

# Chronology of Initiative 601 Amendments

(As of January 1, 2008)

**This chronology lists the statutory amendments to Initiative 601 that have been enacted since the voters' adoption of the initiative in 1993.**

**1993:** Initiative 601 enacted by the voters. Two sections of the initiative take effect.

**1995:** The remainder of Initiative 601 takes effect.

**1997:** Assessments imposed by agricultural commodity commissions are exempted from I-601's limitation on administrative fee increases. (SB 5514)

**1998** Referendum 49 amends Initiative 601 to allow a diversion of Motor Vehicle Excise Tax revenues without lowering the state expenditure limit, authorizes the MVET distributions to be used to reimburse local governments for state mandates, and "reenacted and reaffirmed" Initiative 601.

**1999:** State Investment Board is given investment authority over the Emergency Reserve Fund. (SB 6063)

Initiative 695 expands I-601 to require voter approval of increased state and local taxes, fees, and charges. (The initiative was subsequently held unconstitutional by the state Supreme Court.)

**2000:** \$35 million from interest earnings in the Emergency Reserve Fund are transferred annually to the Transportation Multimodal Account. (SB 6876)

The maximum level of the Emergency Reserve Fund is changed from 5 percent of biennial revenues to 5 percent of annual revenues. (HB 3169)

The State Treasurer is authorized to reconcile deposits to the reserve funds to reconcile actual revenue levels with previously forecasted levels. (HB 3169)

The state spending limit is adjusted upward for program costs or moneys that are transferred into the state General Fund (the "two-way street"). (HB 3169)

New local taxes that are credited against state revenues will result in a downward adjustment in the state expenditure limit. (HB 3169)

The State Expenditure Limit Committee is established and granted authority to calculate the expenditure limit (HB 3169).

75 percent of excess revenue from the Emergency Reserve Fund is transferred to the Student Achievement Fund; the remainder flows to the General Fund. (Initiative 728)

The diversion of state lottery proceeds and state property tax revenues to the Student Achievement Fund does not lower the state expenditure limit. (Initiative 728)

**2001:** Assessments imposed by the forest products commission are exempt from I-601's limitation on

administrative fee increases. (SHB 1835)

**2002:** The supermajority vote requirement for the Legislature to increase state taxes or to appropriate money from the Emergency Reserve Fund is suspended for the 2001-03 fiscal biennium. (SB 6819)

The expenditure limit is not lowered to reflect General Fund transfers to the Criminal Justice Treatment Account and the VRDE Account (HB 2338), or certain transfers to the Multimodal Transportation Account (HB 2969).

**2003:** Transfers from the Emergency Reserve Fund to the Multimodal Transportation Account were suspended during the 2003-05 biennium (SB 5404).

The Education Construction Fund may be used for higher education maintenance during the 2003-05 biennium (SB 5401).

**2005:** SB 6078 made the following changes:

- Effective immediately, the Legislature may increase taxes by a simple majority vote until June 30, 2007. After that date, a two-thirds vote will again be required.
- Effective for the 2007-'09 biennium and thereafter, the state expenditure limit will apply to the state General Fund and five "related funds": Health Services Account; Violence Reduction & Drug Enforcement Account; Public Safety & Education Account; Water Quality Account; and Student Achievement Fund.
- The fiscal growth factor will be based on a ten-year average of state personal income growth, instead of a three-year average of population growth and inflation (effective July 1, 2007).
- The bill contains other provisions modifying the membership of the state Expenditure Limit Committee, the "two-way street," transfers to the Emergency Reserve Fund, and interest payments to the Multimodal Account (effective July 1, 2007).

**2006:** ESSB 6896 made the following changes:

- The Fiscal Year 2006 expenditure limit is calculated based on the limit established at the November 2005 Expenditure Limit Committee meeting and adjusted upward to reflect 2006 appropriations to establish budget reserves in the Health Services Account, Student Achievement Fund, and the new Pension Funding Stabilization Account.
- The Legislature's authority to increase taxes by a simple majority vote ends on June 30, 2006.

**2007:** ESSB 5311 abolished the Emergency Reserve Fund, to be replaced by the constitutionally established Budget Stabilization Account ("rainy day fund") pursuant to voter ratification of SJR 8206 at the November 2007 general election.

The Education Construction Fund may be used for higher education maintenance during the 2007-09 biennium (ESHB 1092).

Initiative 960, adopted by the voters at the November 2007 general election, modified several provisions of Initiative 601:

- I-601's supermajority requirement for legislative revenue increases is revised to apply to legislative action that "raises taxes," which is defined as 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.
- A ten-year cost projection for any tax or fee legislation is required to be published by the Office of Financial Management. The cost projection must be updated at each step of the legislative process and must include each legislator's contact information and vote on the legislation.
- An advisory vote of the people is required if legislative action raising taxes is not subject to a referendum (if it contains an emergency clause, for example).
- No administrative fee may be imposed or increased by a state agency without prior legislative approval, regardless of whether the fee increase is in excess of the fiscal growth factor.