

Legislative Commentary

Washington State Senate



9th LEGISLATIVE DISTRICT UPDATE FROM SENATOR MARK SCHOESLER

March 3, 2010

Dear Friends,

It's taken longer than I would have preferred to update you on the legislative session, but then, several things here at the Capitol haven't gone as I would have preferred, so far. For example, the 2010 legislative session stands to be more expensive for Washington taxpayers than any in my 18 years as your legislator.

Before I get to the budget situation and the majority party's plan to raise taxes, there is one thing that encourages me, and that is the level of interest the people of our legislative district continue to show in their government. A week has not gone by without plenty of letters and e-mails and telephone calls and personal visits from folks in our part of the state, on issues before us. Knowing how much you and your neighbors care sure helps when it's late at night and I am working on legislation either in committee or in the Senate chamber (we've experienced some of both in just the past week).

With that, let me sum up the top concern of the session with the understanding that things will change before the Legislature reaches its scheduled March 11 adjournment.

Budget will be balanced through higher taxes

As of the latest state revenue forecast, there is a \$2.8 billion gap between the amount of revenue expected to come in through June 2011 and the spending commitments in effect until then (that's when the two-year budget adopted in 2009 expires).

As I noted in our district-wide newsletter in January, the governor was the first to call for higher taxes to close the gap – an about-face from the 2009 session, when she repeatedly said it was a bad idea to raise taxes in the middle of a recession. Two weeks ago she brought out a list with \$825 million worth of proposed new taxes. They include extending the sales tax to candy and gum, taxing soda pop and bottled water, and tripling the hazardous materials tax approved by voters in 1988 (more on that below).

Last week the majority party in the House of Representatives announced it would seek almost \$860 million in new taxes and money transfers, but it was outdone by my colleagues across the aisle in the Senate, who want to raise taxes by a billion dollars.

The Senate met on Saturday and adopted a budget that shows how much the majority wants to spend, and on what. Trouble is, it has yet to adopt the tax increases to make sure all that spending is covered.

It did not have to be like this. I and other Senate Republicans have offered many ideas for reducing spending and reforming how priority services are delivered. That would have been a lot easier to do if the governor and Legislature had taken emergency action last summer, once it became obvious the budget was in deep trouble. They chose not to.

Which taxes will go up?

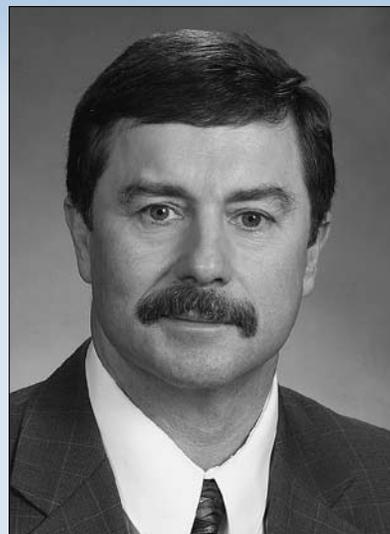
The majority party knows the backlash from taxpayers depends on which taxes are raised, by how much. The Senate and House each have proposed a much larger number of tax increases than the governor, including sales tax increases.

The House revenue package contains 22 separate tax increases, including the first imposition of a sales tax on certain professional services (like accountants, attorneys and management consultants); it also would raise tobacco taxes (a dollar per pack of cigarettes, and other hikes) and divert money from the state lottery and construction fund.

The Senate's billion-dollar tax proposal includes a 0.3 percent state sales tax increase; jumping the cigarette tax by a dollar per pack; and 26 separate tax increases that alone would total more than \$500 million.

Two of those 26 tax increases deserve special mention. One would reinstate the sales tax on trade-ins, overturning what voters threw out in 1984 with Initiative 484. That will significantly increase the total cost of items

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Committee assignments:

- Agriculture & Rural Economic Development, Ranking Member
- Financial Institutions, Housing & Insurance
- Rules
- Ways & Means

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I had the pleasure recently of a visit by this group from Othello High School. It is always nice to see people from back home!

from pickups to combines. The second would put sales tax on non-organic fertilizers and sprays (including crop protection products) for the first time since 1943. It would add \$10,000 to the cost of growing a 125-acre circle of potatoes.

Tripling the hazardous materials act, as the governor proposes – and a House bill to do that has received committee approval – would be tough on agriculture for sure. But the outrageous part is this: almost 70 percent of the revenue would not go toward environmental cleanup, as voters intended, but into the general fund. You'd be paying more for fuel, or fertilizer, or crop protection products, but two-thirds of "more" would go for other uses. That's as misleading as it gets.

The combination of these taxes certainly would make farming and ranching more costly, and amount to a back-door tax increase on food for consumers.

Didn't voters recently make it more difficult to raise taxes?

By approving Initiative 960 in 2007, voters decided tax increases would require approval from two-thirds of the Legislature. And I-960 had a less-known benefit: if the Legislature raised taxes, the people could cast non-binding advisory votes on those tax bills, and details of those increases plus a listing of how legislators voted on each would appear in the state voters' pamphlet.

The majority did not raise taxes to deal with the 2009 budget deficit, and I credit that to the I-960 law. But two weeks ago, the majority seized its opportunity to change that law, suspending the two-thirds vote requirement – and the part about the advisory votes and the voters' pamphlet. The first part was no surprise, the second part was. The governor has already signed Senate Bill 6130 into law, so this won't change before the Legislature adjourns.

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To receive this electronically, join my e-mail list by contacting my legislative assistant, Krista Winters, at Krista.Winters@leg.wa.gov or by phone (my Olympia office: 1-800-562-6000 or 360-786-7620) with your e-mail address and physical address. Thanks.

Please use this space for any comments and drop it in the mail to me or e-mail me your thoughts (Schoesler.Mark@leg.wa.gov). You can also get a message to me by calling the toll-free Legislative Hotline at 1-800-562.6000.
