

## CHAPTER 1

[Initiative Measure No. 62]

## STATE TAX REVENUE LIMITATION

AN ACT Relating to revenue and taxation; adding a new chapter to Title 43 RCW; and providing an effective date.

Be it enacted by the People of the State of Washington:

NEW SECTION. Section 1. The people of the state of Washington hereby find and declare:

(1) The continuing increases in our state tax burden and the corresponding growth of state government is contrary to the interest of the people of the state of Washington.

(2) It is necessary to limit the rate of growth of state government while assuring adequate funding of essential services, including basic education as defined by the legislature.

(3) It is therefore the intent of this chapter to:

(a) Establish a limit which will assure that the growth rate of state tax revenue does not exceed the growth rate of state personal income;

(b) Assure that local governments are provided funds adequate to render those services deemed essential by their citizens;

(c) Assure that the state does not impose, on any taxing district, responsibility for new programs or increased levels of service under existing programs unless the costs thereof are paid by the state;

(d) Provide for adjustment of the limit when costs of a program are transferred between the state and another political entity; and

(e) Establish a procedure for exceeding this limit in emergency situations.

NEW SECTION. Sec. 2. As used in this chapter, the following terms have the meanings indicated unless otherwise required.

(1) "State tax revenue" means all state moneys received in the treasury from every source except those revenues excluded for the term "general state revenues" by Article VIII, section (1)(c) of the state Constitution other than the state property tax levied for the support of the common schools under RCW 84.52.065, as now or hereafter amended.

(2) "State personal income" means the dollar amount published as total personal income of persons of the state for the calendar year by the United States department of commerce or its successor agency.

(3) "State tax revenue limit" or "limit" means the state tax revenue limit created by this chapter.

(4) "Taxing district" means those districts included within the term "taxing district" under RCW 84.04.120, as now or hereafter amended.

(5) "State personal income ratio" for any calendar year means the quotient formed by dividing (a) state personal income for the calendar year under consideration by (b) the state personal income for the immediately preceding calendar year.

**NEW SECTION.** Sec. 3. (1) The state tax revenue limit for any fiscal year shall be the previous fiscal year's state tax revenue limit multiplied by the average state personal income ratio for the three calendar years immediately preceding the beginning of the fiscal year for which the limit is being computed.

(2) For purposes of computing the state tax revenue limit for the fiscal year beginning July 1, 1980, the phrase "the previous fiscal year's state tax revenue limit" means the state tax revenue collected in the fiscal year beginning July 1, 1978, multiplied by the average state personal income ratio for the calendar years 1976, 1977, and 1978.

**NEW SECTION.** Sec. 4. Except as provided in section 5 of this act, taxes, fees, and charges on persons, property, and activities shall be imposed, levied, or set by the legislature in such a manner that the estimated state tax revenue for each fiscal year of the next biennium will not exceed the state tax revenue limit for that fiscal year: **PROVIDED,** The legislature may at any time adjust such taxes, fees, and charges for the second fiscal year of the biennium.

**NEW SECTION.** Sec. 5. (1) The state tax revenue limit for any fiscal year may be exceeded in order to meet an emergency as declared by the legislature by two-thirds vote of each house. The legislature, by two-thirds vote of each house, shall set forth the circumstances constituting the emergency and the amount of state tax revenue in excess of the applicable state tax revenue limit necessary to meet the emergency.

(2) Any amount of state tax revenue authorized by subsection (1) of this section in excess of the state tax revenue limit shall be authorized only for the fiscal year in which the vote is taken and/or the next succeeding fiscal year, as directed by the legislature.

(3) Except where the emergency results from a court order, the amount of state tax revenue authorized under subsection (1) of this section in excess of the limit shall not be used in the revenue base used to compute the state tax revenue limit for subsequent years.

**NEW SECTION.** Sec. 6. (1) The legislature shall not impose responsibility for new programs or increased levels of service under existing programs on any taxing district unless the districts are reimbursed for the costs thereof by the state.

(2) That proportion of state tax revenue which consists of direct state appropriations to taxing districts taken as a group shall not be decreased below that proportion appropriated in the biennium immediately preceding

the effective date of this act: PROVIDED, This proportion shall be decreased in any fiscal year only if: (a) The legislature decreases the state tax revenue limit for that fiscal year by an amount equal to the dollar amount of any decrease in direct state appropriations to taxing districts taken as a whole; or (b) the state tax revenue limit has been increased under section 5(3) or 6(3) of this act and the decrease of the proportion is commensurate with the increase in the state tax revenue limit.

(3) If by order of any court, or legislative enactment, the costs of a federal or taxing district program are transferred to or from the state, the otherwise applicable state tax revenue limit shall be increased or decreased, as the case may be, by the dollar amount of the costs of the program.

(4) The legislature, in consultation with the office of financial management or its successor agency, shall determine the costs of any new programs or increased levels of service under existing programs imposed on any taxing district or transferred to or from the state.

NEW SECTION. Sec. 7. The legislature shall, prior to any other appropriation, provide for the payment of the principal and interest of the indebtedness of the state. State tax revenue collected in any fiscal year in excess of the state tax revenue limit for that fiscal year shall be included as part of the state tax revenue for the succeeding fiscal year.

NEW SECTION. Sec. 8. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 9. This act shall take effect on January 1, 1980: PROVIDED, That the first fiscal year for which the state tax revenue limit shall be in effect is the fiscal year beginning on July 1, 1980.

NEW SECTION. Sec. 10. Sections 1 through 8 of this act shall constitute a new chapter in Title 43 RCW.

Filed in Office of the Secretary of State June 1, 1978.

Passed by the vote of the people at the November 6, 1979 state general election.

Proclamation signed by the Governor, December 6, 1979.

## CHAPTER 2

[Senate Bill No. 3183]

### HOOD CANAL BRIDGE CONSTRUCTION

AN ACT Relating to transportation; amending section 1, chapter 84, Laws of 1979 ex. sess. (uncodified); amending section 2, chapter 84, Laws of 1979 ex. sess. and RCW 43.21C.032; amending section 3, chapter 286, Laws of 1971 ex. sess. as last amended by section 3, chapter 84, Laws of 1979 ex. sess. and RCW 90.58.030; repealing section 8, chapter 166, Laws of 1977 1st ex. sess. and RCW 47.60.670; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington: