
SENATE JOINT RESOLUTION 8207

State of Washington 64th Legislature 2015 Regular Session

By Senators Frockt and Kohl-Welles; by request of State Treasurer

Read first time 04/24/15. Referred to Committee on Ways & Means.

1 WHEREAS, This is a constitutional amendment regarding the
2 structure and limitations for taxation in the state of Washington;
3 and

4 WHEREAS, Washington's business taxes are uncompetitive,
5 restraining business and job growth; and

6 WHEREAS, Washington's taxes are unfair to both business and
7 individuals; and

8 WHEREAS, Washington's major taxing powers are insufficiently
9 constrained; and

10 WHEREAS, Washington's tax base is too narrow and unbalanced, and
11 as a result it does not track economic growth;

12 NOW, THEREFORE, BE IT RESOLVED, BY THE SENATE AND HOUSE OF
13 REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION
14 ASSEMBLED:

15 THAT, At the next general election to be held in this state the
16 secretary of state shall submit to the qualified voters of the state
17 for their approval and ratification, or rejection, an amendment to
18 Article VII, section 2; Article VII, section 12; and Article VIII,
19 section 1 of the Constitution of the state of Washington; and adding
20 a new section to Article VII of the Constitution of the state of
21 Washington to read as follows:

1 Article VII, section 2. (a) Except as hereinafter provided and
2 notwithstanding any other provision of this Constitution, the
3 aggregate of all tax levies upon real and personal property by the
4 state and all taxing districts now existing or hereafter created,
5 shall not in any year exceed (~~one percent~~) seven dollars per one
6 thousand dollars of the true and fair value of such property in
7 money. Nothing herein shall prevent levies at the rates now provided
8 by law by or for any port or public utility district. The term
9 "taxing district" for the purposes of this section shall mean any
10 political subdivision, municipal corporation, district, or other
11 governmental agency authorized by law to levy, or have levied for it,
12 ad valorem taxes on property, other than a port or public utility
13 district. Such aggregate limitation or any specific limitation
14 imposed by law in conformity therewith may be exceeded only as
15 follows:

16 (~~(a)~~) (1) By any taxing district when specifically authorized
17 so to do by a majority of at least three-fifths of the voters of the
18 taxing district voting on the proposition to levy such additional tax
19 submitted not more than twelve months prior to the date on which the
20 proposed initial levy is to be made and not oftener than twice in
21 such twelve month period, either at a special election or at the
22 regular election of such taxing district, at which election the
23 number of voters voting "yes" on the proposition shall constitute
24 three-fifths of a number equal to forty percent of the total number
25 of voters voting in such taxing district at the last preceding
26 general election when the number of voters voting on the proposition
27 does not exceed forty percent of the total number of voters voting in
28 such taxing district in the last preceding general election; or by a
29 majority of at least three-fifths of the voters of the taxing
30 district voting on the proposition to levy when the number of voters
31 voting on the proposition exceeds forty percent of the number of
32 voters voting in such taxing district in the last preceding general
33 election. Notwithstanding any other provision of this Constitution,
34 any proposition pursuant to this subsection to levy additional tax
35 for the support of the common schools or fire protection districts
36 may provide such support for a period of up to four years and any
37 proposition to levy an additional tax to support the construction,
38 modernization, or remodelling of school facilities or fire facilities
39 may provide such support for a period not exceeding six years. For

1 levies imposed for collection in 2021 and thereafter, the maximum
2 dollar amount that may be levied in any given calendar year by or for
3 any school district for support of maintenance and operations may not
4 exceed fifteen percent of the district's basic education allocation
5 for the state fiscal year immediately preceding the year in which the
6 levy is made. Notwithstanding any other provision of this subsection,
7 a proposition under this subsection to levy an additional tax for a
8 school district shall be authorized by a majority of the voters
9 voting on the proposition, regardless of the number of voters voting
10 on the proposition;

