

Chapter 43.135 RCW
STATE EXPENDITURES LIMITATIONS

Sections

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RCW 43.135.025 Fiscal growth factor. (1) Each November, the economic and revenue forecast council shall calculate the fiscal growth factor for each fiscal year of the current biennium and the ensuing biennium.

(2) The definitions in this subsection apply throughout this chapter unless the context clearly requires otherwise.

(a) "Fiscal growth factor" means the average growth in state personal income for the prior ten fiscal years.

(b) "General fund" means the state general fund. [2020 c 218 s 3; 2015 3rd sp.s. c 29 s 3; 2009 c 479 s 35; 2005 c 72 s 4; (2006 c 56 s 7 expired July 1, 2007); 2000 2nd sp.s. c 2 s 1; 1994 c 2 s 2 (Initiative Measure No. 601, approved November 2, 1993).]

Effective date—2020 c 218: See note following RCW 43.88.030.

Effective date—2015 3rd sp.s. c 29: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [July 6, 2015]." [2015 3rd sp.s. c 29 s 5.]

Findings—2015 3rd sp.s. c 29: "The legislature finds that under the state supreme court's decision and subsequent orders in *McCleary v. State*, the state has an Article IX constitutional obligation to make significant enhancements to the program of basic education over the next biennia. The legislature further finds that the state expenditure limit was first enacted in 1993 as part of Initiative Measure No. 601, and that Washington has undergone many changes in the intervening years, including a recession during which state general fund revenues and expenditures actually declined despite population growth and increased demands for public services. Finally, the legislature finds that the new state requirements for a four-year balanced budget and budget outlook process provide a better tool for balancing and controlling the state budget while fulfilling constitutional requirements than does the state expenditure limit process. For these reasons, during the biennia in which the legislature is phasing in its Article IX obligations and for the ensuing biennium, the legislature is temporarily suspending the state expenditure limit." [2015 3rd sp.s. c 29 s 1.]

Effective date—2009 c 479: See note following RCW 2.56.030.

Expiration date—2006 c 56 ss 7 and 8: "Sections 7 and 8 of this act expire July 1, 2007." [2006 c 56 s 12.]

Effective dates—2006 c 56: See note following RCW 41.45.230.

Findings—2005 c 72: "The legislature finds that the citizens of the state benefit from a state expenditure limit that ensures that the state budget operates with stability and predictability, while encouraging the establishment of budget priorities and a periodic review of state programs and the delivery of state services. A state expenditure limit can prevent budgeting crises that can occur because of increased spending levels during periods of revenue surplus followed by drastic reductions in state services in lean years. The citizens of the state are best served by an expenditure limit that keeps pace with the growth in the state's economy yet ensures budget discipline and taxpayer protection. For these reasons, the legislature finds that modifications to the state expenditure limit, after ten years of experience following the initial implementation of Initiative Measure No. 601, will recognize the economic productivity of the state's economy and better balance the needs of the citizens for essential government services with the obligation of the legislature for strict spending accountability and protection of its taxpayers." [2005 c 72 s 1.]

Effective dates—2005 c 72: "(1) Sections 1 and 2 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately [April 18, 2005].

(2) Sections 3 through 6 of this act take effect July 1, 2007." [2005 c 72 s 7.]

Effective date—2000 2nd sp.s. c 2: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2000." [2000 2nd sp.s. c 2 s 4.]

RCW 43.135.031 Bills raising taxes or fees—Cost analysis—Press release—Notice of hearings—Updated analyses. (1) For any bill introduced in either the house of representatives or the senate that raises taxes as defined by RCW 43.135.034 or increases fees, the office of financial management must expeditiously determine its cost to the taxpayers in its first ten years of imposition, must promptly and without delay report the results of its analysis by public press release via email to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its website. Any ten-year cost projection must include a year-by-year breakdown. For any bill containing more than one revenue source, a ten-year cost projection for each revenue source will be included along with the bill's total ten-year cost projection. The press release shall include the names of the legislators, and their contact information, who are sponsors and cosponsors of the bill so they can provide information to, and answer questions from, the public.

