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SECOND ENGROSSED SENATE BILL 6843

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State of Washington

61st Legislature

2010 Regular Session

By Senators Prentice, Murray, Kohl-Welles, Regala, Fairley, Ranker, McDermott, Kline, and Keiser

Read first time 02/04/10. Referred to Committee on Ways & Means.

1 AN ACT Relating to preserving essential public services by  
2 temporarily suspending the two-thirds vote requirement for tax  
3 increases; amending RCW 43.135.035; and declaring an emergency.

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

5 **Sec. 1.** RCW 43.135.035 and 2009 c 479 s 36 are each amended to  
6 read as follows:

7 (1)(a) After July 1, 1995, any action or combination of actions by  
8 the legislature that raises taxes may be taken only if approved by a  
9 two-thirds vote of each house of the legislature, and then only if  
10 state expenditures in any fiscal year, including the new revenue, will  
11 not exceed the state expenditure limits established under this chapter.  
12 Pursuant to the referendum power set forth in Article II, section 1(b)  
13 of the state Constitution, tax increases may be referred to the voters  
14 for their approval or rejection at an election. The requirements of  
15 this subsection (1)(a) do not apply to any action or combination of  
16 actions described in (b) of this subsection.

17 (b)(i) In order to preserve funding for education, public safety,  
18 health care, and safety net services for elderly, disabled, and

1 vulnerable people during the unprecedented economic crisis in the 2009-  
2 2011 fiscal biennium, it is the intent of the legislature to provide a  
3 temporary means to stabilize revenue collections.

4 (ii) For legislation enacted between the effective date of this  
5 section and July 1, 2011, any action or combination of actions by the  
6 legislature that raises taxes may be taken with the approval of a  
7 majority of members elected to each house of the legislature.

8 (2)(a) If the legislative action under subsection (1) of this  
9 section will result in expenditures in excess of the state expenditure  
10 limit, then the action of the legislature shall not take effect until  
11 approved by a vote of the people at a November general election. The  
12 state expenditure limit committee shall adjust the state expenditure  
13 limit by the amount of additional revenue approved by the voters under  
14 this section. This adjustment shall not exceed the amount of revenue  
15 generated by the legislative action during the first full fiscal year  
16 in which it is in effect. The state expenditure limit shall be  
17 adjusted downward upon expiration or repeal of the legislative action.

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

20 "Shall taxes be imposed on . . . . . in order to allow a  
21 spending increase above last year's authorized spending adjusted for  
22 personal income growth?"

23 (3)(a) The state expenditure limit may be exceeded upon declaration  
24 of an emergency for a period not to exceed twenty-four months by a law  
25 approved by a two-thirds vote of each house of the legislature and  
26 signed by the governor. The law shall set forth the nature of the  
27 emergency, which is limited to natural disasters that require immediate  
28 government action to alleviate human suffering and provide humanitarian  
29 assistance. The state expenditure limit may be exceeded for no more  
30 than twenty-four months following the declaration of the emergency and  
31 only for the purposes contained in the emergency declaration.

32 (b) Additional taxes required for an emergency under this section  
33 may be imposed only until thirty days following the next general  
34 election, unless an extension is approved at that general election.  
35 The additional taxes shall expire upon expiration of the declaration of  
36 emergency. The legislature shall not impose additional taxes for  
37 emergency purposes under this subsection unless funds in the education  
38 construction fund have been exhausted.

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

4 (4) If the cost of any state program or function is shifted from  
5 the state general fund to another source of funding, or if moneys are  
6 transferred from the state general fund to another fund or account, the  
7 state expenditure limit committee, acting pursuant to RCW  
8 43.135.025(5), shall lower the state expenditure limit to reflect the  
9 shift. For the purposes of this section, a transfer of money from the  
10 state general fund to another fund or account includes any state  
11 legislative action taken that has the effect of reducing revenues from  
12 a particular source, where such revenues would otherwise be deposited  
13 into the state general fund, while increasing the revenues from that  
14 particular source to another state or local government account. This  
15 subsection does not apply to: (a) The dedication or use of lottery  
16 revenues under RCW 67.70.240(3), in support of education or education  
17 expenditures; or (b) a transfer of moneys to, or an expenditure from,  
18 the budget stabilization account.

19 (5) If the cost of any state program or function and the ongoing  
20 revenue necessary to fund the program or function are shifted to the  
21 state general fund on or after January 1, 2007, the state expenditure  
22 limit committee, acting pursuant to RCW 43.135.025(5), shall increase  
23 the state expenditure limit to reflect the shift unless the shifted  
24 revenue had previously been shifted from the general fund.

25 (6) For the purposes of chapter 1, Laws of 2008, "raises taxes"  
26 means any action or combination of actions by the legislature that  
27 increases state tax revenue deposited in any fund, budget, or account,  
28 regardless of whether the revenues are deposited into the general fund.

29 NEW SECTION. **Sec. 2.** This act is necessary for the immediate  
30 preservation of the public peace, health, or safety, or support of the  
31 state government and its existing public institutions, and takes effect  
32 immediately.

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