

Initiative 960

Senate Ways & Means Committee January 16, 2008

Tax Legislation

- 2/3 vote required for any legislation that raises taxes.
- “Raises taxes” means increasing state tax revenue to any fund or account, not just the General Fund.
- Bills that are referred to the voters appear to be exempt from the 2/3 requirement.

Tax Legislation (cont.)

- Bills raising taxes are subject to an “advisory ballot” if not otherwise submitted to the voters as a referendum.
 - Local taxes are not affected by Initiative 960.
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Fee Legislation

- State agencies cannot impose or increase a fee without prior legislative approval.
 - Fee increases do not require a 2/3 vote, or referral to the voters.
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Taxes vs. Fees

- Taxes are general charges imposed broadly with the primary purpose to raise revenue.
- Fees have a nexus between the charge and the activity or service received (user fees, regulatory fees, etc.)
- Some governmental charges are neither taxes nor fees (penalties, fines, commercial or proprietary charges, etc.).

“Accountability Procedures”

Both tax and fee bills require:

- A 10-year cost projection, by revenue source, prepared by OFM.
- Publicity requirement triggered when bill is introduced (press release showing cost projection, along with sponsors' contact information)
- Updated press release required for public hearing, executive action, and floor passage, with legislators' voting record.