(2) Any time any legislative committee schedules a public hearing on a bill that raises taxes as defined by RCW 43.135.034 or increases fees, the office of financial management must promptly and without delay report the results of its most up-to-date analysis of the bill required by subsection (1) of this section and the date, time, and location of the hearing by public press release via email to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its website. The press release required by this subsection must include all the information required by subsection (1) of this section and the names of the legislators, and their contact information, who are members of the legislative committee conducting the hearing so they can provide information to, and answer questions from, the public.

(3) Each time a bill that raises taxes as defined by RCW 43.135.034 or increases fees is approved by any legislative committee or by at least a simple majority in either the house of representatives or the senate, the office of financial management must expeditiously reexamine and redetermine its ten-year cost projection due to amendment or other changes during the legislative process, must promptly and without delay report the results of its most up-to-date analysis by public press release via email to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its website. Any ten-year cost projection must include a year-by-year breakdown. For any bill containing more than one revenue source, a ten-year cost projection for each revenue source will be included along with the bill's total ten-year cost projection. The press release shall include the names of the legislators, and their contact information, and how they voted on the bill so they can provide information to, and answer questions from, the public.

(4) For the purposes of this section, "names of legislators, and their contact information" includes each legislator's position (senator or representative), first name, last name, party affiliation (for example, Democrat or Republican), city or town they live in, office phone number, and office email address.

(5) For the purposes of this section, "news media" means any member of the press or media organization, including newspapers, radio, and television, that signs up with the office of financial management to receive the public press releases by email.

(6) For the purposes of this section, "the public" means any person, group, or organization that signs up with the office of financial management to receive the public press releases by email. [2013 c 1 s 5 (Initiative Measure No. 1185, approved November 6, 2012); 2016 c 1 s 4 (Initiative Measure No. 1366, approved November 3, 2015); 2008 c 1 s 2 (Initiative Measure No. 960, approved November 6, 2007).]

Reviser's note: The Washington state supreme court ruled in *Lee v. State*, 185 Wn.2d 608, 374 P.3d 157 (2016) that Initiative Measure No. 1366 (chapter 1, Laws of 2016) is in violation of the single-subject rule of Article II, section 19 of the state Constitution and is therefore void in its entirety. This section is published without the amendment contained in Initiative Measure No. 1366.

Intent—Construction—Short title—2013 c 1 (Initiative Measure No. 1185): See notes following RCW 43.135.034.

Findings—Intent—2008 c 1 (Initiative Measure No. 960):

"Washington has a long history of public interest in tax increases. The people have clearly and consistently illustrated their ongoing and passionate desire to ensure that taxpayers are protected. The people find that even without raising taxes, the government consistently receives revenue growth many times higher than the rate of inflation every year. With this measure, the people intend to protect taxpayers by creating a series of accountability procedures to ensure greater legislative transparency, broader public participation, and wider agreement before state government takes more of the people's money. This measure protects taxpayers and relates to tax and fee increases imposed by state government. This measure would require publication of cost projections, information on public hearings, and legislators' sponsorship and voting records on bills increasing taxes and fees, allow either two-thirds legislative approval or voter approval for tax increases, and require advisory votes on tax increases blocked from citizen referendum.

The intent of sections 2, 3, and 4 of this act: The people want a thorough, independent analysis of any proposed increase in taxes and fees. The people find that legislators too often do not know the costs to the taxpayers for their tax and fee increases and this fiscal analysis by the office of financial management will provide better, more accessible information. The people want a user-friendly method to track the progress of bills increasing taxes and fees, finding that transparency and openness leads to more public involvement and better understanding. The people want information on public hearings and legislators' sponsorship and voting records on bills increasing taxes and fees and want easy access to contact information of legislators so the people's voice can be heard. Section 2(5) and (6) of this act are intended to provide active, engaged citizens with the opportunity to be notified of the status of bills increasing taxes and fees. Such a notification system is already being provided by the state supreme court with regard to judicial rulings. Intent of RCW 43.88A.020: The cost projection reports required by section 2 of this act will simplify and facilitate the creation of fiscal notes. The people want the office of financial management to fully comply with the cost projections and other requirements of section 2 [of this act] on bills increasing taxes or fees before fiscal notes. Cost projections and the other information required by section 2 [of this act] are critically important for the legislature, the media, and the public to receive before fiscal notes.

