

HOUSE BILL REPORT

SHB 1876

As Passed House:
February 12, 2022

Title: An act relating to public investment impact disclosures for certain ballot measures that repeal, levy, or modify any tax or fee and have a fiscal impact statement that shows that adoption of the measure would cause a net change in state revenue.

Brief Description: Concerning public investment impact disclosures for certain ballot measures that repeal, levy, or modify any tax or fee and have a fiscal impact statement that shows that adoption of the measure would cause a net change in state revenue.

Sponsors: House Committee on State Government & Tribal Relations (originally sponsored by Representatives Gregerson, Valdez, Fitzgibbon, Simmons, Chopp, Ramel and Pollet).

Brief History:

Committee Activity:

State Government & Tribal Relations: 1/19/22, 1/26/22 [DPS].

Floor Activity:

Passed House: 2/12/22, 54-44.

Brief Summary of Substitute Bill

- Requires a public investment impact disclosure (disclosure) to appear on the ballot as part of the ballot title for state ballot measures that affect taxes or fees and cause a net change in state revenue.
- Requires the disclosure to describe the state investments that will be affected if the measure is adopted.
- Specifies that the disclosure is not subject to appeal or to other legal requirements for ballot titles.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL RELATIONS

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 4 members: Representatives Valdez, Chair; Lekanoff, Vice Chair; Dolan and Gregerson.

Minority Report: Do not pass. Signed by 3 members: Representatives Volz, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Graham.

Staff: Jason Zolle (786-7124).

Background:

The Washington Constitution provides voters with the right to participate in the lawmaking process through the initiative and referendum processes. An initiative is a piece of legislation proposed outside the Legislature and submitted to the Legislature for its consideration or to the people for a vote. A referendum may be ordered by the people or by the Legislature, and it permits the people to vote on whether an act passed by the Legislature should become law.

When initiatives and referenda appear on the ballot, they are introduced with a short description called the ballot title. For example, the format for a ballot title for an initiative to the people is: "Initiative Measure No. . . . concerns (statement of subject). This measure would (concise description). Should this measure be enacted into law?" The voter is permitted to select "yes" or "no." For a referendum measure, voters are asked whether the bill should be "approved" or "rejected."

For these ballot titles, the Attorney General is responsible for writing the "statement of subject" and "concise description" (except in a referendum called by the Legislature, for which the Legislature may specify this language). The subject statement is limited to 10 words, and it must be sufficiently broad to reflect the subject of the measure, but sufficiently precise to give notice of the measure's subject matter. The concise description is limited to 30 words, and it must be a true and impartial description of the measure's essential contents, clearly identifying the proposition to be voted on, without creating prejudice either for or against the measure.

The Attorney General is also responsible for writing a summary of the measure limited to 75 words. A person who is dissatisfied with the ballot title or summary may appeal to the Thurston County Superior Court (Court). The Court then decides whether the title and summary are consistent with the statutory requirements. The Court's decision is final and not subject to further appeal.

For initiatives and referenda that appear on the ballot, the Office of Financial Management (OFM) prepares a fiscal impact statement that describes any projected increase or decrease in revenues, costs, expenditures, or indebtedness that the state or local governments would experience if the ballot measure were approved by voters. The fiscal impact statement may

include estimates and descriptions where appropriate. It must include a summary of 100 words or fewer. Fiscal impact statements are due to the Secretary of State (Secretary) by August 10, and they are posted on the Secretary's website and included in the voters' pamphlet.

Summary of Substitute Bill:

The bill requires a public investment impact disclosure (disclosure) to appear on the ballot as part of the ballot title for any ballot measure that:

- repeals, levies, or modifies a tax or fee; and
- has a fiscal impact statement that shows the measure would cause a net change in state revenue.

This disclosure must include a description of the investments that will be affected if the measure is adopted, not to exceed 10 words. (However, if the fiscal impact is primarily to the State General Fund, the description must list the top three categories of state services funded by the State General Fund in the current state budget, and it may be up to 15 words in length). This description must appear in the following format: "This measure would (increase or decrease) funding for (description of services)."

The disclosure must be drafted by the Attorney General, who may consult with the OFM or other state and local agencies as needed. The disclosure must appear on the ballot in the middle of the ballot title. For example, an initiative measure with a disclosure would appear in the following format: "Initiative Measure No. . . . concerns (statement of subject). This measure would (concise description). This measure would (increase or decrease) funding for (description of services). Should this measure be enacted into law?"

The disclosure is not subject to appeal or to other legal requirements for ballot titles.

Fiscal impact statements on ballot measures prepared by OFM are due to the Secretary by July 25, rather than August 10.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) People would like to know what an initiative will do if it passes. The disclosure in this bill improves transparency by adding a description of the proposal's financial impact to the ballot. The state wants to make voting simple and more clear, while

also helping to ensure that everyone understands what they are voting for. People do not want to be surprised after an election that there was an unintended consequence that undercuts services they really want. Most of the information people get about ballot measures comes from well-funded campaigns, where more money means a louder voice, and they often try to obfuscate the true cost of their proposals. The disclosure must be in brief, plain, neutral language to help people make informed choices. This bill is about giving people more information, not less. The disclosure makes it easy for people to understand how their vote will impact funding for services that affect their lives.

(Opposed) The language in the disclosure is neither neutral nor unbiased, and people cannot appeal. The language is completely in the hands of the Attorney General, which gives him the ability to influence voters and sabotage an initiative without any recourse. The disclosure targets only specific types of initiatives. The description of affected services in the disclosure would not be accurate anyhow, because the Legislature ultimately gets to decide how to move money around to pay for proposals; no one knows before an election which services will be impacted.

Persons Testifying: (In support) Representative Mia Gregerson, prime sponsor; Cindy Madigan, League of Women Voters Washington; Alex Hur, OneAmerica; Kathy Sakahara, Northwest Progressive Institute; Cathy MacCaul, The American Association of Retired Persons in Washington State; Tallman Trask; Catherine Stanford; Gael Tarleton, City of Seattle; Dwight Dively, King County; and Rowland Thompson, Allied Daily Newspapers of Washington.

(Opposed) Tim Eyman; Jeff Pack, Washington Citizens Against Unfair Taxes; Zack Zinter; and Laurie Layne.

Persons Signed In To Testify But Not Testifying: None.