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# Initiative 960

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Senate Ways & Means Committee

January 16, 2008

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# Tax Legislation

- 2/3 vote required for any legislation that raises taxes.
  - “Raises taxes” means increasing state tax revenue to any fund or account, not just the General Fund.
  - Bills that are referred to the voters appear to be exempt from the 2/3 requirement.
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# Tax Legislation (cont.)

- Bills raising taxes are subject to an “advisory ballot” if not otherwise submitted to the voters as a referendum.
  - Local taxes are not affected by Initiative 960.
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# Fee Legislation

- State agencies cannot impose or increase a fee without prior legislative approval.
  - Fee increases do not require a 2/3 vote, or referral to the voters.
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# Taxes vs. Fees

- Taxes are general charges imposed broadly with the primary purpose to raise revenue.
  - Fees have a nexus between the charge and the activity or service received (user fees, regulatory fees, etc.)
  - Some governmental charges are neither taxes nor fees (penalties, fines, commercial or proprietary charges, etc.).
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# “Accountability Procedures”

Both tax and fee bills require:

- A 10-year cost projection, by revenue source, prepared by OFM.
  - Publicity requirement triggered when bill is introduced (press release showing cost projection, along with sponsors’ contact information)
  - Updated press release required for public hearing, executive action, and floor passage, with legislators’ voting record.
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