11 ~~((b))~~ (2) By any taxing district otherwise authorized by law to
12 issue general obligation bonds for capital purposes, for the sole
13 purpose of making the required payments of principal and interest on
14 general obligation bonds issued solely for capital purposes, other
15 than the replacement of equipment, when authorized so to do by
16 majority of at least three-fifths of the voters of the taxing
17 district voting on the proposition to issue such bonds and to pay the
18 principal and interest thereon by annual tax levies in excess of the
19 limitation herein provided during the term of such bonds, submitted
20 not oftener than twice in any calendar year, at an election held in
21 the manner provided by law for bond elections in such taxing
22 district, at which election the total number of voters voting on the
23 proposition shall constitute not less than forty percent of the total
24 number of voters voting in such taxing district at the last preceding
25 general election. Any such taxing district shall have the right by
26 vote of its governing body to refund any general obligation bonds of
27 said district issued for capital purposes only, and to provide for
28 the interest thereon and amortization thereof by annual levies in
29 excess of the tax limitation provided for herein. The provisions of
30 this section shall also be subject to the limitations contained in
31 Article VIII, section 6~~((7))~~ of this Constitution;

32 ~~((e))~~ (3) By the state or any taxing district for the purpose
33 of preventing the impairment of the obligation of a contract when
34 ordered so to do by a court of last resort.

35 (b) Each taxing district's authority to increase a levy that is
36 subject to the rate limitation in section 2(a) of this article is
37 limited to an increase that does not exceed the lesser of inflation
38 or three percent above the highest amount of such levy lawfully
39 permitted to be levied previously by such taxing district. An
40 increase within this limitation is permitted without voter approval

1 and is measured exclusive of increases resulting from: New
2 construction; improvements to property; increases in the assessed
3 value of state-assessed property; and any other increase in assessed
4 value as determined by the legislature. A taxing district may
5 increase any levy by a greater amount if such increase is approved by
6 a majority of the voters voting on a proposition submitted to the
7 voters of the taxing district for such purpose. No increase
8 limitation may apply to the first imposition of a levy by a taxing
9 district.

10 (c) Beginning with property taxes levied for collection in 2018,
11 the legislature may not impose a state property tax. The elimination
12 of the state property tax in this subsection does not affect the
13 state's duty to make ample provision for the education of all
14 children residing within the state, as required under Article IX of
15 this Constitution.

16 (d) Any changes in the statewide sales and use tax rates, state
17 business and occupation tax rates, and state individual income tax
18 rates after the initial implementation of the rates described in
19 subsection (f) of this section must be adopted by the favorable vote
20 of at least three-fifths of the members elected to each house of the
21 legislature.

22 (e) Except as provided in subsection (d) of this section,
23 beginning January 1, 2018, the legislature may not impose a general
24 state sales and use tax at a rate exceeding five and one-half
25 percent.

26 (f) Beginning January 1, 2018, the initial imposition of a tax
27 upon the income of individuals may be approved by the favorable vote
28 of a majority of the members elected to each house of the
29 legislature, in accordance with the following:

30 (1) Except as provided in subsection (d) of this section, the
31 rate of tax on the income of individuals may not exceed five percent.
32 Seventy-five percent of the revenue derived must be used for the
33 purpose of making ample provision for the education of all children
34 residing within the state, consistent with the state's duty under
35 Article IX of this Constitution. By June 30th of each fiscal year,
36 twenty-five percent of the revenue derived must be deposited into the
37 higher education stabilization account created in Article VII,
38 section . . . of this Constitution (the new section created in this
39 act).

1 (2) The legislature may not tax the income of any individual with
2 an annual taxable income of less than fifteen thousand dollars. For
3 individuals filing joint returns, this amount is thirty thousand
4 dollars. The legislature must provide for additional personal
5 exemptions of not less than five thousand dollars.

6 (3) For purposes of the taxes imposed under this subsection (f),
7 the legislature may in its discretion refer to and adopt provisions
8 of the laws of the United States.

9 (g) The legislature may not vest counties, cities, towns, or
10 other municipal corporations with the authority to impose a tax on
11 individual income.

