Recent Initiatives

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Initiative 601 – Expenditure & Revenue Limitation

Background

In November 1993, Washington voters approved Initiative 601, which limits spending from the state's General Fund. I-601 also contains certain restrictions on tax and fee increases. The initiative is codified as Chapter 43.135 RCW.

Main Provisions

- Spending limits apply only to state General Fund: The spending limits imposed by I-601 apply only to expenditures from the state General Fund. Transportation-related funds and accounts that do not reside within the state General Fund are not subject to the spending limits. Examples of such funds and accounts include the Motor Vehicle Fund (MVF) and the Transportation Fund (TF).
- State agencies restricted from increasing fees: I-601 provides that fees may not be increased in any fiscal year by a percentage greater than the fiscal growth factor (reflecting population growth and inflation), unless the Legislature specifically authorizes the increase. No distinction is made between transportation-related fees and other government fees. Money charged by state government as penalties, fines, or forfeitures are not restricted by this provision.
- I-601 requires a two-thirds vote of the Legislature for tax increases. Transportation tax increases were interpreted to be exempt from the 601 two-thirds vote requirement.

Subsequent Actions

To date, the only case involving the application of I-601 to transportation-related funds and accounts is Western Petroleum Importers v. Friedt. This case upheld the Legislature's action to revoke a tax break given to producers of gasohol. However, this case examined a specific voter-approval section of I-601 that expired in 1995.

In February 2013, in *League of Education Voters v. State*, the State Supreme Court ruled that the 2/3 legislative vote requirement for tax increases was unconstitutional because it conflicted with Article II, section 22. See the section on initiative 1185 for more information.

The legislative role in authorizing fee increases has been clarified most recently by a formal opinion from the State Attorney General regarding the impact of initiative 1185. For more background on I-1185 see: House Office of Program Research Initiative 1185 Summary

Initiative 695 – MVET Repeal and Tax Restrictions

Background

In November 1998, Washington voters passed Referendum 49 restructuring the statewide Motor Vehicle Excise Tax (MVET). Two of the main effects of Referendum 49 were to: (1) reduce taxes by changing the depreciation schedule; and (2) redirect 39.5% of MVET revenues from the state General Fund to the Motor Vehicle Account. The referendum also authorized $1.9 billion in fuel tax bonds for transportation projects and programs.

Main Provisions

The voters passed Initiative 695 (I-695) on November 2, 1999, repealing the MVET and nullifying many of the provisions of Referendum 49.

Subsequent Actions

The constitutionality of I-695 was challenged and brought before King County Superior Court. On March 14, 2000, the court ruled that the I-695, in its entirety, was unconstitutional.

In response to the court action, on March 22, 2000, the Legislature passed SB 6865 reinstating many of the provisions of the initiative (Chapter 1, 1st Special Session, Laws of 2000). The State Supreme Court affirmed the Superior Court decision on October 26, 2000.

SB 6865 repealed the remaining state MVET, the state travel trailer and camper excise tax, and the state clean air excise tax in their entirety. It also increased the annual vehicle registration fee (license tab fee) to $30 for passenger cars, cabs, motor homes, motorcycles, and tow trucks.

It was estimated in 2001 that I-695 reduced motor vehicle taxes and fees by as much as $1.1 billion in the 1999-01 Biennium and up to $1.7 billion in the 2001-03 Biennium. On an annual basis, I-695 reduced taxes and fees by an average of $142 per registered vehicle. Of this loss in revenue, approximately 45% would typically have gone to state government (for both general government and transportation purposes), 24% to local government, and 31% to local transit districts.

Initiative 776 – High Capacity MVET Repeal and Local Tax Restrictions

Background

I-776 was passed by the voters on November 5, 2002.

