
HOUSE BILL 1662

State of Washington 60th Legislature 2007 Regular Session

By Representatives McDonald, Anderson, Bailey, Strow, McCune, Roach, Dunn, Alexander, Rodne and Kristiansen

Read first time 01/24/2007. Referred to Committee on Finance.

1 AN ACT Relating to implementing a proposed constitutional amendment
2 placing restrictions on tax increases; amending RCW 43.135.035; and
3 providing a contingent effective date.

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

5 **Sec. 1.** RCW 43.135.035 and 2005 c 72 s 5 are each amended to read
6 as follows:

7 (1) After July 1, 1995, any action or combination of actions by the
8 legislature that (~~raises state revenue or requires revenue neutral tax~~
9 ~~shifts~~) constitutes a tax increase may be taken only if approved by a
10 (~~two-thirds~~) three-fifths vote of each house, and then only if state
11 expenditures in any fiscal year, including the new revenue, will not
12 exceed the state expenditure limits established under this chapter.
13 This section does not apply to a tax that will be used exclusively for
14 highway purposes under Article II, section 40 of the state
15 Constitution.

16 (2)(a) If the legislative action under subsection (1) of this
17 section will result in expenditures in excess of the state expenditure
18 limit, then the action of the legislature shall not take effect until
19 approved by a vote of the people at a November general election. The

1 state expenditure limit committee shall adjust the state expenditure
2 limit by the amount of additional revenue approved by the voters under
3 this section. This adjustment shall not exceed the amount of revenue
4 generated by the legislative action during the first full fiscal year
5 in which it is in effect. The state expenditure limit shall be
6 adjusted downward upon expiration or repeal of the legislative action.

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

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

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

22 (b) (~~Additional taxes required for an emergency under this section~~
23 ~~may be imposed only until thirty days following the next general~~
24 ~~election, unless an extension is approved at that general election.~~
25 ~~The additional taxes shall expire upon expiration of the declaration of~~
26 ~~emergency. The legislature shall not impose additional taxes for~~
27 ~~emergency purposes under this subsection unless funds in the education~~
28 ~~construction fund have been exhausted.)) Taxes enacted pursuant to an
29 emergency previously declared under this section may be imposed with a
30 favorable vote of a majority of members elected to each house of the
31 legislature, and shall expire not later than twelve months after the
32 effective date of the emergency declaration.~~

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

36 (4) If the cost of any state program or function is shifted from
37 the state general fund or a related fund to another source of funding,
38 or if moneys are transferred from the state general fund or a related

1 fund to another fund or account, the state expenditure limit committee,
2 acting pursuant to RCW 43.135.025(5), shall lower the state expenditure
3 limit to reflect the shift. For the purposes of this section, a
4 transfer of money from the state general fund or a related fund to
5 another fund or account includes any state legislative action taken
6 that has the effect of reducing revenues from a particular source,
7 where such revenues would otherwise be deposited into the state general
8 fund or a related fund, while increasing the revenues from that
9 particular source to another state or local government account. This
10 subsection does not apply to the dedication or use of lottery revenues
11 under RCW 67.70.240(3) or property taxes under RCW 84.52.068, in
12 support of education or education expenditures.

13 (5) If the cost of any state program or function and the ongoing
14 revenue necessary to fund the program or function are shifted to the
15 state general fund or a related fund on or after January 1, 2007, the
16 state expenditure limit committee, acting pursuant to RCW
17 43.135.025(5), shall increase the state expenditure limit to reflect
18 the shift.

19 NEW SECTION. **Sec. 2.** This act takes effect if the proposed
20 amendment to Article VII, section . . . of the state Constitution (HJR
21, H-1156/07) is validly submitted to and is approved and
22 ratified by the voters at a general election held in November 2007. If
23 the proposed amendment is not approved and ratified, this act is void
24 in its entirety.

--- END ---