

HOUSE BILL REPORT

ESSB 6130

As Reported by House Committee On:
Finance

Title: An act relating to amending provisions related to Initiative No. 960

Brief Description: Amending provisions related to Initiative Measure No. 960.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Prentice).

Brief History:

Committee Activity:

Finance: 2/13/10 [DPA].

**Brief Summary of Engrossed Substitute Bill
(As Amended by House)**

- Suspends the two-thirds majority voting requirement for tax increases and the tax advisory vote requirements of Initiative Measure No. 960 through July 1, 2011.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. Signed by 6 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Conway, Ericks, Santos and Springer.

Minority Report: Do not pass. Signed by 3 members: Representatives Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta.

Staff: Jeffrey Mitchell (786-7139).

Background:

Initiative 960 (I-960), adopted by the voters in 2007, established by statute certain requirements related to any action of the Legislature which raises taxes or fees.

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

Cost Projections, Notice of Public Hearings, and Information on Bill Sponsorship.

The Office of Financial Management (OFM) must determine the 10-year cost to the taxpayers of any bill raising taxes or fees. The results must be distributed by public press release and emailed to legislators, the media, and the public. The press release for any bill raising taxes or fees must be published upon bill introduction, any public hearing scheduled on such a bill, committee approval, and approval by the Senate or the House. The initial press release upon bill introduction must include contact information for legislators who are sponsors or cosponsors of the bill. The press release for scheduled hearing must include the contact information for the legislative committee members. The press release for committee approval or approval by the Senate or House of Representatives must include the names of legislators, their contact information, and how they voted.

Legislative Approval by Two-Thirds or Voter-Approval of Tax Increases.

Legislation raising taxes must receive a two-thirds vote of the members of the Senate and the House. Tax increases may be referred to the voters for their approval or rejection.

"Raising taxes" is defined by I-960 as any action or combination of actions by the Legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the General Fund.

Advisory Vote of the People on Tax Increases.

If a legislative bill raising taxes is blocked from a public vote or is not referred to the voters, a measure for an advisory vote by the people is required and must be placed on the next general election ballot. "Blocked from a public vote" is defined by I-960 as including adding an emergency clause to a bill increasing taxes, bonding or contractually obligating taxes, or otherwise preventing a referendum on a bill increasing taxes. If the bill involves more than one revenue source, each tax being increased must be subject to a separate advisory vote of the people. The voter pamphlet entry for advisory votes on a tax increase must be two pages long and must include a 10-year projection of the fiscal impact of the tax on the taxpayers and a description of how each member of the Legislature voted on the tax increase.

Legislative Approval of Fee Increases.

No fee may be imposed or increased by a state agency without prior legislative approval.

Summary of Amended Bill:

The two-thirds majority voting requirement for legislative actions raising taxes is suspended through July 1, 2011. Also suspended through July 1, 2011, is the requirement for a tax advisory vote for any tax increase not submitted to the voters.

Amended Bill Compared to Engrossed Substitute Bill:

The amended bill eliminates the provision that would have suspended the public notification requirements for tax and fee increases through July 1, 2011, (i.e. current law is retained).

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) People are scared they will be losing their services. Many years of public investment in health care must be preserved. One of the responsibilities of the Legislature is to amend statutes and make tough decisions when the times warrant. Enacting this proposal will help protect children and families. The temporary suspension of I-960 is a tool to help make smart decisions in difficult times. The government must provide core governmental services. The fiscal belt can be tightened only so much. These cuts mean many students will find it more difficult to attend college. We need to provide funding to support education. The state is not fully funding basic education. It is the constitutional duty of the state to pass this legislation. There has been a large change in our economy so a temporary suspension makes sense.

(Opposed) Government spending is up 31 percent. There will be a tsunami when the one-time budget fixes disappear if the underlying fiscal problems are not fixed, including pension obligations. The Legislature needs to follow a priorities of government model. The intent of I-960 was to make raising taxes difficult. Governing is never easy. I-960 is a mandate of the people to cut spending and not raise taxes. It provides oversight and review of tax increases. Raising taxes should be a last resort. This bill will lead to business failures. The people in support of this bill mention vulnerable people; taxpayers are vulnerable as well and I-960 helps reduce this vulnerability. The Legislature could not follow the law and abide by the constitution for more than two years. I-960 make the Legislature accountable like families are accountable to their fiscal realities. The voters adopted I-960 because they want a higher standard for tax increases. Instead of increasing taxes, you need to cut programs that are not essential. The Legislature can already increase taxes by either getting a two-thirds vote or submitting it to the voters. This bill will hurt families and negatively impact the economy.

Persons Testifying: (In support) Nora Gibson and Patti Dahlman, Elder Health Northwest; Dave Budd; Peter Sato; Christine Johansen, Washington State Coalition for the Homeless; Barry Antos, Pioneer Human Services; Barbara Mertens, Washington Association of School Administrators; Sarah Kluesner, Greater Pierce County Community Network; Donna Patrick, Developmental Disabilities Council; Kim Field; David Flentge, Nancy Hogan, and Susan Powell Community Health Care; Barbara Bizilia; Marilyn Mason-Plunnett, Hopelink; Jamie Garcia, Minority Executive Directors Coalition of King County; Scott Allen, Washington State Parent-Teacher Associations; Nancy Gerber; Justin Wilcox; Mark Okazaki, Neighborhood House; David Fine; Victoria Goetz and Kim McDermott, Health Point; Stewart Henderson, Washington Environmental Council; Chris Harden; George Adams; Maralise Hood Quan, Pierce County Dispute Resolution Center; Cecily Dilworth; Peter Zimmerman; Janette Burk; Judith Shoshana, Washington Coalition Against Domestic Violence; and Ruth Shearer, Washington Senior Citizens Lobby.

(Opposed) Paul Locke; Lynn Harsh, Evergreen Freedom Foundation; James Nicholls; Justine Kover; Travis Gann; Tim Eyman, I-960 Defense; Nancy Williams; Chris Williams; Amber Carter, Association of Washington Business; Duncan Albright Jr.; Lance Worth; Jeff Einbender; Scott Dahlman, Washington Farm Bureau; and James Braden.

Persons Signed In To Testify But Not Testifying: (In support) Sue Elliot, ARC of Washington; Jodi Geunther, Planned Parenthood; Ron Gibbs, Community Employment Alliance; Zach Seymoure; Sheryl Wood; Laurie Meeker; Yul Gamboa; Laura Valdez, Safe Street Campaign; Jean Dinh, University of Washington Students; Corey Hatfield, Community Health Care; Ilene Stohl, Washington State Coalition Against Domestic Violence; Andrea Dahl, NeighborCare Health; Kathryn Cox; Stew Henderson; Priscilla Lisicich, Kathy Martin, Laura Valdez, and Bethany Rogers, Safe Streets; Trish McNabb, Community Coalition Network; Marie Johantgen; Mike Bogatay, Washington Student Association; Bridget Flory, Washington Federation of State Employees; and Karen Valenzuela, Thurston County Commission.

(Opposed) Jean Munday; David Cantlin; and Dorothy Hansen.