12 Article VII, section 12. (a) A budget stabilization account shall
13 be established and maintained in the state treasury.

14 (b)(1) By June 30th of each fiscal year, an amount equal to one
15 percent of the general state revenues for that fiscal year shall be
16 transferred to the budget stabilization account. Nothing in this
17 subsection (b) shall prevent the appropriation of additional amounts
18 to the budget stabilization account.

19 (2) By June 30th of the second year of each fiscal biennium,
20 three-quarters of any extraordinary revenue growth shall be
21 transferred to the budget stabilization account. However, no transfer
22 of extraordinary revenue growth under this subsection (b)(2) shall
23 occur in a fiscal biennium following a fiscal biennium in which
24 annual average state employment growth averaged less than one percent
25 per fiscal year. "Extraordinary revenue growth" means the amount by
26 which the growth in general state revenues for that fiscal biennium
27 exceeds by one-third the average biennial percentage growth in
28 general state revenues over the prior five fiscal biennia. In making
29 this determination, the comparability of data shall be maintained by
30 adjusting historical general state revenues to reflect statutory
31 changes to the dedication of state revenues and the annual amount of
32 revenue raised by the taxes approved by a vote of the legislature
33 under Article VII, section 2 (d) and (f) of this Constitution. The
34 transfer under this subsection shall be made only to the extent that
35 it exceeds the total transfers under (1) of this subsection for that
36 fiscal biennium.

37 (c) Each fiscal quarter, the state economic and revenue forecast
38 council appointed and authorized as provided by statute, or successor

1 entity, shall estimate state employment growth for the current and
2 next two fiscal years.

3 (d) Moneys may be withdrawn and appropriated from the budget
4 stabilization account as follows:

5 (i) If the governor declares a state of emergency resulting from
6 a catastrophic event that necessitates government action to protect
7 life or public safety, then for that fiscal year moneys may be
8 withdrawn and appropriated from the budget stabilization account, via
9 separate legislation setting forth the nature of the emergency and
10 containing an appropriation limited to the above-authorized purposes
11 as contained in the declaration, by a favorable vote of a majority of
12 the members elected to each house of the legislature.

13 (ii) If the employment growth forecast for any fiscal year is
14 estimated to be less than one percent, then for that fiscal year
15 moneys may be withdrawn and appropriated from the budget
16 stabilization account by the favorable vote of a majority of the
17 members elected to each house of the legislature.

18 (iii) Any amount may be withdrawn and appropriated from the
19 budget stabilization account at any time by the favorable vote of at
20 least three-fifths of the members of each house of the legislature.

21 (e) Amounts in the budget stabilization account may be invested
22 as provided by law and retained in that account. When the balance in
23 the budget stabilization account, including investment earnings,
24 equals more than ten percent of the estimated general state revenues
25 in that fiscal year, the legislature by the favorable vote of a
26 majority of the members elected to each house of the legislature may
27 withdraw and appropriate the balance to the extent that the balance
28 exceeds ten percent of the estimated general state revenues.
29 Appropriations under this subsection (e) may be made solely for
30 deposit to the education construction fund.

31 (f) As used in this section, "general state revenues" has the
32 meaning set forth in Article VIII, section 1 of the Constitution.
33 Forecasts and estimates shall be made by the state economic and
34 revenue forecast council appointed and authorized as provided by
35 statute, or successor entity.

36 (g) The legislature shall enact appropriate laws to carry out the
37 purposes of this section.

38 (h) This section takes effect July 1, 2008.

1 Article VII, section.... (a) A higher education stabilization
2 account must be established and maintained in the state treasury.

3 (b) Moneys may only be withdrawn from the higher education
4 stabilization account for higher education purposes.

5 (c) This section takes effect January 1, 2018.

6 Article VIII, section 1. (a) The state may contract debt, the
7 principal of which shall be paid and discharged within thirty years
8 from the time of contracting thereof, in the manner set forth herein.

