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HOUSE JOINT RESOLUTION 4221

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State of Washington                      62nd Legislature                      2011 Regular Session

By Representative Anderson

Read first time 03/23/11. Referred to Committee on Ways & Means.

1            BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE  
2 STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

3            THAT, At the next general election to be held in this state the  
4 secretary of state shall submit to the qualified voters of the state  
5 for their approval and ratification, or rejection, an amendment to  
6 Article VII, section 1 of the Constitution of the state of Washington  
7 to read as follows:

8            Article VII, section 1. (1) The power of taxation shall never be  
9 suspended, surrendered or contracted away. All taxes shall be uniform  
10 upon the same class of property within the territorial limits of the  
11 authority levying the tax and shall be levied and collected for public  
12 purposes only. The word "property" as used herein shall mean and  
13 include everything, except for the net income of a corporation, whether  
14 tangible or intangible, subject to ownership. All real estate shall  
15 constitute one class: *Provided*, That the legislature may tax mines and  
16 mineral resources and lands devoted to reforestation by either a yield  
17 tax or an ad valorem tax at such rate as it may fix, or by both. Such  
18 property as the legislature may by general laws provide shall be exempt  
19 from taxation. Property of the United States and of the state,

1 counties, school districts and other municipal corporations, and  
2 credits secured by property actually taxed in this state, not exceeding  
3 in value the value of such property, shall be exempt from taxation.  
4 The legislature shall have power, by appropriate legislation, to exempt  
5 personal property to the amount of three thousand (\$3,000.00) dollars  
6 for each head of a family liable to assessment and taxation under the  
7 provisions of the laws of this state of which the individual is the  
8 actual bona fide owner.

9 (2) Beginning January 1, 2015, the legislature may tax the net  
10 income of corporations. For municipal and nonprofit corporations, only  
11 the net income derived from proprietary activities may be taxed. The  
12 legislature may not tax the net income of individuals. The rate of tax  
13 on net income may not exceed seven percent. Unless the legislature  
14 enacts a net income tax preference or tax threshold provision: (a) The  
15 rate of tax must be uniform for all corporations subject to tax; and  
16 (b) the determination of net income must be consistent with the tax  
17 laws of the United States. The legislature may provide that amendments  
18 to the laws of the United States become the law of this state upon the  
19 amendments becoming the law of the United States. The legislature  
20 shall approve a net income tax preference or tax threshold provision by  
21 at least sixty percent of the members in each house of the legislature.  
22 The legislature may not enact a net income tax preference that extends  
23 for more than ten years; however, the legislature may approve the  
24 extension of a tax preference for additional periods that do exceed ten  
25 years if approved by at least sixty percent of the members in each  
26 house of the legislature. Upon a declaration of fiscal emergency by  
27 the governor, the legislature may tax net income at an additional rate  
28 not to exceed three percent of net income; however, the legislature  
29 shall authorize the additional tax rate only during a regular session  
30 of an odd-numbered year and shall not impose the additional tax rate  
31 after the end of the next ensuing fiscal biennium. The legislature may  
32 not vest counties, cities, towns, or other municipal corporations with  
33 the authority to impose a net income tax.

34 (3) Beginning January 1, 2015, the legislature may not impose a  
35 state gross receipts tax on businesses and occupations.

36 (4) Beginning January 1, 2015:

37 (a) The legislature may not impose a state sales and use tax at a  
38 rate exceeding seven percent;

1 (b) No geographic location in this state is subject to a cumulative  
2 state and municipal sales and use tax rate that exceeds ten percent;  
3 and

4 (c) The legislature may not enact a sales and use tax exemption  
5 unless the exemption is approved by at least sixty percent of the  
6 members in each house of the legislature.

7 (5) The definitions in this subsection apply throughout this  
8 section unless the context clearly requires otherwise.

9 (a) "Corporation" means a: (i) Corporation described in Article  
10 XII of this Constitution; (ii) municipal corporation; or (iii)  
11 nonprofit corporation.

12 (b) "Proprietary activity" means an activity commonly in  
13 competition with private, for-profit business activity.

14 (c) "Tax preference" means a tax exemption, exclusion, deduction,  
15 credit, deferral, or reduced tax rate, that is not available to all  
16 corporations. "Tax preference" does not include the exclusion of all  
17 municipal corporations, or all nonprofit corporations, from a tax on  
18 net income.

19 (d) "Tax threshold provision" means a tax exemption, exclusion,  
20 deduction, credit, deferral, or reduced tax rate, that is not based on  
21 a specific source of income, source of expense, or type of activity.

22 BE IT FURTHER RESOLVED, That the secretary of state shall cause  
23 notice of this constitutional amendment to be published at least four  
24 times during the four weeks next preceding the election in every legal  
25 newspaper in the state.

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