

SENATE BILL REPORT

SJR 8213

As Reported by Senate Committee On:
Ways & Means, February 3, 2014

Brief Description: Amending the Constitution to require a two-thirds majority vote of the legislature to raise taxes.

Sponsors: Senators Roach, Becker, Benton, Sheldon, Baumgartner, Brown, Dandel, Angel, Schoesler, Braun, Bailey, Dammeier, O'Ban, Litzow, Rivers, Parlette, Padden, Pearson and Honeyford.

Brief History:

Committee Activity: Ways & Means: 1/28/14, 2/03/14 [DP, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Honeyford, Capital Budget Chair; Bailey, Becker, Braun, Dammeier, Hewitt, Padden, Parlette, Rivers, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senators Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Billig, Conway, Fraser, Frockt, Hasegawa, Hatfield and Kohl-Welles.

Staff: Steve Jones (786-7440)

Background: Initiative 601, enacted by the voters in 1993, required a two-thirds vote of both houses of the Legislature for any action that raised state taxes. Initiative 960 (I-960), enacted in 2007, reinstated this supermajority vote requirement for tax increases not approved by referendum to the voters. I-960 also required prior legislative approval of any new or increased state fees. In 2010 the Legislature suspended until July 1, 2011, the two-thirds vote requirement for state tax increases, but did not modify the provisions of I-960 regarding prior legislative approval of fee increases.

Initiative 1053 (I-1053), adopted by the voters at the 2010 general election, reinstated the requirement that a two-thirds majority is required to raise taxes. I-1053 also restated that new or increased state fees must be approved by a majority vote in both houses of the Legislature. Initiative 1185 (I-1185), approved by the voters in November 2012, has the

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same general requirement of legislative authorization for new or increased state fees and a two-thirds supermajority vote for actions which raise taxes. I-1185 took effect on December 6, 2012. The Legislature temporarily suspended the supermajority vote requirement to raise taxes in 2002, 2005, and 2010.

The statutory supermajority vote requirement for tax increases was declared unconstitutional in a 6–3 decision by the state Supreme Court on February 28, 2013, *League of Education Voters v. State* (176 Wn.2d 808).

There are currently 23 individual agricultural commodity commissions in Washington. These commissions are formed primarily to engage in research and marketing related to their specific commodity. The activities of commodity commissions are funded primarily by assessments on the producers of the commodities. Of the 23 commodity commissions, seven were formed directly by an act of the Legislature. These include the Apple Commission, the Honey Bee Commission, and the Wine Commission. These commissions have individuals authorizing laws that establish procedures and protocols. The remaining 16 commodity commissions were created by order of the Director of the Washington State Department of Agriculture (WSDA). Commissions created by WSDA follow general procedures applicable to all commodity commissions. Examples of these commissions include the Asparagus Commission, the Seed Potato Commissions, the Red Raspberry Commission, the Turfgrass Seed Commission, and the Blueberry Commission.

Summary of Bill: A two-thirds vote of both the House of Representatives and the Senate is required to raise taxes. Raises taxes means 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.

A majority vote in both the House of Representatives and the Senate is required to impose or increase a fee in any fiscal year. This requirement does not apply to an assessment made by:

- an agricultural commodity commission or an agricultural commodity board; or
- the Forest Products Commission, if the assessment is approved under certain circumstances.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect upon approval and ratification at the next general election.

Staff Summary of Public Testimony: PRO: The concept of supermajority votes for tax increases has been approved many times by the voters in every county of the state. These are the most popular initiatives in the history of the state. The voters have earned the right to place this in the state Constitution. They wonder why they need to vote for this principle repeatedly. Every time it appears on the ballot, it is approved by a wider margin. Seventeen states have placed this in their constitutions. Businesses throughout the state support this

measure. By placing this Joint Resolution on the November ballot, the voters of the state will have the final say. Let the voters decide.

CON: This proposal allows 17 members of the Legislature block progressive revenue measures. The state Constitution is the expression of immutable political principles, and this proposal is not one. Voter approval of previous initiatives does not necessarily make good public policy. The Legislature must respond to constitutional mandates for education funding and other critical needs. We do not have runaway tax levels in this state.

Persons Testifying: PRO: Tim Eyman, initiative sponsor; Mark Johnson, WA Retail Assn.; Patrick Conner, National Federation of Independent Businesses; Amber Carter, Assn. of WA Business.

CON: Nick Federicci, Our Economic Future Coalition.