The intent of section 5 of this act: The two-thirds requirement for raising taxes has been on the books since 1993 and the people find that this policy has provided the legislature with a much stronger incentive to use existing revenues more cost-effectively rather than reflexively raising taxes. The people want this policy continued and want it to be clear that tax increases inside and outside the general fund are subject to the two-thirds threshold. If the legislature cannot receive a two-thirds vote in the house of representatives and senate to raise taxes, the Constitution provides the legislature with the option of referring the tax increase to the voters for their approval or rejection at an election using a referendum bill. The people expect the legislature to respect, follow, and abide by the law, on the books for thirteen years, to not raise taxes in excess of the state expenditure limit without two-thirds legislative approval and a vote of the people. Intent of RCW 43.135.035(5): When it comes

to enactment of tax increases exceeding the state expenditure limit, the legislature has, in recent years, shifted money between funds to get around the voter approval requirement for tax increases above the state expenditure limit as occurred in 2005 with sections 1607 and 1701 of Engrossed Substitute Senate Bill No. 6090. RCW 43.135.035(5) is intended to clarify the law so that the effective taxpayer protection of requiring voter approval for tax increases exceeding the state expenditure limit is not circumvented.

The intent of sections 6 through 13 of this act: Our state Constitution guarantees to the people the right of referendum. In recent years, however, the legislature has thwarted the people's constitutional right to referendum by excessive use of the emergency clause. In 2005, for example, the legislature approved five hundred twenty-three bills and declared ninety-eight of them, nearly twenty percent, "emergencies," insulating them all from the constitution's guaranteed right to referendum. The courts' reviews of emergency clauses have resulted in inconsistent decisions regarding the legality of them in individual cases. The people find that, if they are not allowed to vote on a tax increase, good public policy demands that at least the legislature should be aware of the voters' view of individual tax increases. An advisory vote of the people at least gives the legislature the views of the voters and gives the voters information about the bill increasing taxes and provides the voters with legislators' names and contact information and how they voted on the bill. The people have a right to know what is happening in Olympia. Intent of section 6(1) of this act: If the legislature blocks a citizen referendum through the use of an emergency clause or a citizen referendum on the tax increase is not certified for the next general election ballot, then an advisory vote on the tax increase is required. Intent of section 6(4) of this act: If there's a binding vote on the ballot, there's no need for a nonbinding vote.

The intent of section 14 of this act: The people want to return the authority to impose or increase fees from unelected officials at state agencies to the duly elected representatives of the legislature or to the people. The people find that fee increases should be debated openly and transparently and up-or-down votes taken by our elected representatives so the people are given the opportunity to hold them accountable at the next election." [2008 c 1 s 1 (Initiative Measure No. 960, approved November 6, 2007).]

Construction—2008 c 1 (Initiative Measure No. 960): "The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act." [2008 c 1 s 15 (Initiative Measure No. 960, approved November 6, 2007).]

Severability—2008 c 1 (Initiative Measure No. 960): "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." [2008 c 1 s 16 (Initiative Measure No. 960, approved November 6, 2007).]

Subheadings and part headings not law—2008 c 1 (Initiative Measure No. 960): "Subheadings and part headings used in this act are not part of the law." [2008 c 1 s 17 (Initiative Measure No. 960, approved November 6, 2007).]