Main Provisions

- State combined license fee for light trucks: The combined license fee schedule contained in RCW 46.16.070 was amended so that trucks with a Declared Gross Weight of 8,000 pounds or less pay a combined license fee of $30.
- High Capacity Transportation MVET: The authority of a Regional Transit Authority (RTA), and certain other eligible transit districts, to levy a voter-approved, high capacity transportation MVET was repealed.
- Local option vehicle license fee: The statute authorizing a county or a qualified city or town to impose a voter-approved vehicle license fee of up to $15 per year was repealed. The following four counties had imposed the fee: Douglas; King; Pierce; and Snohomish Counties.

Subsequent Actions

Prior to I-776's effective date, a legal action was filed against the state challenging the Initiative's constitutionality. This legal challenge, and other court decisions that came later, required the Department of Licensing to continue collecting the local option fees on behalf of the local jurisdictions that had imposed the fees. Douglas and Snohomish Counties chose not to join the lawsuit and stopped imposing the local option vehicle fee after the effective date of the Initiative.

In October 2003, the Washington State Supreme Court issued a decision holding that I-776 did not violate the Washington Constitution. Shortly after, all state and local fees were changed to comply with the Initiative. State and local governments were ordered to refund the gross weight fees and local option vehicle fees that had continued to be collected while the suit was pending. The fees were refunded in October of 2004.

I-776 repealed the MVET for RTAs (i.e., Sound Transit). However, Sound Transit had issued bonds in 1999 pledging the MVET revenue as security. In 2006, the Washington State Supreme Court upheld Sound Transit's authority to continue collecting the MVET until the bonds are paid off. The court finding was based on Article I, section 23 of the Washington Constitution relating to impairment of contracts.

Initiative 960 – Tax and Fee Increases Imposed by State Government

Background

Initiative 960 was approved by the voters on November 6, 2007.

Main Provisions

Tax increases -- The Initiative declares that legislative actions that "raise taxes" require a two-thirds vote of each legislative chamber, and states that tax increases may be referred to the voters for their approval or rejection.

The Initiative defined the phrase "raises taxes" to mean 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 (see RCW 43.135.034(1)(b)).

In addition, an advisory vote of the people is required on legislative actions that raise taxes if the legislative action is "blocked from a public vote" or is not referred to the people through referendum or initiative.

Fee increases -- The Initiative requires prior legislative approval of fees, both when imposing new fees or increasing existing fees, regardless of whether the fee increase exceeds the fiscal growth factor. A simple majority vote in each Legislative chamber is required to authorize fee increases.

Public information on tax and fee increases—The Initiative specifies requirements and processes for the Office of Financial Management to publicize a ten-year cost projection and legislators' votes on any bill raising taxes or fees.

Subsequent Actions

The tax increase provisions of Initiative 960 were temporarily suspended during the 2010 Legislative session. Later, in *League of Education Voters v. State*, the State Supreme Court ruled that the 2/3 legislative vote requirement for tax increases was unconstitutional because it conflicted with Article II, section 22. See the section on initiative 1185 for more information.

The legislative role in authorizing fee increases has been clarified most recently by a formal opinion from the State Attorney General regarding the impact of initiative 1185. See the section on initiative 1185 for more information.

For more background on Initiative 960 see: Senate Committee Services Initiative 960 Summary

Initiative 976 – Modify and Reduce MVET and other Transportation Taxes and Fees

Background

I-976 was originally submitted to the Legislature for consideration in the 2019 legislative session. The Legislature took no action so the initiative went to the voters in November 2019. The voters passed the initiative.

Main Provisions

I-976 proposed the following reductions in transportation taxes and fees:

- Repeal of the authority for city transportation benefit districts (TBDs) to impose a car tab fee;
- Lower motor vehicle and light duty truck weight fees (car tab fees) to $30;
- Eliminate the 0.3 percent sales tax on vehicle purchases;
- Lower the electric vehicle, snowmobile, and commercial trailer fees; and,
- Modify and reduce Sound Transit motor vehicle excise tax provisions.

