness that the state or local governments will experience if the ballot measure were approved by state voters. Where appropriate, a fiscal impact statement may include both estimated dollar amounts and a description placing the estimated dollar amounts into context. A fiscal impact statement must include both a summary of not to exceed one hundred words and a more detailed statement that includes the assumptions that were made to develop the fiscal impacts.

Fiscal impact statements must be available online from the secretary of state's web site and included in the state voters' pamphlet. Additional information may be posted on the web site of the office of financial management.

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