Short title—2008 c 1 (Initiative Measure No. 960): "This act shall be known and cited as the taxpayer protection act of 2007." [2008 c 1 s 18 (Initiative Measure No. 960, approved November 6, 2007).]

Effective date—2008 c 1 (Initiative Measure No. 960): "This act takes effect December 6, 2007." [2008 c 1 s 19 (Initiative Measure No. 960, approved November 6, 2007).]

RCW 43.135.034 "Raises taxes" defined—Taxes on intangible property. (1) For the purposes of this chapter, "raises taxes" means any action or combination of actions by the state legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

(2) The state or any political subdivision of the state may not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993. [2023 c 102 s 30; 2020 c 218 s 4; 2015 3rd sp.s. c 44 s 421; 2013 c 1 s 2 (Initiative Measure No. 1185, approved November 6, 2012); 2011 c 1 s 2 (Initiative Measure No. 1053, approved November 2, 2010).]

Effective date—2020 c 218: See note following RCW 43.88.030.

Effective date—2015 3rd sp.s. c 44: See note following RCW 46.68.395.

Intent—2013 c 1 (Initiative Measure No. 1185): "This initiative should deter the governor and the legislature from sidestepping, suspending, or repealing any of Initiative 1053's policies which voters approved by a huge margin in 2010. The people insist that tax increases receive either two-thirds legislative approval or voter approval and fee increases receive a simple majority vote. These important policies ensure that taxpayers will be protected and that taking more of the people's money will always be an absolute last resort." [2013 c 1 s 1 (Initiative Measure No. 1185, approved November 6, 2012).]

Construction—2013 c 1 (Initiative Measure No. 1185): "The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act." [2013 c 1 s 7 (Initiative Measure No. 1185, approved November 6, 2012).]

Short title—2013 c 1 (Initiative Measure No. 1185): "This act is known and may be cited as "Save The 2/3's Vote For Tax Increases (Again) Act."" [2013 c 1 s 9 (Initiative Measure No. 1185, approved November 6, 2012).]

Contingent effective date—2011 c 1 ss 2 and 3 (Initiative Measure No. 1053): "Sections 2 and 3 of this act take effect if, during the 2010 legislative session, the legislature amends or repeals RCW 43.135.035." [2011 c 1 s 9 (Initiative Measure No. 1053, approved November 2, 2010).]

Intent—2011 c 1 (Initiative Measure No. 1053): "This initiative should deter the governor and the legislature from sidestepping, suspending, or repealing any of Initiative 960's policies in the 2010 legislative session. But regardless of legislative action taken during the 2010 legislative session concerning Initiative 960's policies, the people intend, by the passage of this initiative, to require either two-thirds legislative approval or voter approval for tax increases and majority legislative approval for fee increases. These important policies ensure that taking more of the people's money will always be an absolute last resort." [2011 c 1 s 1 (Initiative Measure No. 1053, approved November 2, 2010).]

Construction—2011 c 1 (Initiative Measure No. 1053): "The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act." [2011 c 1 s 6 (Initiative Measure No. 1053, approved November 2, 2010).]

Short title—2011 c 1 (Initiative Measure No. 1053): "This act shall be known and cited as Save The 2/3's Vote For Tax Increases Act of 2010." [2011 c 1 s 8 (Initiative Measure No. 1053, approved November 2, 2010).]

RCW 43.135.055 Fee restrictions—Exception. (1) A fee may only be imposed or increased in any fiscal year if approved with a simple majority vote in both the house of representatives and the senate and must be subject to the accountability procedures required by RCW 43.135.031.

(2) This section does not apply to an assessment made by an agricultural commodity commission or board created by state statute or created under a marketing agreement or order under chapter 15.65 or 15.66 RCW, or to the forest products commission, if the assessment is approved by referendum in accordance with the provisions of the statutes creating the commission or board or chapter 15.65 or 15.66 RCW for approving such assessments. [2013 c 1 s 4 (Initiative Measure No. 1185, approved November 6, 2012); 2011 c 1 s 5 (Initiative Measure No. 1053, approved November 2, 2010); 2008 c 1 s 14 (Initiative Measure No. 960, approved November 6, 2007); 2001 c 314 s 19; 1997 c 303 s 2; 1994 c 2 s 8 (Initiative Measure No. 601, approved November 2, 1993).]