For more background on I-976 see Senate Committee Services Bill Report explaining initiative (SB 6245)

Subsequent Actions

On October 15, 2020, the Washington Supreme Court unanimously (Madsen J. concurring) ruled I-976 unconstitutional, relying in part on past decisions striking down other initiatives. The Court found I-976 unconstitutional, citing two different violations of Article 2, Section 19 of the Washington Constitution, which states that "[n]o bill shall embrace more than one subject, and that shall be expressed in the title."

- First, the Court determined that I-976 violates the "one subject" provision of Article 2, Section 19 because the requirement that Sound Transit retire, defease, or refinance bonds is not sufficiently related to the portions of I-976 that limit vehicle taxes and fees.
- Second, the Court ruled that I-976 violates the "subject in title" requirement of Article 2, Section 19, because the ballot title misleadingly suggested that voter-approved taxes would survive passage of I-976 and that voters would retain the ability to approve tax increases in the future. In fact, under I-976, the previous voter-approved taxes would not have survived and the statutes providing for voter-approved tax increases would have been repealed.

I-976 Court decisional analysis based on material posted by the Municipal Research and Services Center

Initiative 1053 – Tax and Fee Increases Imposed by State Government

Background

Initiative 1053 was approved by the voters on November 2, 2010.

Main Provisions

Initiative 1053 reinstates the statutory requirement that any action or combination of actions by the legislature that raises state taxes must be approved by either a two-thirds vote in both houses of the legislature or approved in a referendum to the people.

The Initiative also restates that new or increased state fees must be approved by a majority vote in both houses of the Legislature.

Subsequent Actions

In February 2013, in *League of Education Voters v. State*, the State Supreme Court ruled that the 2/3 legislative vote requirement for tax increases was unconstitutional because it conflicted with Article II, section 22. See the section on initiative 1185 for more information.

The legislative role in authorizing fee increases has been clarified most recently by a formal opinion from the State Attorney General regarding the impact of initiative 1185. See the section on initiative 1185 on page 36 for more information.

For more background on Initiative 1053 see: Senate Committee Services Initiative Summary 1053

Initiative 1185 – Tax and Fee Increases Imposed by State Government

Background

Initiative 1185 was approved by the voters on November 6, 2012.

Main Provisions

Initiative 1185 reinstates the statutory requirement that any action or combination of actions by the legislature that raises state taxes must be approved by either a two-thirds vote in both houses of the legislature or approved in a referendum to the people.

The Initiative also restates that new or increased state fees must be approved by a majority vote in both houses of the Legislature.

For more background on I-1185 see: House Office of Program Research Initiative 1185 Summary

Subsequent Actions

Two-thirds vote requirement. On February 28, 2013, the Washington State Supreme Court, in *League of Education Voters v. State*, ruled that the 2/3 legislative vote requirement was unconstitutional because it conflicted with Article II, section 22. The effect of the ruling is that the voters and the Legislature may not, in statute, set a vote threshold for the approval of taxes that exceeds the threshold set in the state Constitution. The ruling in this case may be found here.

Majority legislative vote requirement for fee increases. On March 28, 2014, the Attorney General released a formal opinion in response to Representative Judy Clibborn's question regarding the impact Initiative 1185 had on the Transportation Commission's authority to set toll rates and ferry fares, as delegated by the Legislature. Below is a brief summary of the question posed and the Attorney General's response:

Question: Without amending the statutory provisions through which the Legislature has delegated authority to set toll rates and ferry fares, do the provisions of Initiative 1185 requiring legislative approval of fee increases supersede the delegation of that authority to the Transportation Commission?

Answer: No. Initiative 1185 states that a fee may only be imposed or increased if approved by a majority vote of the Legislature. However, it does not amend or repeal all of the statutes in which the Legislature has delegated the authority to an agency to set a fee. It also made no distinction as to when the legislative approval must occur. Because the Legislature already approved the Transportation Commission's authority to set toll rates and ferry fares, Initiative 1185 requires no further legislative approval.

The Attorney General's opinion breaks from advice provided by the preceding Attorney General.

The full text of the opinion may be found on the Washington Attorney General's website (AGO 2014 No. 4).