9 (b) The aggregate debt contracted by the state, as calculated by
10 the treasurer at the time debt is contracted, shall not exceed that
11 amount for which payments of principal and interest in any fiscal
12 year would require the state to expend more than the applicable
13 percentage limit of the arithmetic mean of its general state revenues
14 for the six immediately preceding fiscal years as certified by the
15 treasurer. The term "applicable percentage limit" means eight and
16 one-half percent from July 1, 2014, through June 30, 2016; eight and
17 one-quarter percent from July 1, 2016, through June 30, 2034; eight
18 percent from July 1, 2034, and thereafter. The term "fiscal year"
19 means that period of time commencing July 1 of any year and ending on
20 June 30 of the following year.

21 (c) The term "general state revenues," when used in this section,
22 shall include all state money received in the treasury from each and
23 every source, including moneys received from ad valorem taxes levied
24 by the state and deposited in the general fund in each fiscal year
25 and moneys received from the taxes authorized under Article VII,
26 section 2(f) of this Constitution, but not including: (1) Fees and
27 other revenues derived from the ownership or operation of any
28 undertaking, facility, or project; (2) Moneys received as gifts,
29 grants, donations, aid, or assistance or otherwise from the United
30 States or any department, bureau, or corporation thereof, or any
31 person, firm, or corporation, public or private, when the terms and
32 conditions of such gift, grant, donation, aid, or assistance require
33 the application and disbursement of such moneys otherwise than for
34 the general purposes of the state of Washington; (3) Moneys to be
35 paid into and received from retirement system funds, and performance
36 bonds and deposits; (4) Moneys to be paid into and received from
37 trust funds and the several permanent and irreducible funds of the
38 state and the moneys derived therefrom but excluding bond redemption
39 funds; (5) Moneys received from taxes levied for specific purposes

1 and required to be deposited for those purposes into specified funds
2 or accounts other than the general fund; and (6) Proceeds received
3 from the sale of bonds or other evidences of indebtedness.

4 (d) In computing the amount required for payment of principal and
5 interest on outstanding debt under this section, debt shall be
6 construed to mean borrowed money represented by bonds, notes, or
7 other evidences of indebtedness which are secured by the full faith
8 and credit of the state or are required to be repaid, directly or
9 indirectly, from general state revenues and which are incurred by the
10 state, any department, authority, public corporation, or quasi public
11 corporation of the state, any state university or college, or any
12 other public agency created by the state but not by counties, cities,
13 towns, school districts, or other municipal corporations, but shall
14 not include obligations for the payment of current expenses of state
15 government, nor shall it include debt hereafter incurred pursuant to
16 section 3 of this article, obligations guaranteed as provided for in
17 subsection (g) of this section, principal of bond anticipation notes
18 or obligations issued to fund or refund the indebtedness of the
19 Washington state building authority. In addition, for the purpose of
20 computing the amount required for payment of interest on outstanding
21 debt under subsection (b) of this section and this subsection,
22 "interest" shall be reduced by subtracting the amount scheduled to be
23 received by the state as payments from the federal government in each
24 year in respect of bonds, notes, or other evidences of indebtedness
25 subject to this section.

26 (e) The state may pledge the full faith, credit, and taxing power
27 of the state to guarantee the voter approved general obligation debt
28 of school districts in the manner authorized by the legislature. Any
29 such guarantee does not remove the debt obligation of the school
30 district and is not state debt.

31 (f) The state may, without limitation, fund or refund, at or
32 prior to maturity, the whole or any part of any existing debt or of
33 any debt hereafter contracted pursuant to section 1, section 2, or
34 section 3 of this article, including any premium payable with respect
35 thereto and interest thereon, or fund or refund, at or prior to
36 maturity, the whole or any part of any indebtedness incurred or
37 authorized prior to the effective date of this amendment by any
38 entity of the type described in subsection (h) of this section,
39 including any premium payable with respect thereto and any interest

1 thereon. Such funding or refunding shall not be deemed to be
2 contracting debt by the state.

3 (g) Notwithstanding the limitation contained in subsection (b) of
4 this section, the state may pledge its full faith, credit, and taxing
5 power to guarantee the payment of any obligation payable from
6 revenues received from any of the following sources: (1) Fees
7 collected by the state as license fees for motor vehicles; (2) Excise
8 taxes collected by the state on the sale, distribution or use of
9 motor vehicle fuel; and (3) Interest on the permanent common school
10 fund: *Provided*, That the legislature shall, at all times, provide
11 sufficient revenues from such sources to pay the principal and
12 interest due on all obligations for which said source of revenue is
13 pledged.

14 (h) No money shall be paid from funds in custody of the treasurer
15 with respect to any debt contracted after the effective date of this
16 amendment by the Washington state building authority, the capitol
17 committee, or any similar entity existing or operating for similar
18 purposes pursuant to which such entity undertakes to finance or
19 provide a facility for use or occupancy by the state or any agency,
20 department, or instrumentality thereof.

21 (i) The legislature shall prescribe all matters relating to the
22 contracting, funding or refunding of debt pursuant to this section,
23 including: The purposes for which debt may be contracted; by a
24 favorable vote of three-fifths of the members elected to each house,
25 the amount of debt which may be contracted for any class of such
26 purposes; the kinds of notes, bonds, or other evidences of debt which
27 may be issued by the state; and the manner by which the treasurer
28 shall determine and advise the legislature, any appropriate agency,
29 officer, or instrumentality of the state as to the available debt
30 capacity within the limitation set forth in this section. The
31 legislature may delegate to any state officer, agency, or
32 instrumentality any of its powers relating to the contracting,
33 funding or refunding of debt pursuant to this section except its
34 power to determine the amount and purposes for which debt may be
35 contracted.

36 (j) The full faith, credit, and taxing power of the state of
37 Washington are pledged to the payment of the debt created on behalf
38 of the state pursuant to this section and the legislature shall
39 provide by appropriation for the payment of the interest upon and

1 installments of principal of all such debt as the same falls due, but
2 in any event, any court of record may compel such payment.

3 (k) Notwithstanding the limitations contained in subsection (b)
4 of this section, the state may issue certificates of indebtedness in
5 such sum or sums as may be necessary to meet temporary deficiencies
6 of the treasury, to preserve the best interests of the state in the
7 conduct of the various state institutions, departments, bureaus, and
8 agencies during each fiscal year; such certificates may be issued
9 only to provide for appropriations already made by the legislature
10 and such certificates must be retired and the debt discharged other
11 than by refunding within twelve months after the date of incurrence.

12 (l) Bonds, notes, or other obligations issued and sold by the
13 state of Washington pursuant to and in conformity with this article
14 shall not be invalid for any irregularity or defect in the
15 proceedings of the issuance or sale thereof and shall be
16 incontestable in the hands of a bona fide purchaser or holder
17 thereof.

18 The legislature finds that the changes contained in the foregoing
19 amendment constitute a single integrated plan for a balance revision
20 of the tax structure of state and local government. It is the
21 intention of the legislature that in the event the foregoing
22 amendment is held to be separate amendments, this joint resolution is
23 null and void in its entirety and is of no further force and effect.

24 BE IT FURTHER RESOLVED, That, pursuant to RCW 29A.36.020, the
25 statement of subject and concise description for the ballot title
26 must be displayed on the ballot title as follows:

27 "The legislature has proposed a constitutional amendment on
28 tax limitations. This amendment would reduce and cap property
29 taxes, reduce the state sales tax, impose a personal income
30 tax dedicated to education, and require a three-fifths
31 majority legislative vote to change tax rates. Should this
32 constitutional amendment be:

33 Approved

34 Rejected

35 BE IT FURTHER RESOLVED, That this amendment is a single amendment
36 within the meaning of Article XXIII, section 1 of the state
37 Constitution.

1 The legislature finds that the changes contained in this
2 amendment constitute a single integrated plan for the structure and
3 limitations of taxation. If this amendment is held to be separate
4 amendments, this joint resolution is void in its entirety and is of
5 no further force and effect.

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

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