Intent—Construction—Short title—2013 c 1 (Initiative Measure No. 1185): See notes following RCW 43.135.034.

Intent—Construction—Short title—2011 c 1 (Initiative Measure No. 1053): See notes following RCW 43.135.034.

Findings—Intent—Construction—Severability—Subheadings and part headings not law—Short title—Effective date—2008 c 1 (Initiative Measure No. 960): See notes following RCW 43.135.031.

Findings—Construction—2001 c 314: See RCW 15.100.010 and 15.100.900.

Findings—1997 c 303: "The legislature finds that Initiative Measure No. 601, adopted by the people of the state of Washington,

limits fee increases by requiring that any increases in fees beyond the levels expressly allowed under the initiative receive the prior approval of the legislature. The legislature finds that a more direct system of allowing the people to control fee increases predates Initiative Measure No. 601. This system developed in agricultural communities and provides these communities with direct control of the fees of the agricultural commodity commissions they created to serve them. The system requires those who pay the assessments levied by commodity commissions and boards to approve of assessment increases by referendum. It is at the heart of the statutes and marketing orders and agreements under which agricultural commodity commissions and boards are created. The legislature does not believe that the adoption of Initiative Measure No. 601 was intended to dilute in any manner this more direct control held by the people governed by commodity commissions or boards over the fees they pay in the form of such assessments. Therefore, the legislature defers to this more direct control of these assessments so long as the authority to approve or disapprove of increases in these assessments is by referendum held directly by those who pay them." [1997 c 303 s 1.]

Effective date—1997 c 303 ss 1-3: "Sections 1 through 3 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately [May 9, 1997]." [1997 c 303 s 9.]

Toll increases in excess of fiscal growth factor: RCW 47.46.120.

RCW 43.135.060 Prohibition of new or extended programs without full reimbursement—Transfer of programs—Determination of costs. (1) After July 1, 1995, the legislature shall not impose responsibility for new programs or increased levels of service under existing programs on any political subdivision of the state unless the subdivision is fully reimbursed by the state for the costs of the new programs or increases in service levels. Reimbursement by the state may be made by: (a) A specific appropriation; or (b) increases in state distributions of revenue to political subdivisions occurring after January 1, 1998.

(2) If by order of any court, or legislative enactment, the costs of a federal or local government program are transferred to or from the state, the otherwise applicable state expenditure limit shall be increased or decreased, as the case may be, by the dollar amount of the costs of the program.

(3) 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 political subdivision or transferred to or from the state.

(4) Subsection (1) of this section does not apply to the costs incurred for voting devices or machines under RCW 29A.12.150. [2015 c 53 s 71; 1998 c 321 s 15 (Referendum Bill No. 49, approved November 3, 1998); 1994 c 2 s 5 (Initiative Measure No. 601, approved November 2, 1993); 1990 2nd ex.s. c 1 s 601; 1990 c 184 s 2; 1980 c 1 s 6 (Initiative Measure No. 62, approved November 6, 1979).]

Purpose—Severability—1998 c 321: See notes following RCW 82.14.045.

Effective dates—Application—1998 c 321 ss 1-21, 44, and 45: See note following RCW 82.14.045.

Referral to electorate—1998 c 321 ss 1-21 and 44-46: See note following RCW 82.14.045.

Severability—1990 2nd ex.s. c 1: See note following RCW 82.14.300.

Local government reimbursement claims: RCW 4.92.280.

RCW 43.135.902 Short title—1994 c 2. This chapter may be known and cited as the taxpayer protection act. [1994 c 2 s 10 (Initiative Measure No. 601, approved November 2, 1993).]